sobi
SWEDISH ORPHAN BIOVITRUM

PLEASE NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO HAVE AN ECONOMIC VALUE

In order not to lose value on the subscription rights, holders must either:

- Exercise the subscription rights received and subscribe for the New Shares no later than May 26, 2011; or
- Sell the subscription rights received, but not exercised, no later than May 23, 2011.

Please note that shareholders with nominee-registered shareholdings subscribe for new shares through their nominee.

Invitation to subscribe for shares in Swedish Orphan Biovitrum AB (publ)

May 2011

Carnegie

Handelsbanken Capital Markets

DEFINITIONS

Rights Issue means invitation to subscribe for shares with preferential right for existing shareholders in Swedish Orphan Biovitrum AB (publ). References to **Biovitrum, Swedish Orphan Biovitrum, Sobi** or the **Company** in this prospectus means Swedish Orphan Biovitrum AB (publ), reg. no. 556038-9321, or, depending on the context, the group in which Swedish Orphan Biovitrum AB (publ) presently is a parent company. The Group means Swedish Orphan Biovitrum AB (publ) and its subsidiaries, unless something else is evident from the context.

Joint Lead Managers mean Carnegie Investment Bank AB (publ) and Handelsbanken Capital Markets (a division of Svenska Handelsbanken AB (publ)). **Underwriters** mean Carnegie Investment Bank AB (publ) (Regeringsgatan 56, SE-103 38 Stockholm, Sweden) and Svenska Handelsbanken AB (publ) (Blasieholmstorg 11, SE-106 70 Stockholm, Sweden). References to the **Underwriting Agreement** means the agreement by which the Underwriters have undertaken, each of them and not jointly, to subscribe for their respective parts of the New Shares specified in the Underwriting Agreement, to the extent these have not been subscribed for during the Subscription Period, see the section *Legal matters and miscellaneous information under heading Subscription undertakings and Underwriting Agreement.*

Reference to **Subscription Right** means the right to subscribe for shares in the Company which the shareholders receive, whereby one Subscription Right for each existing common share (Share) is received and four Subscription Rights entitles to subscription for one New Share. **New Shares** means the new common shares which are issued as a result of the Rights Issue. Paid subscribed shares (**BTA**) means interim shares for the New Shares. References to **Securities** includes Subscription Rights, paid subscribed shares (BTA) and New Shares. **Subscription Price** means the subscription price for the New Shares, which amounts to SEK 12 per share. **Subscription Period** means the period when the New Shares can be subscribed for. **Record Date** means the record date at **Euroclear Sweden** for allocation of Subscription Rights, which is determined to May 5, 2011. Euroclear Sweden means Euroclear Sweden AB. The **Prospectus** means this prospectus, which has been prepared by the Board of Directors of Sobi as a result of the Rights Issue. The numbers in the Prospectus may have been rounded off.

IMPORTANT INFORMATION TO INVESTORS

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with Chapter 2 paragraph 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980) (Sw: *lag (1991:980) om handel med finansiella instrument*). The approval and registration does not constitute a guarantee from the Swedish Financial Supervisory Authority that the information in the Prospectus is accurate or complete. The Prospectus and the Rights Issue in accordance with the Prospectus is governed by Swedish law. Disputes arising out of the contents of this Prospectus and related legal matters must be settled exclusively by Swedish courts. This Prospectus has been prepared in both a Swedish and an English version. In the event that the versions do not conform the Swedish version shall take precedence.

With the exception of certain customary restrictions relating to securities laws and regulations, this Prospectus will be available at Sobi's website www.sobi.com, Carnegie's website www.carnegie.se, Handelsbanken's website www.handelsbanken.se/investmentoffer, and the Swedish Financial Supervisory Authority's website www.fi.se.

The distribution of this Prospectus and information about the Rights Issue may, in some jurisdictions, be unlawful and the Prospectus may not be used for the purposes of, or as a part of, an offer or a solicitation of an offer to any person in a jurisdiction where such offer or solicitation is not allowed or where it would be deemed unlawful to make such offer or solicitation.

The Prospectus has not been and will not be registered in any state or jurisdiction other than Sweden and the Securities may not be offered, sold, pledged or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933 (the "Securities Act"). The Rights Issue is not directed to persons whose participation would require additional prospectuses, registration or measures other than those pursuant to Swedish law, or to shareholders domiciled in Australia, Canada, Hongkong or Japan. The Prospectus may not be distributed in or into any country in which the distribution or the Rights Issue requires such measures or would conflict with regulations in such country. Acquisition of Securities in violation of the restrictions described above may be void. Persons into whose possession this Prospectus may come are required to inform themselves about and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Prospectus has been prepared by the Company, based on its own information and information from third party sources that the Company considers to be reliable.

No representation or warranty, expressed or implied, is made by the Joint Lead Managers as to the accuracy or completeness of any of the information set out in this Prospectus and nothing contained in this Prospectus is or shall be relied upon as a representation or a guarantee, whether as to the past or the future, as the Joint Lead Managers have not made any independent verification of the information.

When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company and the Rights Issue, including, but not limited to, facts and risks. Further, an investor may only rely on the information in this Prospectus and any possible supplements to this Prospectus. No person has been authorized to provide any information or make any statements, other than those contained in this Prospectus, and should such information or statement still be furnished they are not considered to have been approved by the Company or the Joint Leader Managers. Neither the publication of this Prospectus nor any purchase or sale as a result of the Prospectus will, under any circumstances, imply that there have not been changes in the Company's business since the date of this Prospectus, or that the information in this Prospectus is correct as of any time after the date of this Prospectus.

As a condition to exercising Subscription Rights or subscribing for New Shares pursuant to the Rights Issue, each exercising holder or subscriber for New Shares will be deemed to have made or, in some cases, be required to make, certain representations and warranties that will be relied upon by the Company, Joint Lead Managers and others. See the section *Restrictions on sale and transfer of Securities*. Sobi reserves the right, in its sole and absolute discretion, to reject any purchase of Securities that it or its agents believe may give rise to a breach or violation of any law, rule or regulation.

In connection with the Rights Issue, Carnegie Investment Bank AB (publ) (or a representative or affiliate of Carnegie Investment Bank AB (publ)) (in such capacity, the "Stabilization manager") may effect transactions which stabilize or maintain the market price of the Shares, Subscription Rights, BTAs or New Shares at levels which might not otherwise prevail ("Stabilization Measures"). Such transactions may be effected on the regulated market where the Shares are listed, in the over-the-counter market or otherwise. The Stabilization Manager is under no obligation to engage in any such stabilization measures, and such stabilization, if commenced, may be discontinued at any time without prior notice. Such stabilization measures may be carried out during a period from the day of publication of the Prospectus, up to and including 30 calendar days following the Subscription Period, which is expected to be June 25, 2011. The Stabilization manager may not stabilize (i) the Subscription Rights at a price exceeding SEK 2.52 per Subscription Right, equal to the theoretical value of a Subscription Right at the announcement of the Subscription Price and (ii) the Shares, BTAs or New Shares at a price exceeding SEK 22.08 per Share, BTA or New Share, equal to the sum of the Subscription Price and the theoretical value of four Subscription Rights at the announcement of the Subscription Price (SEK 12 plus SEK 10.08). For a more detailed description of the stabilization activities, see section *Restrictions on sale and transfer of Securities under heading Stabilization and other trading activities*.

Notice to investors in the US

The Securities have not been registered and will not be registered under the Securities Act and neither under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws in a relevant state or any other jurisdiction of the United States. There will be no public offer of the Securities in the United States. A notification of subscription of Securities in contravention of the above may be deemed to be invalid.

The Securities have not been approved or disapproved by the "United States Securities and Exchange Commission", any state securities commission in the United States or any other United States regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Securities or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. Any offering of the Securities to be made in the United States will be made only to a limited number of existing shareholders who are reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to an exemption from registration under the Securities Act in a transaction not involving any public offering, and who have signed and sent a so-called "investor letter" to the Company. Potential investors are hereby informed that the sellers of Securities may be relying on an exemption from the provisions in section 5 of the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Securities and the distribution of this Prospectus, see the section *Restrictions on sale and transfer of Securities* under heading *United States*.

Until 40 days after the commencement of the Rights Issue, any offer or sale of Securities within the United States by any dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

Notice to investors in the European Economic Area

In relation to other Member States of the European Economic Area ("EEA") other than Sweden, which have implemented the Prospectus Directive (each, a Relevant Member State), an offer to the public of any Securities may only be made in that Relevant Member State under an exemption under the Prospectus Directive. See the section *Restrictions on sale and transfer of Securities under heading European economic area*.

FORWARD-LOOKING STATEMENTS AND MARKET DATA

This Prospectus may contain forward-looking information. Such information is no guarantee of future outcomes and is associated with inevitable risks and uncertainties. Forward-looking information can be identified in that it does not exclusively refer to the past or current circumstances or in that it may contain words such as "may", "should", "expected", "believed", "estimated", "planned", "prepared", "calculated", "is intended to", "forecast", "attempt", or "should be able to", or their negatives or similar expressions and other variations of such words or comparable terminology. This forward-looking information reflects the current expectations of the Company's Board of Directors and management based on information available today and is based on a number of assumptions that are subject to risks and uncertainties which may be beyond the control of the management. Actual results may differ significantly from those expressed or assumed in this forward-looking information. All forward-looking information is based exclusively on the circumstances at the time it is provided, and the Company and its Board are not responsible (and expressly disclaim any responsibility) other than as required under applicable rules for updating or changing such forward-looking information, irrespective of whether new information, new circumstances or any other circumstances may emerge. All forward-looking information that can be ascribed to the Company or persons acting on the Company's behalf is subject to the reservations that are in, or referred to in, this section.

The Prospectus contains historical market information and industry forecasts, including information concerning the size of markets in which the Company operates. This information has been derived from a number of different outside sources and the Company is responsible for such information having been reproduced correctly. Although the Company regards these sources as reliable, no independent verification has been carried out and consequently it cannot be guaranteed that this information is accurate or complete. As far as the Company is aware and can ensure by comparison with other information published by the third parties from which the information has been obtained, however, no information has been omitted in such a way as to render the information reproduced incorrect or misleading.

Documents incorporated by reference

The following documents earlier publicized shall be incorporated through reference and constitute a part of the Prospectus:

1. Biovitrum's audited annual accounts for 2008, including the auditor's report.
2. Biovitrum's audited annual accounts for 2009, including the auditor's report.
3. Swedish Orphan Biovitrum's audited annual accounts for 2010, including the auditor's report.
4. Swedish Orphan Biovitrum's interim report for January – March 2011

Summary of terms and conditions

Preferential right	For each share in Sobi held as of May 5, 2011, one (1) Subscription Right will be received. Four (4) Subscription Rights entitle to subscribe for one (1) New Share in Sobi
Subscription price	SEK 12 per New Share

Important dates

Record date	May 5, 2011
Subscription period	May 11 – May 26, 2011
Subscription Rights trading period	May 11 – May 23, 2011

Other information

Marketplace		NASDAQ OMX Stockholm
Tickers	Shares and New Shares	SOBI
	Subscription rights	SOBI TR
	BTA	SOBI BTA
ISIN codes	Shares and New Shares	SE0000872095
	Subscription Rights	SE0003950583
	BTA	SE0003950591

Financial calendar

Interim Report April 1 – June 30, 2011	July 19, 2011
Interim Report July 1 – September 30, 2011	October 20, 2011

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Summary

This summary is not a complete description and does not contain all information that one should consider before investing in the New Shares. This summary shall be seen as an introduction to the Prospectus and highlights information that is described in more detail in other sections of the Prospectus. Any decision to exercise Subscription Rights or invest in New Shares shall be based on an assessment of the contents of the entire Prospectus.

An investor who takes legal action on the basis of the information in this Prospectus may be forced to cover the translation costs for the Prospectus in the jurisdiction where such legal action is taken. A person may be made responsible for information that is included in or omitted from the summary, or a translation thereof, only if the summary or the translation is misleading or inaccurate in relation to the information in the other parts of the Prospectus.

The Rights Issue in brief

The Rights Issue is expected to improve Sobi's capacity to implement its strategy and reach its financial goals by taking advantage of commercial opportunities including:

- Expansion of the product portfolio through additional in-licensing, distribution agreements and product acquisitions.
- Commercialization of new products.
- Continued geographical expansion through extension of the marketing organization and through cooperation with external partners.

The Board of Directors of Sobi resolved to conduct a Rights Issue subject to approval by the Annual General Meeting to increase the Company's share capital through a new share issue with preferential rights for Sobi's shareholders. Such an approval was obtained by the Annual General Meeting on April 28, 2011.

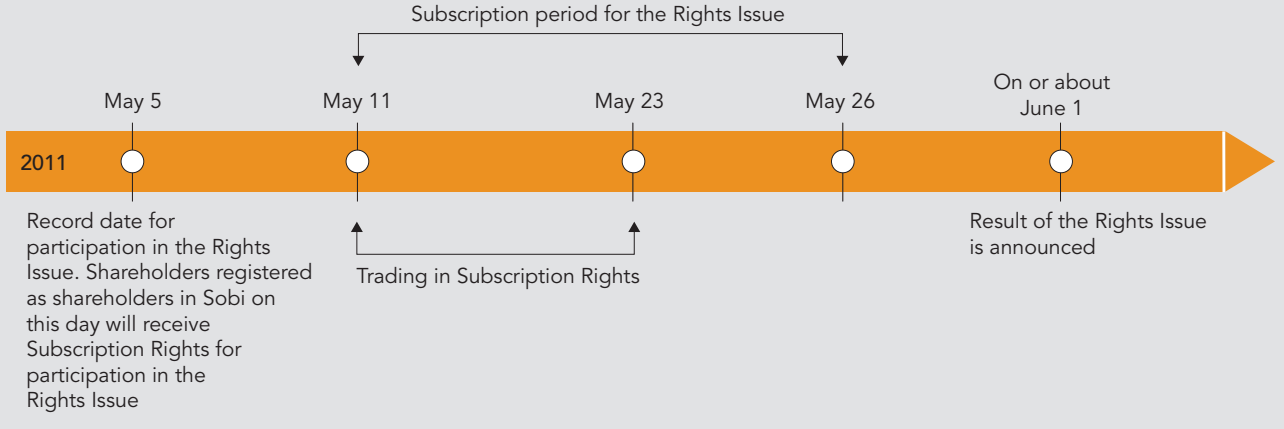
The share issue resolution entails that the shareholders of Sobi have preferential rights to subscribe for the New Shares in proportion to the number of Shares owned on the Record Date May 5, 2011. Each Share held carries one (1) Subscription Right. Four (4) Subscription Rights entitle the holder to subscribe for one (1) New Share at the Subscription Price of SEK 12 per New Share.

Subscription for New Shares may also be effected without using Subscription Rights. Allocation of New Shares to those who have subscribed for New Shares without using Subscription Rights will first be made to holders who have subscribed for New Shares by the exercise of Subscription Rights. See section *Terms and Conditions* for further information.

The Subscription Price has been resolved at SEK 12 per New Share, which entails that the Rights Issue, fully subscribed, will provide the Company with approximately SEK 637 million before deduction of transaction costs. Subscription for New Shares with preferential right shall be effected through simultaneous payment during the period May 11, 2011 – May 26, 2011. Application for non-preferential subscription shall be made no later than May 26, 2011.

The shareholders, Investor AB and Bo Jesper Hansen (the Chariman of the Board of Directors), have undertaken to subscribe for their respective *pro rata* shares in the Rights Issue, corresponding to approximately 44 percent of the Rights Issue[1)]. The remainder, corresponding to approximately 56 percent is, subject to customary terms and conditions, underwritten by Carnegie and Handelsbanken[1)]. In addition, the CEO Kennet Rooth intends to subscribe for his share.

Timetable



1) The subscription commitments have not been secured. For additional information, see section Risk factors – Subscription undertakings regarding the Rights Issue are not secured.

Sobi in brief

Sobi is a leading European specialty pharmaceutical company. The Company focuses on developing and providing specialty pharmaceuticals for patients with rare diseases and significant medical needs. The product portfolio currently comprises about 60 products, as well as projects in the late clinical phase. Key therapeutic areas are hematological diseases, autoimmune diseases, hereditary metabolic disorders and therapeutic oncology.

The operations comprise all areas ranging from research and development, manufacturing, distribution, marketing and customer support. The operations are based on many years of experience in research and drug development. Many of Sobi's researchers are pioneers in biotechnology and process development of protein drugs.

The sales organization is well developed in Europe, with its own marketing companies in eleven countries and representative offices in an additional eleven countries. Sobi is also represented via partners in North and South America, Middle East, Israel, South Korea, Australia and New Zealand. A proprietary North American organization is being developed. The goal is to market additional products through new license and distribution agreements, products generated from the Company's proprietary project portfolio and product acquisitions.

Research and development operations cover recombinant protein projects in hemophilia, prevention of growth retardation in premature infants, autoimmune diseases, hereditary metabolic disorders and therapeutic oncology. The inflow of new projects from proprietary research is supplemented through strategic acquisitions, business cooperation and alliances. The project portfolio includes projects in the late clinical phase. The number of employees within preclinical research has decreased during recent years. The intention is, despite a reduced capacity within this area of research, to retain expertise and competence in order to have the possibility to increase the resources in the future.

Sobi also focuses on the manufacturing of protein drugs, from the initial stage in process development to the finalized commercial product. Operations is based on extensive know-how and experience of demands from official authorities (such as EMA, FDA). The current partners are active in both Europe and US. Sobi is also a global manufacturer of the active substance in Pfizer's ReFacto AF®/Xyntha® drugs, a product that is used for the treatment of hemophilia.

Market overview in brief

The global pharmaceutical market totaled USD 840 billion in 2010, and has since 2000 displayed an annual growth of 8.7 percent.[1)] The Pharmaceutical market can primarily be divided in three product categories with some overlapping: pharmaceuticals for general use, specialty pharmaceuticals and generic preparations. Orphan drugs is a part of specialty pharmaceuticals. Orphan drugs refer to drugs for the diagnosis, prevention or treatment of rare life-threatening or chronic disability illnesses treated by a specialist physician. The market for orphan drugs designed to treat illnesses that are frequently life-threatening and affect only a small portion of the population differs radically from the market for pharmaceuticals for general use. Although the patient groups are relatively small, orphan drugs offer significant market potential.

As regards orphan drugs, Sobi is active primarily in the European market for orphan drugs for the treatment of rare diseases. The market for orphan drugs remains relatively underdeveloped and the majority of known rare diseases continue to lack approved pharmaceutical treatment. However, the major progress in the development and increased knowledge of for example, human DNA as well as regulatory and financial incentives have impacted on the development and commercialization of orphan drugs, transforming the market into an attractive growth sector in the pharmaceuticals industry.

The need and importance of developing new treatments for rare and often serious illnesses led to that certain countries and regions implemented a legislation to promote the development and marketing of orphan drugs. The implementation of the legislation in the US in 1983 was the inception of a market for orphan drugs and was followed by similar legislation in Japan in 1993, Australia in 1998, the European Union ("EU") in 2000, and other key markets for pharmaceuticals. The market for orphan drugs can be expected to show continued strong growth due to the lack of satisfactory treatments for many rare diseases.

1) IMS Health Market™.

Financial development in brief

Income statements

SEK million	3 months		Full year		
	Jan–Mar 2011	Jan–Mar 2010	2010	2009	2008
Revenue	537,4	488,1	1,906.7	1,297.0	1,140.6
Costs of goods and services	–253.5	–175.0	–685.7	–375.7	–264.7
Gross profit	**283.9**	**313.1**	**1,221.0**	**921.3**	**875.9**
Operation profit/loss before items affecting comparability	**6.3**	**3.6**	**77.4**	**16.2**	**40.1**
Operating profit/loss	**–63.7**	**–43.4**	**–10.3**	**16.2**	**–386.3**
Financial items – net	**–18.1**	**–5.3**	**–82.1**	**16.3**	**20.2**
Result before tax	**–81.8**	**–48.7**	**–92.4**	**32.5**	**–366.1**
Income tax	12.9	–3.7	–12.0	0.0	30.6
Result for the period	**–68.9**	**–52.4**	**–104.5**	**32.4**	**–335.5**

Balance sheets

SEK million	2011-03-31	2010-12-31	2009-12-31	2008-12-31
ASSETS				
Fixed assets	5,433.5	5,497.6	1,525.6	1,287.8
Current assets	1,598.1	1,572.0	1,279.9	1,291.1
(which of cash and cash equivalents)	*37.7*	*38.5*	*258.3*	*254.2*
TOTAL ASSETS	**7,031.6**	**7,069.6**	**2,805.5**	**2,578.8**
EQUITY AND LIABILITIES				
Shareholders' equity	4,274.4	4,342.4	1,352.8	1,285.0
Long-term liabilities	1,956.5	1,970.0	704.2	823.2
Short-term liabilities	800.7	757.1	748.5	470.6
TOTAL EQUITY AND LIABILITIES	**7,031.6**	**7,069.6**	**2,805.5**	**2,578.8**

Cash flow statements

SEK million	3 months		Full year		
	Jan–Mar 2011	Jan–Mar 2010	2010	2009	2008
Cash flow from operations	**–21.9**	**–12.6**	**–215.1**	**58.9**	**–506.5**
Cash flow from investing activities	**–3.6**	**–1,772.6**	**–1,884.3**	**–39.1**	**–20.3**
Cash flow from financing activities	**24.9**	**1,877.0**	**1,881.7**	**–15.7**	**416.4**
Net change in liquid funds	–0.6	91.8	–217.7	4.1	–110.4
Liquid funds at the beginning of the period	38.5	258.3	258.3	254.2	365.8
Translation difference in cash flow and liquid funds	–0.2	–0.9	–2.1	0.0	–1.2
Liquid funds at the end of the period[1)]	**37.7**	**349.1**	**38.5**	**258.3**	**254.2**

1) Short-term investments of SEK 48.4 million at December 31, 2009 and SEK 205.8 million at December 31, 2008 are not included in cash and cash equivalents.

Working capital

In the opinion of Sobi, the working capital is sufficient to finance operations for the next twelve months as of the date of the Prospectus.

Risk factors

An investment in Sobi involves a number of risks to be considered carefully by potential investors. There are risks related to the operations of Sobi such as the Company being dependent on the sales of ReFacto AF®/Xyntha®, Kineret® and Orfadin®. The Company is also dependent of the production facilities for the manufacturing of ReFacto AF®/Xyntha®. Further, the Company is affected by risks related to the pharmaceutical development and the commercialization of products as well as safety and efficacy criteria in conjunction with project development. There are complex regulatory requirements for Sobi's business. Furthermore, there are other legal risks such as patent risks and infringement of the intellectual property rights of others, product liability and handling of environmentally hazardous materials as well as financial risks such as risks related to future profit trends, need for additional financing and exchange rate fluctuations as well as risks related to Sobi shares and the Rights Issue such as the subscription and guarantee commitments not being secured. The above mentioned risks are only a summary of the risks, which are described in the section *Risk factors*. The omission or inclusion of a risk in this summary is not an indication of its importance.

Other information

Board of Directors, management and auditor

The Board of Directors

The Board of Directors consists of Bo Jesper Hansen (chairman), Adine Grate Axén, Lennart Johansson, Helena Saxon, Hans GCP Schikan, Hans Wigzell, Catarina Larsson (employee representative) and Bo-Gunnar Rosenbrand (employee representative).

Management

Management consists of Kennet Rooth (CEO), Göran Arvidson (Head of Mergers and Acquisitions), Fredrik Berg (General Counsel), Maria Berggren (Head of Human Resources), Peter Edman (Head of Research and Development), Anders Edvell (Head of Marketing and Sales), Sylvain Forget (Regional Director for Western Europe), Stefan Fraenkel (Head of Business Development), Lena Nyström (Head of Operations), Lars Sandström (Chief Financial Officer) and Åsa Stenqvist (Head of IR and Communications).

Auditor

The Company's auditor is PriceWaterhouseCoopers AB with Mikael Winkvist as auditor in charge.

Major shareholders and transactions with related parties

As of March 31, 2011, Sobi's major shareholder was Investor AB with a holding of 40.6 percent of the Shares. For further information, see section *Share capital and ownership structure*. For information regarding transactions with related parties, see section *Legal matters and miscellaneous information*.

Significant events during the current financial year

In January 2011, a distribution agreement was signed with the South Korean company, BL&H Co. Ltd. covering the distribution of Sobi's products Orfadin® and Kevipance® in South Korea. A distribution agreement was also signed with German company Fresenius Biotech according to which Sobi will distribute Removab® in some fifteen European countries over a period of seven years. At the end of February 2011, changes in Sobi's executive management group were announced, with a strengthening of the business development function. At the end of March 2011, a decision was made regarding a number of measures designed to achieve cost cuttings, which are estimated to total approximately SEK 90 million annually, for which the full effect is expected to be achieved in 2012.

Risk factors

Investment in shares always entails a risk and Sobi is no exception in this respect. Potential investors should give careful consideration to all the information provided in the Prospectus and in particular assess the specific factors mentioned below which describe certain risks inherent in any investment in the New Shares. Each and every one of the risks below and other risks and uncertainties mentioned in the Prospectuses could, if they are realized, have a material negative effect on Sobi's business, results, financial position or outlook, or result in a reduction in the value of the Company's shares, which can lead to investors losing all or part of their invested capital. The risks and uncertainties described below are not stated in order of significance and do not represent the only risks and uncertainties faced by Sobi. Further risks and uncertainties of which the Company is currently not aware or perceives as being insignificant could also develop into factors that could have a material negative effect on Sobi's business, results, financial position or outlook.

Risks related to Sobi's operations

The Company is dependent on the sales of ReFacto AF®/Xyntha®

Under the Company's agreement with Pfizer[1)], Sobi receives income both for manufacture of the pharmaceutical ingredient ReFacto AF®/Xyntha® and for co-promotion from sales of ReFacto AF®/Xyntha® in the Nordic region, as well as royalties from Pfizer's global sales of ReFacto AF®/Xyntha®. For 2010 the Company's revenues attributable to ReFacto AF®/Xyntha® and the previous product ReFacto®, amounted to approximately SEK 587.1 million, compared with the Company's total revenues of approximately SEK 1,906.7 million (corresponding to approximately 30.8 percent). In the first three months of 2011 Sobi's revenues attributable to ReFacto AF®/Xyntha® amounted to approximately SEK 231.7 million, compared with the Company's total revenues of SEK 537.4 million (corresponding to approximately 43.1 percent). Any material decrease in the revenues that the Company receives from ReFacto AF®/Xyntha®, whether due to reduced demand, increased competition, a deterioration in Sobi's capacity to manufacture the necessary quantities of pharmaceutical ingredient or to successfully market ReFacto AF®/Xyntha®, changes in the Company's agreement with Pfizer or for other reasons such as changed rules on government medicine subsidies for preventive treatments or a reduction in the spread of hemophilia, could have a material negative effect on Sobi's business, results and financial position.

The Company is dependent of the sales of Kineret®

In 2010, the Company's revenues attributable to product sales of Kineret® amounted to SEK 422.3 million, compared with the Company's total revenues of SEK 1,906.7 million (corresponding to approximately 22.1 percent). In the first three months of 2011 Sobi's revenues attributable to product sales of Kineret® amounted to SEK 107.2 million, compared with the Company's total revenues of SEK 537.4 million (corresponding to approximately 19.9 percent). Any material decrease in the revenues that the Company receives from Kineret®, whether due to reduced demand, increased competition, a deterioration in Sobi's capacity to provide the necessary quantities of pharmaceutical ingredient or to successfully market Kineret® or for other reasons such as changed rules on state medicine subsidies, authorities' regulatory assessment or stock shortages, could have a material negative effect on Sobi's business, results and financial position.

The Company is dependent of the sales of Orfadin®

In 2010 the revenues attributable to Orfadin® amounted to SEK 321.8 million, compared with the Company's total revenues of SEK 1,906.7 million (corresponding to approximately 16.9 percent). In the first three months of 2011 the revenues attributable to Orfadin® amounted to SEK 76.0 million, compared with the Company's total revenues of SEK 537.4 million (corresponding to approximately 14.1 percent). Factors that could cause a decline in the sales of Orfadin® include changes in governmental pricing levels or benefits policies for other players, the occurrence of events affecting the production of Orfadin®, the emergence of generic competition following expiry of patent protection and market exclusivity as an orphan drug for Orfadin®, the emergence of negative effects related to the long-term use of Orfadin®, competition from any newly developed treatment methods – including drugs based on nitisinone (the active ingredient in Orfadin®) for indications outside the area of orphan drugs – and problems arising for the Company's distributors outside Europe, including RDT, Thaiba and Orphan Australia. Reduced sales of Orfadin® could have a material negative effect on Sobi's business, results and financial position. Moreover, Sobi is currently dependent on a single supplier for its supply of nitisinone, the active pharmaceutical ingredient in Orfadin®. The handling of the raw materials used in the synthesis is complex and there is only a limited number of manufacturers that can supply

1) The agreements were originally entered into between the Company and Genetics Institute (later Wyeth), which was acquired by Pfizer during 2009. December 1, 2009, Wyeth's rights and obligations under the co-promotion agreement were transferred to Pfizer AB.

nitisinone reliably. An inadequate supply or delayed deliveries of nitisinone could have a material negative effect on Sobi's business, results and financial position.

It cannot be guaranteed that Multiferon® will be a commercial success or will be authorized for its intended purpose in all Sobi's markets

Sobi has launched Multiferon® in a number of European countries where the product has been authorized for two indications: (i) treatment of high-risk malignant melanoma and (ii) secondary treatment of patients who are intolerant to or do not respond to treatment with recombinant interferon, irrespective of the underlying disease. The market's acceptance of the product depends on, among other things, whether it can demonstrate clinical efficacy and safety, whether it is cost-effective, whether the administration is smooth and simple, whether it has any advantages over alternative treatment methods, whether it has harmful side effects, price and subsidy issues and the marketing and distribution support that can be offered. It cannot be guaranteed that Multiferon® will be accepted by doctors, patients and other important decision-makers. Sobi cannot guarantee that additional clinical studies of Multiferon® will be made, that Multiferon® will be a commercial success or that the strategic goals for the product will be achieved. Further, the process to manufacture Multiferon® is complex and if the Company's launch of Multiferon® is successful, there may be a risk that the Company cannot expand its production facility for the manufacture of Multiferon® in order to meet the demand. If Sobi is not successful with its initial launch of Multiferon®, does not succeed in obtaining MRP authorization in the second round or the planned subsequent launch is not implemented or fails, this could have a material negative effect on Sobi's outlook.

Increased globalization of operations

By Sobi's acquisition of Swedish Orphan International Holding AB in early 2010 and of the drugs Kepivance® and Stemgen® as well as an exclusive license for Kineret® from Amgen in 2008, the Company's business expanded considerably. The sales organization is well developed in Europe with own marketing companies in eleven countries and representation offices in additional eleven countries. Sobi is also represented by partners in North and South America, Middle East, Israel, South Korea, Australia and New Zealand. An own organization in North America is under establishment. International expansion is associated with uncertainty and makes great demands of organization and resources. The costs of establishing local distribution and sales channels are significant. Should it prove that the Company does not have an adequate organization or sufficient resources for its increased internationalization, or that the costs associated with the internationalization exceed the Company's estimates, this could have a material negative effect on Sobi's business, results and financial position. Increased internationalization may also result in the Company conducting business in countries that typically have longer payment periods than in its home market. Increased delays in payment could therefore also be a consequence of increased internationalization and could have a material negative effect on Sobi's business, results and financial position. Increased internationalization may result in the business to a greater extent being subject to exchange rate risks, see the risk factor *Exchange rate fluctuations* below. Moreover, increased internationalization has made the Company more dependent on contract partners for distribution, sales and manufacture. If such agreements are not renewed on similar terms or are terminated prematurely, this could have a material negative effect on Sobi's business, results and financial position.

Future profit trends

Sobi recorded a loss for the fiscal year 2010 and could record losses also in the future. Sobi receives significant revenues from Pfizer for ReFacto AF®/Xyntha®, from sales of Kineret®, Kepivance® and Orfadin® as well as from co-promotion or exclusive distribution and license agreements for the Nordic and European markets. The revenues from the mentioned products and agreements may in the long term be reduced, and the Company's future profitability requires a long-term regeneration and development of the product portfolio and commercialization of additional candidate drugs, which cannot be guaranteed. Although the Company expects to continue to receive such revenues also in the future, there are no guarantees that the revenues will be sufficient to make Sobi profitable in view of the Company's research and development costs, and other costs. If these revenues cease or are reduced, this could have a material negative effect on Sobi's business, results and financial position.

Production facility for the manufacturing of ReFacto AF®/Xyntha®

Sobi is dependent on the production facility in Stockholm, which is the only facility for the manufacture of ReFacto AF®/Xyntha®, to be maintained and be well functioning. During 2010 the Company's revenues from Pfizer for the manufacture of ReFacto AF®/Xyntha® amounted to SEK 388.0 million. In the first three months of 2011 the equivalent remuneration was SEK 166.4 million. If the facility or the equipment were seriously damaged, destroyed or if the facility had to be closed for some reason or if the Company were unable to

replace or repair damaged equipment quickly and cost-effectively, Sobi could lose revenue as a result of reduced production capacity, which could have a material negative effect on Sobi's business, results and financial position. Although the Company has insurance for damage to property and loss of production at amounts deemed sufficient by the Company, it is not certain that the Company could recover these amounts in full or that amounts recovered would be sufficient to compensate for the losses suffered and lost revenue.

Extensive quality requirements and controls

Sobi manufactures, *inter alia*, recombinant protein pharmaceuticals. In addition, the Company cooperates with pharmaceutical companies and companies in the biotech sector as regards the manufacture of pharmaceuticals developed by Sobi. The manufacture of recombinant protein pharmaceuticals requires precise and high quality manufacturing processes and controls, which means that the Company must ensure that all manufacturing processes and methods and all equipment meet the requirements in force in respect of what is known as Current Good Manufacturing Practice (cGMP requirements). Moreover, Sobi must perform extensive audits of its distributors, contract laboratories and suppliers that are covered by these requirements. cGMP requirements control all aspects of the manufacture of pharmaceuticals, including quality control and quality assurance, manufacturing processes and procedures as well as documentation. The fulfillment of these standards require that Sobi and its distributors, contract laboratories and suppliers achieve and maintain high-quality manufacturing processes and controls that are adequate to ensure that the products meet applicable specifications and other requirements. Sobi's production facilities may be inspected at any time by the authorities and by the Company's partners. Should such an inspection reveal deficiencies, Sobi could be forced to take measures, to stop production or to close the facility, which would disrupt manufacturing processes and have a negative impact on revenues. Should any of the Company's cooperation partners fail to meet the standards/quality requirements in force, the Company may have difficulty to license in pharmaceutical projects or other products from that partner. Moreover, failure by Sobi or its subcontractors to achieve and maintain manufacturing standards that meet cGMP requirements could result in manufacturing defects, which might lead to patients being injured or dying or in products being recalled, in delays or shortcomings in product tests or deliveries, or in high costs or other problems, all of which could have a material negative effect on Sobi's business, results and financial position.

Manufacture of pharmaceutical ingredient

Sobi's candidate drugs in preclinical or clinical phases are based on recombinant technologies. Manufacture in accordance with current regulations is complex, time-consuming and expensive. The Company could face problems relating to *inter alia* production yield, quality control and guarantees, availability of qualified personnel, supply of raw materials, adequate training of existing personnel, the business not being run in accordance with the Company's established routines or in accordance with the FDA's, EMA's or other applicable regulations, production costs and the development of advanced production technology and process control. If the Company would fail to operate its production facilities in an efficient manner, not obtain regulatory permits, not be able to produce sufficient volumes in time or in any other way run into any of the problems mentioned above, this could obstruct or lead to delays in the launch of the Company's candidate drugs, which could have a material negative effect on Sobi's business, results and financial position.

Manufacturing of Kineret®

The manufacturing of Kineret® has been performed by Amgen in the United States and South America, under a manufacturing agreement with Sobi. Amgen has manufactured both the active pharmaceutical substance and the converted pharmaceutical product. The Company has now entered into a long-term supply and technology agreement with Boehringer Ingelheim under which the manufacturing of the active pharmaceutical substance shall be transitioned to Boehringer Ingelheim in Europe, while the manufacturing of the converted pharmaceutical product shall be performed by Patheon in the United Kingdom. Before the manufacturing of Kineret® can be initiated in Europe, Sobi must obtain certain regulatory permits. The Company considers that its stock of the active pharmaceutical substance is sufficient in the event certain delays occur in the production start-up. Although the Company expects that the relevant permits will be obtained in time, it cannot be ruled out that the production start-up in Europe may be delayed because of the necessary permits being delayed or for other reasons. In the event the delays would be substantial, it cannot be guaranteed that the Company's stock of the active pharmaceutical substance is sufficient to deliver Kineret® in a sufficient quantity in the market, or that the costs of the transition will not exceed the Company's estimation, which could have a material negative effect on Sobi's business, results and financial position.

Risks inherent in the pharmaceutical development and the commercialization of products

Developing a new drug up to and including its launch is both a capital-intensive and a risky process. The probability of reaching the market increases as the project moves forward in the development chain, while the costs increase at a growing pace in the later clinical phases of development. The possibility to commercialize new products may also be limited due to contract commitments towards Sobi's existing cooperation partners.

If Sobi cannot develop its existing or future project portfolio into later development phases, if developed candidate drugs cannot be manufactured at reasonable cost, if any of the development programs were to be delayed or if Sobi were unable to successfully commercialize candidate drugs this could have a material negative effect on Sobi's business, results and financial position.

Safety and efficacy criteria in conjunction with product development

Before the launch of any of Sobi's candidate drugs (including products subject to further development) is initiated, the Company and its cooperation partners must show that the candidate drug meets the stringent standards for safety and efficacy expected by the authorities in the countries in which Sobi plans to market the drug. Sobi has not yet received such authorization from the FDA, EMA or any other authority for any of the candidate drugs in the product portfolio. The process of obtaining authorization generally requires extensive preclinical and clinical data, is very expensive and takes many years.

The FDA, EMA and other authorities may delay, restrict or refuse authorization for a number of reasons, including that the candidate drug is perhaps not safe or effective, that the manufacturing processes or facilities that the Company has chosen perhaps do not meet applicable requirements or that changes in the authorities' authorization policies or the introduction of new rules may require additional work to be carried out. Even if the Company's candidate drugs meet the requirements of safety and efficacy in clinical trials, the authorities may take a different view compared to Sobi as regards the interpretation of data from preclinical studies and clinical trials and therefore refuse authorization. No guarantees can be given that Sobi will be granted marketing authorization for any of its existing or future candidate drugs. If Sobi does not succeed in obtaining marketing authorization for its existing or future candidate drugs, they will not be able to be marketed and sold. Authorities may also authorize a candidate drug for fewer indications than applied for or make the authorization conditional upon the performance of aftermarket studies. Delayed or limited permits, or failure to obtain permits, may prevent Sobi from achieving sufficient revenues from these candidate drugs and have a material negative effect on Sobi's business, results and financial position.

Clinical trials

Sobi currently has five projects in clinical development and a number of projects in preclinical development. Before the Company can be authorized to launch any of its candidate drugs it must be shown that they are safe and effective through sufficient and well controlled preclinical studies and clinical trials. The Company must also perform its clinical trials in accordance with "Good Clinical Practice" (GCP) and ensure that the study minutes are approved by drug authorities and ethics committees. The number of preclinical studies and clinical trials that will be required varies depending on the candidate drug, indications, preclinical and clinical results and the rules that apply to the specific candidate drug. The Company cannot predict with certainty when clinical trials in progress will be concluded, if they ever are, or when planned clinical trials will be initiated or concluded. Preclinical and clinical development are extensive and expensive processes that are affected by many factors including those that are beyond the Company's control, such as slower patient recruitment than expected due to the initiation of new competitive studies. It is also difficult to predict exactly the costs associated with clinical trials, and the actual costs of implementing a clinical trial may exceed the budgeted costs. As a consequence, the results of and the total costs of Sobi's preclinical and clinical development projects are as such uncertain.

During clinical development it may emerge that the candidate drugs are not sufficiently effective or they may prove to have undesirable or unintended side effects, toxicities or other characteristics that may disrupt, delay or stop clinical development and prevent or limit the commercial application of the candidate drugs. Such results could lead to the Company, its cooperation partners or the competent authorities for clinical trials suspending or cancelling clinical trials at any time.

Sobi cannot guarantee that any of the candidate drugs in the project portfolio will be developed into drugs that are safe and effective for use in humans or that these drugs will receive the necessary authorization for commercialization. Any deficiencies or delays in the implementation of clinical trials will reduce or delay Sobi's capacity to generate revenues from the commercialization of its candidate drugs and to maintain and supplement the project portfolio, which could have a material negative effect on Sobi's business, results and financial position.

Successes in early clinical trials are not necessarily indicative of the results in later clinical trials

The results of Sobi's clinical trials in early stages are based on a limited number of patients and may be revised or nullified by authorities after further review or by clinical results at later stages. Historically speaking, the results of preclinical studies and early clinical trials in the industry have often not been indicative of the results obtained in later clinical trials. A number of new candidate drugs have shown promising results in clinical trials, but have later not succeeded in demonstrating the safety and efficacy required in order to obtain the necessary authorizations. No guarantees can therefore be given that the information gathered from the preclinical studies and clinical trials of the Company's candidate drugs will be sufficient to obtain authorization from the FDA, EMA or any other authority. Delayed or limited permits, or failure to obtain permits, could have a material negative effect on Sobi's business, results and financial position.

Commercial success and market acceptance for Sobi's products

Even if the pharmaceuticals in Sobi's product portfolio were to receive marketing authorization, it is not certain that the potential products would obtain an approved price subsidized by the healthcare systems or gain acceptance in the market among physicians, patients, procurement organizations and the medical world. The degree of market acceptance for each of the Company's candidate drugs depends on a number of factors, including the following:

- the ability to produce acceptable proof of safety and efficacy,
- convenience and simple administration,
- the incidence and degree of any negative side effects,
- the availability of alternative treatments,
- price and cost effectiveness,
- the effectiveness of Sobi's own sales and marketing strategy, and
- the effectiveness of Sobi's development partners' or licensees' sales and marketing strategy.

Sobi's success is further dependent on the products developed by the Company being covered by and entitled to payment through private or state payment systems within the healthcare sector. Legislation and regulatory proposals in various European countries and in the US cover measures that could restrict or prevent payment for treatment with certain drugs. In certain cases such legislation has also resulted in the pricing of drugs being subject to state price controls or mandatory price reductions, which in itself can create price differences between countries and increased parallel distribution and reduced margins. Payment for prescribed drugs varies significantly between different countries, with many countries demanding that the products undergo time-consuming and mandatory reviews in order to be able to be covered by the state payment systems, which could result in delays in the launch. The use of drugs may also be affected by guidelines, recommendations and studies published by authorities and organizations.

If Sobi's drugs, despite being authorized, do not gain market acceptance or are not covered by private insurance systems, state payment systems within the healthcare sector or become subject to legislation on medical treatment or pricing, or receive negative attention through *inter alia* guidelines, recommendations or studies published, this could have a material negative effect on Sobi's business, results and financial position.

Cooperation with external parties

Part of Sobi's strategy is to enter into various cooperation agreements, *inter alia* concerning joint development and licensing, with pharmaceutical and biotech companies for the development and launch of certain of Sobi's substances. The success of such partnerships will largely depend on the work of Sobi's partners or licensees, since these still have considerable right of determination over the work and resources that will be put into the projects. Sobi's cooperation partners or licensees may reprioritize matters internally, take a different view on the results of clinical trials, experience problems in the production, find themselves in a financial crisis or suffer staffing problems. Such factors may, individually or together, have a negative effect on their willingness or ability to develop Sobi's substances or to otherwise cooperate with the Company. Moreover, many of the Company's development partners and licensees are also competitors and it cannot be guaranteed that they will not have interests that conflict with Sobi's own interests. Neither can it be guaranteed that Sobi will succeed in the future in entering into cooperation and/or licensing agreements on terms acceptable to Sobi. Poor cooperation with partners and the inability to enter into or renew agreements could have a material negative effect on Sobi's business, results and financial position.

During the clinical development phase Sobi also cooperates with so-called CROs (Clinical/Contract Research Organizations) that conduct clinical trials on behalf of the Company. These cooperations raise risks similar to those described above. In the event CROs suffer staffing problems, find themselves in financial crisis, do not carry out the studies in accordance with agreements, within the agreed time or in accordance with applicable regulatory requirements, or in the event the willingness or ability of CROs to cooperate with the Company is affected for other reasons, this could have a material negative effect on Sobi's business, results and financial position.

Applications for authorization for licensed-in or acquired candidate drugs

Many of the candidate drugs in Sobi's product portfolio are based on substances or technologies developed by other pharmaceutical or biotech companies that the Company has licensed in or acquired by other means. Many of the preclinical studies and clinical trials carried out for these candidate drugs were carried out by other companies before Sobi obtained a license or acquired the candidate drug. Problems with the studies/trials performed before such licensing or such acquisition could cause the Company's applications to the authorities to be delayed or rejected, and even if the earlier studies/trials are acceptable to the authorities, Sobi may need to devote more time and work to analyzing and presenting the results of the studies/trials. The costs of such work may be significant. Problems with earlier studies/trials may also require Sobi to redo some or all of these studies/ trials, which could result in unforeseen costs or delays. Delayed or limited permits, or failure to obtain permits, could have a material negative effect on Sobi's business, results and financial position.

Strengthening of the product portfolio

An important component of Sobi's strategy is to develop a balanced product portfolio by, in addition to its internal research programs, licensing-in or otherwise acquiring the rights to potential new drugs. Licensing-in and acquisitions of pharmaceutical products is a competitive business and the Company may not be able to obtain a license for or acquire further suitable candidate drugs or products from third parties. A number of more established companies also have strategies for licensing in or acquiring products within the areas that the Company focuses on. Such companies may have a competitive advantage over Sobi due to their size, financial position or greater capacity for clinical development and commercialization. If the Company is unable to obtain rights for new drugs from third parties on terms acceptable to the Company this could mean that Sobi is unable to create a balanced product portfolio, which could have a material negative effect on Sobi's business, results and financial position.

Need for additional financing

Sobi will need significant funds to carry on research and development of the Company's potential products. Sobi may need to seek further external financing in the future and may do so *inter alia* through public or private financing. It may prove that further financing is not available at all or is not available on terms acceptable to Sobi. Moreover, Sobi may need additional capital to finance future licensing-in and acquisitions. It cannot be guaranteed that such financing will be obtainable in time or on acceptable terms. If additional capital cannot be raised in time, Sobi may be forced to substantially limit its plans for in-licensing, acquisitions or research and development, which could have a material negative effect on Sobi's business, results and financial position.

Conflicts may arise between Sobi and external parties

From time to time conflicts or differences of opinion arise between Sobi and its cooperation partners or counterparties regarding the interpretation of contractual obligations, the interpretation of clinical data, the achievement of milestone payments and the right to financial compensation for or the right of ownership of patents and similar rights developed in cooperation. For example, the sellers of the pharmaceutical company Arexis have recently initiated an arbitration proceeding against the Company. For further information, see the section *Legal matters and miscellaneous information* under heading *Disputes*. Any such conflict or difference of opinion may result in costs or delay, prevent or otherwise hinder the development or commercialization of Sobi's candidate drugs, which could have a material negative effect on the Company's business, results and financial position.

Competition

The market for specialty pharmaceuticals is generally characterized by limited competition, but rapid technology development, while in-licensing and acquisition of pharmaceutical products is a competitive business. Sobi's competitors are, *inter alia*, international pharmaceutical, biotech and specialty pharmaceutical companies. Some competitors have significantly greater financial, technical and human resources. Sobi's competitors may also have greater manufacturing, distribution, sales and marketing capacity than the Company. When the patent protection for the Company's products expires or when the Company no longer owns exclusivity to clinical data submitted to drug authorities in connection with applications for regulatory permits, there may be a risk that the Company's products face competition from "biosimilars" and generic products. Moreover, there is always a risk that the Company's product concepts are exposed to competition from similar products or to entirely new product concepts which prove to be superior. The above described competitive situation could have a material negative effect on Sobi's business, results and financial position.

Parallel exports and imports

It cannot be ruled out that differences in the price of drugs in the markets in which Sobi operates may result in increased parallel exports and imports, whereby Sobi's products are purchased at a lower price in certain markets in order to compete with Sobi's sales in other markets. Parallel exports and imports could have a material negative effect on Sobi's business, results and financial position.

Pirated products

The supply of prescription drugs has come to face an increasing challenge from the fact that the distribution channels are vulnerable to illegal pirating and the supply of pirated products in an increased number of markets as well as on the Internet. With the increased demand for cheap pharmaceutical products, primarily in developing countries, pirated products have become an increasing problem. Pirated products do not meet the requirements of safety, but could be mistaken for the Company's original products. Negative events caused by this could cause material financial losses due to damage to Sobi's reputation. Pirating could have a material negative effect on Sobi's business, results and financial position.

Dependence on key personnel

Sobi's success is dependent on key personnel within the group management – see the section *Board of Directors*, senior management and auditors. In view of these persons' knowledge of the pharmaceutical and biotech industry in general, and of the Company in particular, the loss of one or more of these persons could have a material negative effect on Sobi's business, results and financial position. The Company's future development also depends in part on its continued ability to recruit and retain skilled personnel with the necessary expertise to run the business. If Sobi cannot continue to attract and retain such skilled personnel on terms acceptable to the Company, Sobi could find it difficult to maintain or develop the business, which could have a material negative effect on the Company's business, results and financial position.

Acquisitions

In January 2010 the Company's acquisition of Swedish Orphan International Holding AB was completed and in 2008 the drugs Kepivance® and Stemgen® were acquired from Amgen and an agreement was entered into with Amgen regarding an exclusive licenze for Kineret®.

Although from time to time Sobi may enter into preliminary discussions on the acquisition of companies, businesses and products, the Company is not currently party to any agreement, accords or commitments in respect of such acquisitions. However, in the future the Company may acquire further businesses or products that supplement or strengthen its current business or project portfolio. Future acquisitions of businesses or products could entail many operational and financial risks, which could have a material negative effect on Sobi's business, results and financial position, including the following:

- acquired drugs may not be successfully developed and successfully developed drugs may not achieve market acceptance,
- exposure to unknown commitments,
- higher costs than expected for acquisition and integration,
- difficulties and costs of integrating the operations and personnel of acquired companies with Sobi's operations and personnel,
- a deterioration in relations with key suppliers or customers of acquired companies due to changes in the corporate management and ownership,
- inability to retain key personnel of acquired companies, and
- significantly increased debt or increased dilution for existing shareholders as a result of payment in the Company's own shares.

Product liability

Although Sobi is not aware of any significant product liability claims against the Company, the manufacture and sale of pharmaceutical products involves a significant risk of such claims. Although the Company considers its product liability insurance to be adequate, no guarantees can be given that the insurance will cover future claims on the Company. Furthermore, there may be a need to extend the insurance coverage which may lead to significant additional costs or that adequate insurance coverage cannot be obtained. Product liability claims could result in significant costs for legal proceedings and damages, and a successful claim on the Company beyond the available insurance cover, or a claim that would result in significant negative publicity, could have a material negative effect on Sobi's business, results and financial position.

Handling of environmentally hazardous materials

Sobi's business involves the controlled use of biological and hazardous materials and waste. The Company is subject to laws and regulations controlling the use, manufacture, storage, handling and disposal of such materials and waste products. Although the Company considers its safety routines for the handling and disposal of such materials to meet the prescribed standards, it cannot entirely eliminate the risk of accidental contamination or personal injury due to such material. Should an accident occur, Sobi could be held liable for damages or be punished by fines or suffer from negative publicity, which could have a material negative effect on the Company's business, results and financial position. Moreover, Sobi may incur significant costs in order to comply with future environmental legislation and regulations.

Exchange rate fluctuations

The Company's business is also subject to exchange rate risks. The majority of its expenses are incurred in SEK (Swedish kronor), while a significant proportion of its revenues accrue in other currencies. The international expansion brought about by the sale of Kepivance®, Kineret® and Orfadin® means that the Company's revenues will be generated in further currencies, while the royalty agreement for Pfizer's global sales of ReFacto AF®/Xyntha® is based on sales mainly in US dollars and euros. As a result, a reduction in the

exchange rate of US dollars, euros or other foreign currencies in which revenue is earned relative to the Swedish SEK could have a material negative effect on Sobi's results and financial position.

Complex regulatory requirements for Sobi's business

The regulatory requirements concerning the manufacturing, testing and marketing of the Company's candidate drugs and products are complex and may change over time. Changes to rules applicable to pharmaceuticals and biological products could increase Sobi's costs, limit opportunities for process development and manufacturing or hinder the development of the Company's candidate drugs and have negative effects on Sobi's ability to generate revenue which could have a material negative effect on the Company's business, results and financial position.

The industry in which Sobi operates is to an increasing extent affected by price pressure

The increased costs of medical treatment and healthcare in many countries has led to governments and other payers making priorities, which in turn leads to Sobi and the healthcare industry in general operating under price pressure. In most of the markets where Sobi is active, governments apply a certain control over the price levels of drugs. The exercise of this control and its effects vary from country to country and different methods are applied on both supply and demand to control the costs of drugs. The introduction of new or extended measures for cost control of drugs could have a material negative effect on Sobi's business, results and financial position.

Below follow a few examples of measures with an intent to put pressure on the price of drugs.

Price control

Certain drugs, including products that are marketed by Sobi, are subject to direct and indirect price control in countries where Sobi is active. Certain countries have implemented national rules to introduce certain mandatory price reductions.

Reference prices

Within the EU, sale of drugs is in a number of cases subject to reference prices. These systems state the maximum price that can be covered by the national healthcare agency in the sale of certain categories of prescription drugs. In these systems, the government or the national healthcare agency can demand that patients shall pay the difference between the actual price and the reference price which the agency has determined. In practice, patients are not willing to pay the price difference which leads to pharmaceutical companies either having to reduce their prices to the same level as the reference price or risk a decrease in sales.

Subsidies

Within the EU and in many other markets, pharmaceutical products are subject to governmental rules on subsidies. According to said rules, pharmaceutical products have to comply with objective and economical requirements in order to be included in and covered by national healthcare systems. The national rules in the EU member states stipulate that the therapeutic advantage of every pharmaceutical product has to be determined and that the price of each pharmaceutical product must be comparable with the average price of identical or similar products in other member states. These criteria have become more strict and the subsidies of new pharmaceutical products normally have to be negotiated in advance with the relevant national healthcare agency. This can result in lower price levels for Sobi's products. In addition, many national healthcare agencies become more and more restrictive as regards granting and prolonging drug subsidies. As a result, Sobi's products risk being excluded from national subsidy schemes.

According to Sobi, governments will in the future continue to introduce measures intended to reduce costs of pharmaceutical products. It cannot be predicted with certainty to what extent different systems for price control of pharmaceutical products will affect Sobi's business.

The Company's IT system could suffer a crash, collapse or breach of security

Sobi is dependent on a number of IT systems in its business. In order to be able to resume normal operations and alleviate any losses, the Company has back-up processes and contingency plans for the recovery of lost data in the event of the collapse of an IT system. Nonetheless, the business could be disrupted, resulting in delays in manufacturing, product distribution, etc., which could have a material negative effect on Sobi's business, results and financial position.

Tax disputes and other tax risks

Sobi is subject to different tax exposures due to acquisitions and a number of considerable restructurings and other transactions which the Company has conducted or been part to, *inter alia*, restructurings including disposal of operations and real property. The Company has subsidiaries and considerable sales in many countries outside Sweden, meaning that the Company is exposed to complex regulations within the tax area, inside as well as outside Sweden. The Company is of the opinion that all transactions

within the organisation have been conducted in accordance with prevailing Swedish and foreign legislations. Even so, the Company cannot guarantee that tax authorities will not interpret these internal transactions, including the Company's transfer pricing, differently from the Company's position, which could result in increased tax charges which may have a material negative impact on its business, results and financial position.

The Swedish Tax Agency has claimed at the Administrative Court in Stockholm that the Company shall be taxed for an amount of approximately SEK 234.5 million based on the application of the Swedish Tax Evasion Act regarding a disposal of real property (Paradiset 14) through a limited partnership (Sw. *kommanditbolag*). According to the Swedish Tax Agency, the Company shall be taxed for a capital gain of approximately SEK 234.5 million due to the disposal of the real property to Nya Paradiset KB. The Administrative Court has approved the Tax Agency's position in a court ruling on March 3, 2011 and raised the Company's taxable income with an amount of approximately SEK 232.2 million for the tax assessment year 2005. The Company is of the opinion that it has not acted contrary to the purpose of the legislation in the way that the Swedish Tax Agency and the Administrative Court have asserted. The Company has therefore appealed against the ruling.

In addition, the Company has appealed against the Swedish Tax Agency's decisions, following a reassessment of the tax assessment years 2006–2008, to raise the Company's income tax assessment. The appeal is directed towards approximately SEK 49 million and levied tax penalties of approximately SEK 8 million. Further, the Company has appealed against a refused deduction of input VAT of approximately SEK 10 million and levied tax penalties of approximately SEK 2 million. The cases have not yet been decided by the Administrative Court.

Should the Company lose these disputes, the Company's losses carried forward could be reduced with considerable amounts. The Group's losses carried forward from previous years are of significant amounts. Some of the losses carried forward are, however, blocked for utilisation through group relief contributions for a certain number of years. Some losses carried forward in the Group may also, partially or altogether, be definitely lost due to changes in ownership. Levied tax penalties and VAT cannot be offset against losses carried forward.

Biotechnology, patent risks and intellectual property rights

Sobi's success will largely depend on the Company's or its licensor's ability to obtain protection in the US, EU and other countries for the intellectual property rights inherent in the products that the Company develops, manufactures, markets and sells. The patent situation within the area of biotechnology and pharmaceuticals is generally uncertain and involves complex legal and scientific issues. In these circumstances it is difficult for the patent authorities to correctly assess inventions that are the subject of patent applications in relation to prior art. It is not certain that the Company or its licensors will be able to obtain patents for their products or their technology. Even if a patent is granted, it may be contested, declared void or circumvented, which could limit the Company's protection against competitors marketing similar products and could reduce the period during which the Company enjoys patent protection for its products. Furthermore, it is not certain that the Company's and its licensors' patents will provide adequate protection from competitors with similar products or technology. Since patent applications in the US and many foreign jurisdictions are not generally published until 18 months after they have been submitted, or in certain cases not at all, and since the publication of discoveries in the scientific literature often takes place long after the discoveries were actually made, neither the Company nor its licensors can be certain that they were first to make the inventions in patents issued or in patent applications in progress, or whether they were the first to apply for protection of the inventions described in the patent applications.

There is thus no guarantee that products and processes that are themselves covered by a patent granted will not come under attack or be contested by competitors or that patents granted do not infringe competitors' patents.

In the event that a third party has applied for a patent covering the same product or technology as Sobi's, the Company could for example be forced to take part in proceedings to decide who holds the rights to the patent. The costs of such proceedings may be significant. Moreover, the Company could lose such proceedings and thus the right to the patent. Inability to obtain and retain satisfactory protection for the intellectual property rights inherent in the products that the Company develops, manufacturers, markets and sells could have a material negative effect on the Company's business, results and financial position.

Infringement of the intellectual property rights of others

The technologies that the Company uses in its research, or which are included in target products or candidate drugs that the Company endeavors to develop and commercialize, may infringe patents or patent applications owned or controlled by others. A third party could take action against the Company or its cooperation partners, which could force the Company to pay significant damages. If an action in respect of patent infringement were to be brought against the Company or its cooperation partners, it/ they could be forced to cease or defer research, development, manufacturing or sales of the product or candidate drug that is the subject of the action. Consequently, the Company or its cooperation partners could choose to seek, or be forced to seek, a license from the

third party and thus in all likelihood be forced to pay license fees and royalties. It is not certain that these licenses will be available on acceptable terms or even available at all. Even if the Company or its cooperation partners were able to obtain a license, the rights could be non-exclusive, which would provide the Company's competitors with access to the same intellectual property rights. Finally, the Company could be prevented from commercializing a product, or be forced to cease some aspect of its business, due to claims relating to patent infringement, which could considerably damage the business.

Extensive legal disputes and other proceedings in respect of patents and other intellectual property rights have occurred in the pharmaceutical and biotech sector. In addition to a claim of infringement against the Company, it could become party to other patent proceedings and other disputes, including what are known as interference proceedings as notified by the United States Patent and Trademark Office and recovery and opposition proceedings in the European Patent Agency in respect of intellectual property rights to the Company's projects, products and technologies. Certain of the Company's competitors are in a better position to bear the costs of such legal proceedings and disputes than the Company due to their significantly greater financial resources. Uncertainty as a result of the fact that patent legal proceedings or other proceedings have been instigated and are being continued could have a negative effect on Sobi's competitiveness. Patent legal proceedings and other proceedings could also take up a great part of the management time. For the above mentioned reasons, potential infringement of third party intellectual property rights could have a material negative effect on Sobi's business, results and financial position.

Technology licenses

Sobi is party to a number of technology licenses that are important for the business and the Company is expected to be able to obtain further licenses in the future. The Company has entered into license agreements with Amgen, Pfizer, Biogen Idec[1)], Syngenta and a number of other cooperation partners. These licenses impose certain obligations on the Company as regards commercialization, milestone payments, royalty income, insurance and other aspects. If the Company fails to comply with these obligations, the licensor may be entitled to terminate the license, as a result of which the Company would be unable to market the products covered by the license concerned. Termination of licenses could have a material negative effect on Sobi's business, results and financial position.

Trade secrets and know-how

In addition to patented products and technologies, the Company uses its own technology, own processes and own know-how that are not protected by patents. The Company endeavors to protect such information, *inter alia* through confidentiality agreements with employees, consultants and cooperation partners. It is not certain that such agreements will provide protection from leaks of confidential information or that the agreements will provide sufficient compensation if breached. Moreover, the Company's business and trade secrets may otherwise become known or may be developed independently by competitors.

If Sobi's own internal information and know-how cannot be protected for some reason, this could have a material negative effect on Sobi's business, results and financial position.

Risks related to the Share and the Rights Issue

Share price, sale of shares and limited liquidity

The market price of the Company's Shares could fall after the Rights Issue has been completed, *inter alia* because of the increased number of Shares in the Company. Moreover, the share price could be negatively affected as a result of Shares being sold on the market to an unusual extent after the Rights Issue or as a result of expectations that such sales will take place.

Under the Underwriting Agreement the Company has, *inter alia*, agreed to not, during 180 days from the announcement of the outcome of the Rights Issue, and subject to certain exceptions, without the Underwriters' written consent implement a capital increase, issue or sale of Shares or certain share-related instruments, or enter into a transaction of derivatives or synthetic instruments, which would have the effect of transferring the economic rights related to the Shares. A negative effect on the share price could also make it difficult for Sobi to issue shares or share-related instruments in the future at a time and price that Sobi considers appropriate.

Moreover, limited liquidity in Sobi's Shares could result in increased share price fluctuations. Limited liquidity of the Shares could make it difficult for individual shareholders to sell large shareholdings. It cannot be guaranteed that Sobi's Shares will always be able to be sold at a price acceptable to the holder. Positive movements in the share price cannot be guaranteed.

1) The agreement is entered into with Syntonix, which was acquired by Biogen Idec during 2007.

Unexercised Subscription Rights

Holders of Shares who do not respond to the Rights Issue before the expiration date of the Subscription Period will lose their rights to subscribe for New Shares at the Subscription Price, and no compensation will be paid to holders whose Subscription rights lapse as a result of not being exercised or sold. Holders of Shares who do not exercise their Subscription Rights or only partially exercise their Subscription Rights, or who cannot exercise their Subscription Rights because of applicable legal restrictions, will experience a decrease in the percentage of voting rights they are entitled to exercise and percentage of interest they hold in the Company's share capital.

Trading in Subscription Rights

The Company expects the Subscription Rights to be traded on the NASDAQ OMX Stockholm during the period of May 11 – May 23, 2011. No guarantee can be given that active trading in Subscription Rights will develop during this period or that sufficient liquidity will exist. The trading price of the Subscription Rights will depend on, *inter alia*, the development of the price of outstanding Shares and may be subject to greater price volatility than the trading price of such Shares.

Shareholders with significant influence

Investor AB will, assuming that it subscribes for its *pro rata* share in the Rights Issue, hold shares representing approximately 40.2 percent of the share capital and approximately 40.5 percent of the votes in the Company (the Company's own holding of C-shares included). Investor AB will be capable of exerting a significant influence over all matters requiring approval by the shareholders and may also be able to prevent a change in control or take other actions that are beneficial to Investor AB, but which disadvantage other shareholders.

Future dividends

At present it is the Board's intention that any future profits made by the Company will finance continued development and expansion of the business, and consequently the Board does not intend to propose any dividend within the foreseeable future. Moreover, it cannot be guaranteed that any dividends will be paid in the future, whereby any return on an investment in Sobi shares must be generated by an increase in the share price.

Subscription and guarantee commitments relating to the Rights Issue are not secured

The largest shareholder in Sobi, Investor AB, and Bo Jesper Hansen, the Chairman of the Board of Directors of the Company, have undertaken to subscribe for their respective *pro rata* shares of the Rights Issue. The remainder of the Rights Issue is underwritten by the Underwriters. These subscription and guarantee commitments are not secured. Consequently, there is a risk that one or more of Investor AB, Bo Jesper Hansen or the Underwriters will not be able to meet their respective subscription and guarantee commitments. If the abovementioned commitments are not met, this could negatively impact Sobi's ability to successfully complete the Rights Issue.

Successful completion of the Rights Issue cannot be guaranteed

Subscription for New Shares is irrevocable and may not be withdrawn unless the Company issues a supplement to the Prospectus. Furthermore, under Swedish law the Company is obligated to proceed with the Rights Issue irrespective of the number of New Shares subscribed for in the Rights Issue. As a result, the Company may raise less gross proceeds than expected, whereas subscription for New Shares is potentially an investment in a company that may require additional financing.

Terms of subscription and guarantee commitments

The subscription commitments made by Sobi's largest shareholder Investor AB and Bo Jesper Hansen, the Chairman of the Board of Directors of the Company, and the Underwriting Agreement the Company has entered into with the Underwriters, can be terminated by each of Investor AB, Bo Jesper Hansen and the Underwriters, in the event of a breach of the guarantees provided by Sobi and in the event of certain negative events that affect the circumstances (financial or otherwise) or outlook of Sobi, or the financial markets in general. It cannot be ruled out that such an event may occur, which could have a negative impact on Sobi's ability to complete the Rights Issue. For further information see the section *Legal matters and miscellaneous information* under heading *Subscription undertakings and Underwriting Agreement*.

Background and reasons

Following the merger of Biovitrum AB and Swedish Orphan International AB, which was concluded in January 2010, the companies have been successfully integrated. A number of measures have been taken to implement Sobis's strategy. The number of product launches has increased and five new partnership agreements have been signed. In 2010 a decision was taken to advance the three most important clinical projects into phase III. Also, the marketing organization has been expanded in both Europe and the US. The Board of Directors and certain management functions have been reinforced. The resources available for business development have been increased significantly at the same time as streamlining within central functions, pre-clinical research and production is continuing.

As previously communicated, net sales and profits in 2010 were weaker than expected. Net sales were negatively affected by the strengthening of the Swedish krona against the US dollar and the euro, mandatory price reductions on pharmaceuticals as a result of budget problems in many European countries, and delays in decisions from authorities regarding product registrations and reimbursements. In addition, an increase in the capital tied up had a negative effect on cash flow. The increase in capital tied up mainly relates to a temporary build-up of stocks of Kineret® as production is being transferred from the US to Europe. Kineret® sales have developed well and the anticipated continued sales growth is expected to trigger a milestone payment of USD 55 million (approximately SEK 350 million) to Amgen in the latter part of 2012.

The market for orphan drugs can be expected to show continued strong growth due to the lack of satisfactory treatments for many rare diseases. The laws have changed in both the US and Europe and are nowadays designed to promote the development and marketing of orphan drugs. Among other things this include market exclusivity for the drug for ten years in the EU and seven years in the US with the option, under certain circumstances to be prolonged.

Against this background the Board of Directors resolved to conduct a Rights Issue, subject to approval by the Annual General Meeting. The Annual General Meeting on April 28, 2011 approved the Rights Issue of approximately SEK 637 million, before transaction costs. The proceeds from the Rights Issue are expected to improve Sobi's capacity to implement its strategy and reach its financial goals by taking advantage of commercial opportunities including:

- Expansion of the product portfolio through additional in-licensing, distribution agreements and product acquisitions.
- Commercialization of new products.
- Continued geographical expansion through extension of the marketing organization and through cooperation with external partners.

Following the Rights Issue, the Company's net debt will decrease by approximately SEK 600 million. During December 2010, the Company increased its financing with SEK 150 million through an extended bank overdraft credit facility from approximately SEK 1,200 million to approximately SEK 1,350 million. As of December 31, 2010 the Company's net debt amounted to SEK 1,147 million. The Company has, in connection with the Rights Issue, renegotiated and entered into a new credit agreement with Svenska Handelsbanken AB (publ) (as further described in section *Legal matters and miscellaneous information – Credit Agreement*). According to the new credit agreement, the Company will revert to a total funding of about SEK 1,200 million, which is redistributed by a repayment of the outstanding term facilities of SEK 236 million to SEK 700 million, while other facilities (revolving/overdraft credit facility) is increased to SEK 500 million.

For more information, please refer to the information in this prospectus which has been prepared in accordance with the Financial Instruments Trading Act (1991:980) by the Board of Directors of Sobi in connection with the Rights Issue. The Board of Directors of Sobi is responsible for the contents of this prospectus. Information regarding the members of the Board of Directors in Sobi is available in the section Board of Directors, management and auditor. The Board of Directors of Sobi hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Stockholm, May 5, 2011

Swedish Orphan Biovitrum AB (publ)
The Board of Directors

Invitation to subscribe for shares in Swedish Orphan Biovitrum

On March 28, 2011 the Board of Directors resolved, subject to the approval by the Annual General Meeting, to raise approximately SEK 600 million, through a Rights Issue of New Shares. On April 26, 2011, the Board of Directors resolved that no more than 53,045,319 New Shares would be issued at a Subscription Price of SEK 12 per New Share, which will increase the share capital by not more than SEK 29,105,800. At the Annual General Meeting held on April 28, 2011 it was resolved to approve the new share issue resolution of the Board of Directors. Assuming full subscription in the Rights Issue, the total proceeds will amount to approximately SEK 637 million before transaction costs.

Shareholders in Sobi have preferential rights to subscribe for the New Shares in proportion to the number of Shares owned on the Record Date May 5, 2011. Each Share held carries one (1) Subscription Right. Four (4) Subscription Rights entitles the holder to subscribe for one (1) New Share at the Subscription Price of SEK 12 per New Share. Subscription for New Shares will take place during the period from May 11, 2011 up to and including May 26, 2011, or such later date as the Board of Directors may decide. Subscription for New Shares may also be effected without using Subscription Rights. Allocation of New Shares to those who have subscribed for New Shares without using Subscription Rights will first be made to holders who have subscribed for New Shares by the exercise of Subscription Rights. See section *Terms and Conditions for further information*.

Transaction costs are estimated to amount to approximately SEK 42.5 million and relates *inter alia* to fees to financial advisers, legal advisers and auditors of which SEK 10.7 relates to underwriting fee. Shareholders, who choose not to participate in the Rights Issue will have their ownership diluted by approximately 19.8 percent. However, those shareholders will have the possibility to sell their subscription rights and thereby be compensated, to some extent, for the dilution.

Investor AB has undertaken to subscribe for its *pro rata* share in the Rights Issue, corresponding to approximately 40.6 percent of the Rights Issue[1)]. Furthermore, the Chairman of the Board of Directors, Bo Jesper Hansen has undertaken to subscribe for his *pro rata* share in the Rights Issue, corresponding to approximately 3.4 percent of the Rights Issue[1)]. In addition, Kennet Rooth, CEO intends to subscribe for his *pro rata* share.

The remainder of the Rights Issue, corresponding to approximately 56 percent is, subject to customary terms and conditions, underwritten by Carnegie and Handelsbanken[1)]. For further information see section *Legal matters and miscellaneous information*.

The shareholders of Sobi are hereby invited to, with pre-emptive rights, subscribe for new shares in Sobi in accordance with the terms and conditions set forth in this Prospectus.

Stockholm, May 5, 2011

Swedish Orphan Biovitrum AB (publ)
The Board of Directors

1) The subscription commitments have not been secured. For additional information, see section Risk factors – Subscription undertakings regarding the Rights Issue are not secured.

Terms and conditions

Preferential right for subscription

Those who, on the Record Date May 5, 2011, are registered as shareholders in Sobi, have preferential right to subscribe for New Shares in proportion to their existing shareholdings. To this end those registered as shareholders in Sobi on the Record Date will receive one (1) Subscription Right for each Share held. Four (4) Subscription Rights entitle the holder to subscribe for one (1) New Share at the Subscription Price.

Provided that the Rights Issue is fully subscribed, the total number of shares in the Company will increase from 214,249,813 to 267,295,132.

Shareholders, who chose not to participate in the Rights Issue will have their ownership diluted, but will have the possibility to sell their Subscription Rights on NASDAQ OMX Stockholm and thereby be compensated, to some extent, for the dilution. Shareholders, who chose not to subscribe for New Shares in the Rights Issue will be subject to a dilution effect of not more than 19.85 percent (calculated as the number of New Shares through the total number of Shares after a fully subscribed Rights Issue).

Subscription Price

The New Shares are issued at a Subscription Price of SEK 12 per New Share. No commission will be charged. The Subscription Price has been determined by the Board of Directors based on the price of the Company's Shares on the market and with regard to "customary discount" to share price in similar rights issues.

Record Date

The Record Date as for Euroclear Sweden to determine who is entitled to receive Subscription Rights in the Rights Issue is May 5, 2011. The last date of trading in Sobi's Shares including the right to receive Subscription Rights is May 2, 2011. The Shares will be traded exclusive the right to subscribe for New Shares in the Rights Issue from and including May 3, 2011.

Subscription period

Subscription of New Shares shall take place during the period from and including May 11, 2011 up to and including May 26, 2011. The Board of Directors of Sobi reserves the right to extend the subscription period, which if applicable will be announced no later than May 26, 2011.

Information from Euroclear Sweden to directly registered shareholders

Prospectus, a pre-printed issue-account statement with payment notice attached and an application form with attached non pre-printed payment notice will be distributed to shareholders or representatives for shareholders in Sobi who, on the Record Date May 5, 2011, are registered in the share register kept by Euroclear Sweden as holders of shares in Sobi and who are entitled to subscribe for New Shares in the Rights Issue. The pre-printed issue account statement includes information on the number of Subscription Rights received and the number of New Shares that can be subscribed for. A separate notification of the registration of Subscription Rights in the VPC account will not be sent out. Those who are listed in the special list of holders of pledged shares, and guardians will not receive an issue-account statement but will, instead, be notified separately.

Nominee registered shares

Shareholders whose holdings of Shares in Sobi are registered with a nominee bank or other nominee will not receive a pre-printed issue-account statement with payment notice attached from Euroclear Sweden. Instead, subscription of New Shares and payment shall be effected in accordance with instructions from the nominee. Please note that subscription of New Shares with preferential right as well as subscription of New Shares without preferential right shall be made through such nominee or bank.

Subscription Rights

Each Share held in Sobi on the Record Date entitles to one (1) Subscription Right. Four (4) Subscription Rights are required to subscribe for one (1) New Share in Sobi.

Unexercised Subscription Rights

After expiration of the subscription period, remaining Subscription Rights will be void and without value. After May 26, 2011 unexercised Subscription Rights will be removed from VPC accounts without notice from Euroclear Sweden.

Trading in Subscription Rights

The Subscription Rights will be listed for trading on the NASDAQ OMX Stockholm during the period May 11, 2011 – May 23, 2011. All banks and other securities institutions with required authorization in Sweden can assist in purchase and sale of Subscription Rights. Regular commission will be charged.

Subscription Rights that have been acquired during the above mentioned trading period entitle, during the subscription period, to subscribe for New Shares in the same way as those Subscription Rights, which shareholders receive based on their shareholding on the Record Date.

Subscription for shares by exercising Subscription Rights

Subscription for New Shares by exercising of Subscription Rights shall be effected through simultaneous payment during the period May 11, 2011 – May 26, 2011.

Shareholders resident in Sweden

Subscription by preferential right of shares shall be made by cash payment in accordance with the received pre-printed payment notice or by simultaneous cash payment and submission of an application form, at any of Carnegie's branches or at any other Swedish bank's branches or securities institutions for forwarding to Carnegie. Payment shall have been received by Carnegie no later than May 26, 2011.

The pre-printed payment notice which is attached to the pre-printed issue account statement should be used if all Subscription Rights, shown on the issue account statement as "equal subscription" are exercised (i.e. the non-printed payment notice attached to the application form should then not be used).

The non pre-printed payment notice attached to the application form should be used if Subscription Rights are purchased or sold, or transferred from another VPC account or if not all of the rights designated "equal subscription" in the Euroclear Sweden's issue account statement are exercised. Application forms will be distributed to those who, on the Record Date, were registered as shareholders in Sobi and can also be obtained at Carnegie's branches or by telephone +46 (0)8 588 694 87, or be downloaded from Carnegie's website, www.carnegie.se or Handelsbanken's website, www.handelsbanken.se/investmentoffer.

Shareholders resident outside of Sweden

Shareholders not resident in Sweden and unable to use the pre-printed payment notice must always complete the application form received. The application form should be sent to the address provided below and, in conjunction therewith, payment for subscribed shares shall be made in Swedish kronor through any bank via S.W.I.F.T to the below stated Swedish bank account.

Carnegie Investment Bank AB
Transaction Support
SE-103 38 Stockholm, Sweden
S.W.I.F.T: ESSESESS
Account no: 5221 10 003 63
IBAN: SE3850000000052211000363

At payment, the subscriber's name and address as well as VPC account must be given. Note that the payment and the application form must have been received by Carnegie, Transaction Support not later than May 26, 2011.

Shareholders resident in certain jurisdictions

The allotment of Subscription Rights and the issuance of New Shares upon exercise of Subscription Rights to persons who are resident in, or citizens of, countries other than Sweden may be affected by securities legislation in such countries, see section *Important information to investors*. Consequently, subject to certain exceptions, shareholders whose existing shares are registered directly on a VPC account and whose registered address is in, *inter alia*, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States will not receive this Prospectus. Nor will they receive any Subscription Rights on their respective VPC accounts. The Subscription Rights which otherwise would have been registered for such shareholders will be sold and the sales proceeds, less deductions for costs, will be paid to such shareholders. Amounts of less than SEK 100 will not be paid out.

Subscription without preferential right and allocation

Application for non-preferential subscription shall be made on a special application form. Such application form can be obtained at Carnegie's branches or be downloaded from Carnegie's website, www.carnegie.se or Handelsbanken's website, www.handelsbanken.se/investmentoffer. Application for non-preferential subscription may be submitted by mail to Carnegie Investment Bank AB, Transaction Support, SE-103 38 Stockholm, Sweden or by submitting the application form to one of Carnegie's branches. The application form must be received by Carnegie, Transaction Support, on May 26, 2011, at the latest.

Please note that shareholders whose holdings of Shares are registered with a nominee bank or other nominee shall apply for subscription without preferential right through their nominee.

The Board of Directors of the Company shall allocate the New Shares as follows:

- First, to holders of Subscription Rights who have subscribed for New Shares by exercising Subscription Rights and, in case of oversubscription, *pro rata* in proportion to the number of Subscription Rights used for subscription of New Shares (and where this is not possible, by drawing of lots);
- Second, to others that have subscribed for New Shares without exercising Subscription Rights and, in case they cannot receive full allotment, *pro rata* in proportion to the number of New Shares that each has applied to subscribe for (and where this is not possible, by drawing of lots);
- Thirdly, conditional upon such allotment being necessary in order for the Rights Issue to be fully subscribed for, to the Underwriters of the Rights Issue, allotted in proportion to their respective subscription undertakings.

Information on the outcome of the Rights Issue will be published by way of press release on or about June 1, 2011. As confirmation of allotment of non-preferential subscription of shares, a contract note will be sent to the subscriber. Payment of allotted shares shall be made in accordance with the instruction on the contract note and be paid in cash no later than the third banking day after notification of allotment has been received by the subscriber. The New Shares will be delivered as soon as possible after the settlement day with notice from Euroclear Sweden.

Paid subscribed shares ("BTA")

A few days following payment and subscription of New Shares, Euroclear Sweden will send out a notice confirming that registration of BTA:s has been made in the subscriber's VPC account. Subscribed shares are registered as BTA on the VPC account until the Rights Issue has been registered at the Swedish Companies Registration Office (Sw. *Bolagsverket*).

If the possibility to register the Rights Issue in part is utilized a second series of BTA will be issued in relation to which the first will be named BTA 1. Following the first part of the registration with the Swedish Companies Registration Office, which is expected to occur on or about June 8, 2011, BTA 1 will be converted into ordinary shares, which is expected to take place on or about June 10, 2011, without distribution of a special VPC account statement. A second series of BTA (BTA 2) will be issued for subscriptions which have occurred at such time that it is not included in the first part of the registration and be converted by Euroclear Sweden into ordinary shares when a final registration has been made with the Swedish Companies Registration Office (Sw. *Bolagsverket*), which is expected to take place on or about June 15, 2011.

If the possibility to register the Rights Issue in part is not utilized, registration is estimated to be made with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on or about June 15, 2011. Following the registration, BTA will be converted to ordinary shares, which is expected to take place on or about June 17, 2011. A VPC account statement will not be distributed in connection with such conversion.

BTA will be listed for trading on the NASDAQ OMX Stockholm from and including May 11, 2011 and is expected to be traded until May 31, 2011. In the event that more than one series of BTA is issued, trading on the NASDAQ OMX Stockholm will only take place in the first series, BTA 1.

Listing of newly registered shares

Sobi's shares are traded on NASDAQ OMX Stockholm. After the Swedish Companies Registrations Office (Sw. *Bolagsverket*) has registered the new share issue, the New Shares will be traded at NASDAQ OMX Stockholm. The New Shares are expected to be tradable once the New Shares are registered on the shareholders VPC accounts.

Right to dividends

The New Shares carry rights to dividends for the first time on the first dividend record date occurring after the registration of the New Shares with the Swedish Companies Registration Office (Sw. *Bolagsverket*). The New Shares will have the same right to dividend as the existing shares, see section *Share capital and ownership structure – Dividend and divend policy*.

Other information

The Company is not entitled to discontinue the Rights Issue. In the event that a subscriber remits money for the New Shares in excess of the amount owed, the Company will arrange for the excess sum to be refunded. A subscription for New Shares, whether by exercise of Subscription Rights or not, is irrevocable and the subscriber may not cancel or alter a subscription for New Shares. Incomplete or incorrectly completed application forms may be left without consideration. If the subscription payment is paid too late, is insufficient or made incorrectly, the subscription application may be left without consideration. In such case, any subscription payment not used for payment will be refunded. Only one subscription form of the same kind may be submitted. If more than one subscription form of the same kind is submitted, only the last subscription form received by Carnegie, Transaction Support, will be valid.

What to do

Terms:

- For each Share in Sobi held on the Record Date you will recieve one (1) Subscription Right
- Four (4) Subscription Rights entitle the holder to subscribe for one (1) New Share

Subscription Price: SEK 12 per New Share

Record date: May 5, 2011

Subscription Period: May 11 – May 26, 2011

Trading in Subscription Rights: May 11 – May 23, 2011

1) You are allocated Subscription Rights

One (1) share in Sobi held on the Record Date, May 5, 2011 entitles to …

One (1) Subscription Right

2) How to exercise your Subscription Rights

Four (4) Subscription Rights

+ SEK 12

One (1) New Share

If you have a VPC account:

If your Shares in Sobi are held in a VPC account with Euroclear Sweden, then the number of Subscription Rights that you receive is stated on the issue statement from Euroclear Sweden

If you exercising all your Subscription Rights use the preprinted payment notice from Euroclear Sweden

If you have bought, sold or transferred Subscription Rights to/from your VPC account, complete the special application form available at www.carnegie.se or www.handelsbanken.se/investmentoffer

Pay the subscription amount at any Swedish bank branch by May 26, 2011

If you have a custodian account:

If your shares in Sobi are held in a custodian account with a bank or other nominee, your nominee will provide information on the number of Sub-scription Rights that you have received

Follow the instructions given by your nominee, or if your holding is registered with more than one nominee, by any of these

Market overview

The information in respect of market trends and Sobi's market position in absolute terms or in relation to competitors stated in the Prospectus is the Company's overall assessment, based both on internal and external sources. The Company is not aware of specific, available statistics that could provide a comprehensive and relevant picture of the Company's markets that would permit market shares to be calculated in a reliable manner. The external sources on which the Company has based its assessment primarily involve data from independent research institutions and other industry statistics. This information has been reproduced correctly in the Prospectus and, as far as Sobi knows and can ensure through comparisons with other information publicized by third parties, no information has been omitted that could make the reproduced information erroneous or misleading.

Pharmaceutical market

The Pharmaceutical market can primarily be divided in three product categories with some overlapping:

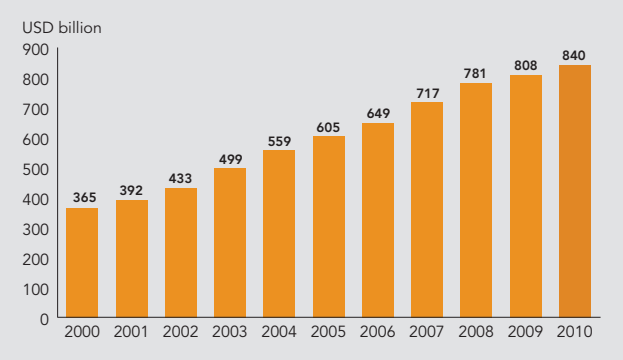
- **Pharmaceuticals for general use** – often refers to pharmaceuticals prescribe by a general practitioner and other categories of doctors in an open care center. In most cases common diseases such as high blood pressure are treated with these pharmaceuticals.

- **Specialty pharmaceuticals** – refers to pharmaceuticals that are used to treat diseases that are diagnosed by a specialists, often connected to a hospital, where the patient's treatment is controlled by the specialists. The patient can be treated either in open care or in hospitals. A special group of specialty pharmaceuticals are the orphan drugs that are used for treatment of rare diseases. It is often highly specialized doctors that attend to this care. There is a special legislation in Europe, the US and other countries in order to stimulate the development of pharmaceuticals for treatment of rare diseases.

- **Generic preparations** – are copies of the original pharmaceutical when patents and other copyright protection have expired. It can be a copy of both pharmaceuticals for general use or specialty pharmaceuticals but since there has been no research and development costs a lower price can be set.

Global pharmaceutical sales in 2010 totaled USD 840 billion[1]. Since 2000, the pharmaceutical market has displayed stable annual growth of 8.7 percent. The following graph presents the global sales trend for pharmaceuticals during 2000–2010[2].

Global pharmaceutical sales, 2000–2010



Source: IMS Health Market™.

An aging population is driving the solid sales growth of the pharmaceutical market worldwide, with the number of people over 65 rising sharply in recent decades. Other factors underlying sales growth are the development of new, more sophisticated pharmaceuticals and therapies developed for medical conditions that previously lacked treatment alternatives. In the immediate future, emerging markets such as Brazil, Russia, India and China are expected to represent a large share of rising demand in the pharmaceutical market. Although generic preparations are expected to account for a large share of growth, the market for specialty pharmaceuticals is also expected to play a substantial role in these countries. A significant share of the increase in demand for pharmaceuticals in emerging markets will be fuelled by patients that can afford private health care, as well as by extended longevity in these regions.

1) *IMS Health Market™.*
2) *IMS Health Market™.*

Market for specialty pharmaceuticals and orphan drugs

Sobi is active in the market for specialty pharmaceuticals and orphan drugs with current emphasis on the following treatment areas: hematological diseases, autoimmune diseases, hereditary metabolic disorders and therapeutic oncology. Orphan drugs refer to drugs for the diagnosis, prevention or treatment of life-threatening or chronic disability rare diseases treated by a specialist physician. The market for orphan drugs differs radically from the market for widely used drugs. Although the patient groups are relatively small, orphan drugs offer significant market potential. Official documentation requirements have been adjusted to meet the significant medical needs and the lower number of patients, which means that there is not a need for as comprehensive resources for the development of orphan drugs as for drugs aimed at major primary care diseases.

Patients affected by rare diseases are frequently geographically spread, but can be reached through interlinked specialist care in an efficient manner. In 2009, the global market for orphan drugs totaled USD 84.9 billion, for which the US accounted for 51 percent of the total market[1]. The global market is expected to expand at an annual average rate of 5.7 percent, amounting to USD 112.1 billion in 2014[2]. The market for orphan drugs is relatively fragmented, with the ten largest orphan drugs companies accounting for 36 percent of the total market in 2007.[3]

Orphan drugs have a high degree of differentiation and are sold in low volumes compared with pharmaceuticals for general use and generic preparations. In addition to the fact that market competition for orphan drugs is low compared with other segments, this permits high pricing and continuing high margins for orphan drugs.

As regards orphan drugs, Sobi is active primarily in the European market for orphan drugs for the treatment of rare diseases that are part of the market for specialty pharmaceuticals. The Company has a broad product portfolio with some 60 niche products in different therapy areas.

In the EU a rare disease is defined as one that affects less than 1 of 2,000 people (or 0. 05 percent of the population). In the US, rare diseases are defined as those that affect fewer than 200,000 people. Examples of serious or life-threatening illnesses include hemophilia, malignant melanoma, essential thrombocythemia, soft tissue sarcoma, ovarian cancer and rare metabolic disorders such as hereditary tyrosinemia type I and insufficiency of the urea cycle. There are a total of approximately 7,000 rare diseases, most of which cannot be offered any particular treatment.[4]

The industry for orphan drugs came to be developed since the pharmaceuticals industry historically lacked interest in research, development and marketing of pharmaceuticals for rare diseases, thereby curtailing the development of potentially life-saving treatments. Although new treatments for a number of rare diseases were identified, it proved difficult to find sponsors who were willing to invest in the late development stages and to have the drug approved, since these focused on such a small group of patients and deviated from the standardized pharmaceutical model. These factors meant that the diseases were viewed as orphans and, thus, the actual pharmaceuticals came to be referred to as "orphan drugs".

The need and importance of developing new treatments for rare and often serious illnesses led the US in 1983 to pass new legislation to promote the development and marketing of orphan drugs. This legislation marked the inception of a market for orphan drugs and was followed by similar legislation in Japan in 1993, Australia in 1998, the EU in 2000, and other key markets for pharmaceuticals. Legislation has led to several new treatments of rare diseases.

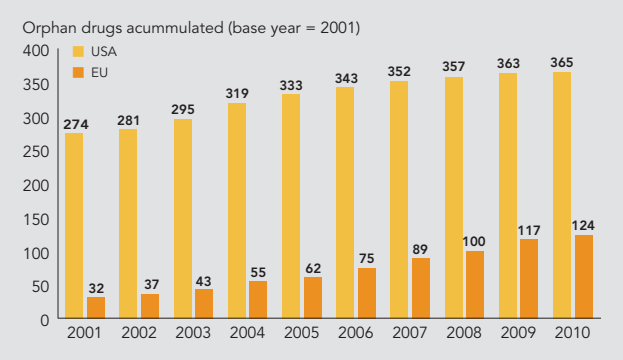
The market for orphan drugs remains relatively underdeveloped and the majority of known rare diseases continue to lack approved pharmaceutical treatment. However, the major progress in the development and increased knowledge of, for example, human DNA as well as regulatory and financial incentives has impacted on the development and commercialization of orphan drugs, transforming the market into an attractive growth sector in the pharmaceuticals industry.

The market for orphan drugs differs significantly from the traditional pharmaceuticals market. Rare diseases are frequently life-threatening and, by their nature, affect small and dispersed patient groups. Despite the spread of the patient groups across various geographic areas, these can be reached through networks of specialist doctors. Since rare diseases are often life threatening, prompt action is required in distributing the often small volumes of pharmaceuticals, and thus logistics and administration involved in distribution are key factors for successful operations. A flexible distribution network, strong local presence and a knowledgeable market organization are key factors underlying successful operations in this area.

1) Global markets for orphan drugs Phm038c 2010, Bcc Research.
2) Global markets for orphan drugs Phm038c 2010, Bcc Research.
3) Business Insight report on top 10 specialty pharmaceutical companies.
4) National Institutes of Health Office of Rare Diseases, http://rarediseases.info.nih.gov/, 2011.

Rapid progress in research is raising the research community's insight in the causal relationships underlying many rare diseases and is leading to the identity of new diseases and treatments. Such progress, combined with legislation to promote the development of orphan drugs, has transformed the area into an attractive growth sector in the pharmaceuticals industry, which has led to a rapid increase in the number of approved orphan drugs. The graph below illustrates the trend in the number of approved orphan drugs in the US and EU during the period 2001–2010. In the US, the number of approved orphan drugs has increased from 274 in 2001 to 365 in 2010, representing annual growth of 3.2 percent. In the EU, the number of approved orphan drugs has increased from 32 in 2001 to 124 in 2010, representing annual growth of 16.2 percent[1]. A large number of orphan drugs in the US are also available to patients in Europe, but since these were approved before orphan pharmaceutical legislation was introduced in the EU, they are not classified as orphan drugs.

Number of orphan drugs in the US and EU during the period 2001–2010



Source: FDA and EMA.

Currently, there are more than 2,300 substances that have gained classification as orphan drugs in the US and 800 in the EU. In view of the number of orphan drugs that have been approved in the US and EU in recent years, 90 to 95 new orphan drugs can be expected to be approved in these markets during the next five years.[2]

Progress in the market for orphan drugs has entailed that a number of new treatments have emerged for patients with rare diseases. Despite this success, there are currently only about 400 approved pharmaceutical treatments for almost 7,000 known rare diseases.

Special legislation for orphan drugs available in certain regions promotes research and development of orphan drugs and improves the economic conditions for such treatments. An increasing number of drug manufacturers, including some major global drug companies, are thus investing in the development of pharmaceuticals for treatment of rare diseases, especially for more widespread rare diseases. Despite greater interest in the orphan drugs area, competition in this area will remain relatively limited. As opposed to many common diseases, there is seldom more than one orphan pharmaceutical for the treatment of a rare disease. The exclusive market rights accruing from orphan drugs legislation continues to offer unique protection from generic competition. Orphan drugs status means that a company that has developed an orphan drug, which reaches the market first receives ten years market exclusivity in the EU and seven years market exclusivity in the US in the indication for which the drug was developed with the option under certain circumstances to prolong it.

The performance of clinical trials for orphan drugs can prove more demanding, since there are few patients and they are often geographically spread. Consequently, the development of orphan drugs is often marked by close cooperation among key stakeholders, such as specialist physicians, patient organizations and drug companies. The development of orphan drugs for the treatment of rare diseases is promoted by well-educated and motivated specialist groups, patient organizations and various political institutions including the EU Commission and European Parliament. The common interest is expressed in cooperation around, for example, the effective implementation of clinical studies to hasten the availability of life-critical treatments for patients in need. Named patient use prescription may also be permitted during the development of orphan drugs.

Orphan drug prices are determined through negotiation between the authorities and holders of the marketing license and are often based on health-economics analyses. Prices are relatively limitedly exposed to competition, since orphan drugs frequently have exclusive market rights. As the price of orphan drugs is considerably higher per patient than in the case of traditional pharmaceuticals, not as many patients are required to make a potential drug attractive in terms of revenue which is the intention with the legalization.

1) FDA and EMA.
2) FDA and EMA.

There is strong support for orphan drugs from states and authorities, and thus legislation in the area is robust. During recent years, legislation and guidelines relating to orphan drugs have become more favorable. Recent developments in the area include the following:

- In 2007, the US and EU authorities announced plans to strengthen cooperation. This has led to a joint application form for orphan drugs and an introductory step towards joint guidelines on markets in the US and EU.
- In November 2008, the EU Commission presented an action program for rare diseases. The proposal involved an overarching EU-strategy designed to support member states in diagnosing, treating and taking care of the 30 million Europeans suffering from a rare disease.
- June 2009 the EU Commission's "Recommendation on European Action in the field of Rare Diseases" was adopted. The content is a broad-based European orphan drugs strategy in which individual member states have until 2013 to establish national plans for orphan drugs in line with the EU guidelines.

Namned patient use

Even during the period when a drug is undergoing clinical testing, individual patient may gain access to the product. Namned patient use is the term used to describe the application of a not totally approved pharmaceutical to meet the special needs of a patient. Since there are often no treatments for rare diseases, the namned patient use for coming approved pharmaceuticals is rising steadily. This approach means that patients with serious and/ or life-threatening diseases that lack approved treatment alternatives gain access to treatments that have not yet gone through a formal regulatory approval process in the EU, but may be approved in some other jurisdiction worldwide.

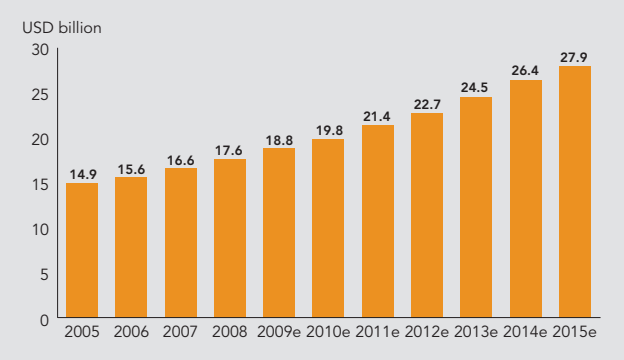
US

The US continues to be the largest and most developed market for orphan drugs, as it has been supported by the Orphan Drug Act since 1983. In the US, a special authority (The Office of Orphan Products Development) has the task of promoting the development of promising products for the diagnosis or the treatment of rare diseases or symptoms. The efforts of the authority have resulted in the approval of more than 360 pharmaceuticals and biological products since 1983.

Europe

The European market for orphan drugs is the second largest worldwide, and is currently Sobi's primary geographic market. Since the market in Europe has only been able to benefit from legislation since 2000, compared with the 28-year old legislation in the US, the European market is considerably smaller, although it has shown significant growth. The graph below illustrates the total sales of orphan drugs in Europe, which amounted to SEK 17.6 billion in 2008. During the period, 2005 to 2008, the European market for orphan drugs grew at an annual rate of 5.7 percent and expected to show annual growth of 6.8 percent during the period 2009–2015.

Market for orphan drugs in Europe during the period 2005–2015



Source: European Orphan Diseases Market (2009), Frost and Sullivan.

Rest of the world

In addition to Europe and the US, Japan and Australia have adopted orphan drug legislation. Since global awareness of orphan drugs continues to increase, a number of significant markets such as Russia, India and China are currently involved in initial discussions regarding orphan drug legislation.

Pricing of pharmaceuticals

Increasing costs for health and medical care in many countries has led to that states and other payers makes priorities which results in price reductions. In most countries there is a price authority that approves or determines price of the pharmaceuticals, particularly if a pharmaceutical should be covered by a government subsidy for the prescription. In principle every new pharmaceutical which are going to be priced is compared with existing therapy and should intend improved cost efficiency.

Competition in the market for specialty pharmaceuticals and orphan drugs

According to the Company's assessment, Sobi's competitors include international drug companies, biotech companies and specialty pharmaceuticals companies. Thus, there is always the risk that Sobi's product concept is subject to competition from a similar product or that new product concepts prove superior to those of the Company. By allying itself with external research groups in the frontline of medical development, the Company increases its long-term potential to develop competitive medical treatment alternatives. To further strengthen its own position, decisive weight is given to strong patent protection for the Company's products.

Sobi continually monitors and assesses competitors' activities, patents and patent applications in order to identify activities encompassed by the Company's intangible rights, such as patents that could cover part of the Company's business areas. The following table shows an overview of companies that Sobi regards as being comparative companies in the market for specialty pharmaceuticals.

Company	Sales 2010 (SEK million)	EBITDA margin 2010	Business description	Main geographical presence
Actelion	13,888	27.8%	Biotech company with focus on discovery, development and marketing of synthetic, small-molecule pharmaceuticals for treatment of serious diseases with unsatisfactory treatment methods.	USA (42% of sales), Europe (35% of sales)
BTG (Protherics)	1,076	14.6%	Specialty pharmaceutical company that develops and markets products within e.g. emergency care, cancer and neurological disorders. The company also acquires new products for further development and marketing to specialist doctors.	USA (84% of sales)
Gilead	53,845	55.4%	Develops and sells pharmaceuticals for patients with life-threatening disorders without satisfactory medical cures. Primary focus on HIV/AIDS, liver disease, cardiovascular disease and respiratory disorders.	USA (53% of sales), Europe (40% of sales)
Ipsen	10,524	17.2%	Specialty pharmaceutical company that develops and marketing products within e.g. oncology, endocrinology, neurology and primary care drugs.	Europe (71% of sales)
Novo Nordisk	73,238	35.1%	Health care company with focus on treatment of diabetes, including products with insulin-dosing systems. The company is also active within hemophilia treatment, growth hormone treatment and hormone replacement therapies.	North America (39% of sales), Europe (31% of sales)
Recordati (Orphan Europe)	6,548	24.9%	Specialty pharmaceutical company with focus on research into drugs within cardiovascular and urogenital treatment areas. Through Orphan Europe, Recordati also operates within the Orphan drug area.	Europe (89% of sales)
Shire	23,511	32.4%	Biotech specialty pharmaceutical company with focus on hyperactivity disorder and gastrointestinal diseases.	North America (67% of sales)

Source: Annual reports and corporate websites

Despite the keener interest in the market for orphan drugs there are only a few companies with a special focus on this sector. The main players in the development and distribution of orphan drugs are the major drug companies, biotech companies, local specialty pharmaceuticals distributors and niche drug companies.

In the competition to contract (that is, by licensing or distributing) orphan drug products and other products for the treatment of patients with rare diseases in Europe, there are few players with sufficient experience in marketing, sales and distribution of orphan drugs. These players also lack sufficient experience in the various regulatory process and access to the local market. Few have the necessary marketing organization and infrastructure required in the European market. Key competitive advantages in this market include know-how and expertise in respect of the orphan drug market, good relations with state and regulatory authorities and with other significant stakeholders, knowledge of the local market and previously shown ability to expand the area of contracted products.

Success in the orphan drug sector requires a special approach and close cooperation with key stakeholders, such as specialist physicians, patient organizations, authorities and other drug companies that support clinical development. As a result of these special features, the overall risk for competition from generic preparations is less in the market orphan drugs than in the broader pharmaceuticals market. Generic companies have business models that to a great degree are based on price competition and larger sales volumes and are thus not attracted by the orphan drug market, since sales volumes of each product are not large. Moreover, the authorities frequently demand undertakings also after a drug has been approved in the form of close monitoring and follow-up of patients that are undergoing treatment or have undergone treatment. The competition from generic preparations on the market for orphan drugs has been negligible since the Orphan Drug Act was passed in 1983 in the US.

Description of Swedish Orphan Biovitrum

Refer to the section Technical glossary, for an explanation of the technical terms.

Overview

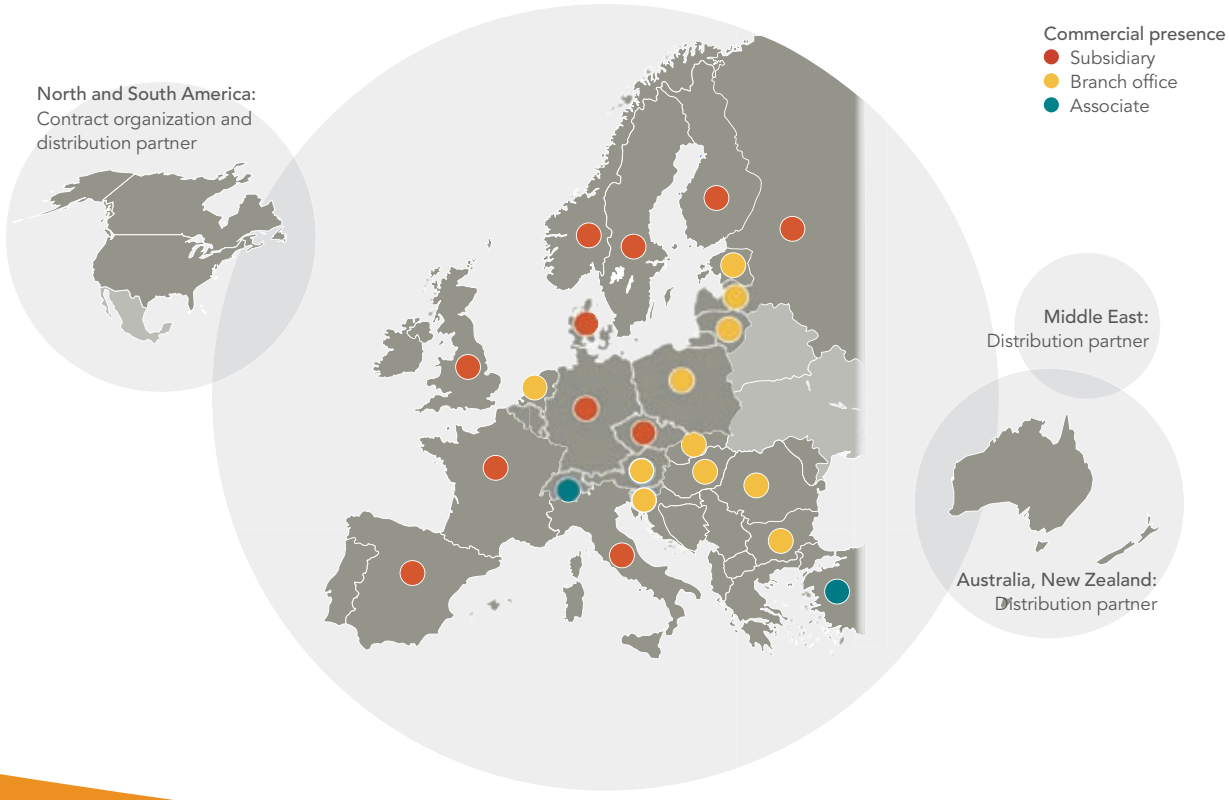
Sobi is a leading European specialty pharmaceutical company. The Company focuses on developing and providing specialty pharmaceuticals for patients with rare diseases and significant medical needs. The product portfolio currently comprises about 60 products, as well as projects in the late clinical phase. Key therapeutic areas are hematological diseases, autoimmune diseases, hereditary metabolic disorders and therapeutic oncology.

The operations comprise all areas ranging from research and development, manufacturing, distribution, marketing and customer support. The operations are based on many years of experience in research and drug development. Many of Sobi's researchers are pioneers in biotechnology and the process development of protein drugs.

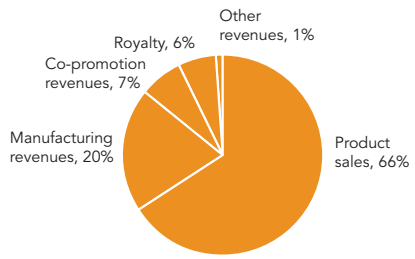
The sales organization is well developed in Europe, with its own marketing companies in eleven countries and representative offices in an additional eleven countries. Sobi is also represented via partners in North and South America, Middle East, Israel, South Korea, Australia and New Zealand. A proprietary North American organization is being developed. The goal is to market additional products through new license and distribution agreements, products generated from the Company's project portfolio and from product acquisitions.

Research and development operations cover recombinant protein projects in hemophilia, prevention of growth retardation in premature infants, autoimmune diseases, hereditary metabolic disorders and therapeutic oncology. The inflow of new projects from proprietary research is supplemented through strategic acquisitions, business cooperation and alliances. The project portfolio includes projects in the late clinical phase. The number of employees within preclinical research has decreased during recent years. The intention is, despite a reduced capacity within this area of research, to retain expertise and competence in order to have the possibility to increase the resources in the future.

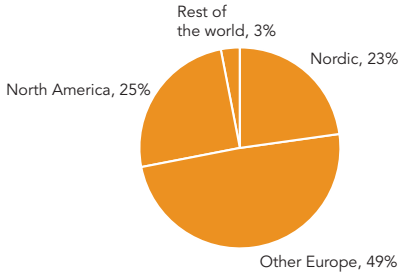
Sobi also focuses on the manufacturing of protein drugs, from the initial stage in process development to the finalized commercial product. Operations is based on extensive know-how and experience of demands from official authorities (such as EMA, FDA). The current partners are active in both Europe and US. Sobi is also a global manufacturer of the active substance in Pfizer's ReFacto AF®/Xyntha®, a product that is used for the treatment of hemophilia.



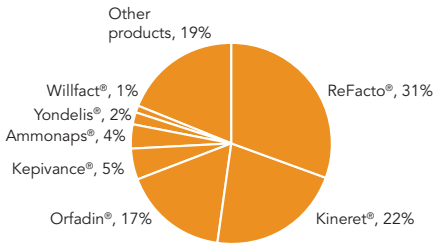
Total revenues 2010, distributed by revenue type



Total revenues 2010, distributed by geographic area [1)]



Total revenues 2010, distributed by product



Sobi's total revenues in 2010 totaled SEK 1.9 billion. Europe is the Company's primary market, accounting for some 72 percent sales revenues, followed by North America with about 25 percent sales revenues in 2010. Sobi's revenues derive from product sales, manufacturing, royalties and co-promotion revenues. During 2010, revenues from product sales accounted for some 66 percent, manufacturing for approximately 20 percent, co-promotion revenues for about 7 percent and royalties for some 6 percent of revenue.

1) Pertains to geographic distribution of sales revenues.

Business concept

To develop and provide speciality pharmaceuticals and services to patients with rare diseases. These pharmaceuticals may be in-licensed, acquired or developed by Sobi. Revenues come from product sales, manufacturing, royalties and co-promotion.

Vision, goals and strategy

Sobi's vision is to become the leading European pharmaceuticals company in rare diseases with operations established in the US and a presence in the rest of the world. Sobi's goal is to offer efficient drugs to patients suffering from rare diseases and who have significant medical needs.

Financial objectives:

- The financial targets are to reach revenues of about SEK 5 billion by 2015 and an EBITA margin of at least 30 percent.

Strategy

Sobi will achieve profitable growth through:

Full leverage of the current product portfolio

- Existing commercial products.
- On-going development projects.

Expansion of the product portfolio

- Through additional in-licensing and distribution agreements for commercial products.
- Acquisition of commercial products or products in the late development phase.
- Further development of existing products and the development of new products based on the company's unique expertise in protein-based drugs.

Continuing geographic expansion

- Continuing expansion of the organization in Europe and the US.
- Establish cooperation with additional partners in Asia and the rest of the world.

History

2001

Biovitrum was formed through the merger of various business units at Pharmacia (currently Pfizer) with a base in Sweden, including a research unit focused on metabolic diseases, a process development unit for protein drugs and a plasma product operation. Biovitrum's expertise in process development and manufacture of recombinant protein drugs that continue to be used that originate from KabiGen, which was integrated into Pharmacia's operations in the 1990's, following the merger of KabiVitrum and Pharmacia. In July 2001, Nordic Capital and MPM led a consortium of investors that acquired Biovitrum from Pharmacia. The reason for the acquisition was to create a biopharmaceutical company that had a broad spectrum of skills and the knowledge base available from major drug companies, but which at the same time captured innovative capacity and entrepreneurship in a newly established company.

2002

The Company sold its plasma operation to Octapharma as part efforts to concentrate operations protein-based and small molecular drugs. During the same year, the Company also initiated a partnership with GlaxoSmithKline in respect of therapies for obesity.

2003

The Company initiated partnership with Amgen in respect of the treatment of diabetes and other metabolic diseases.

2004

Following the renegotiation of the contract with the pharmaceutical company Wyeth (subsequently Pfizer), the Company became a manufacturer of the active protein component in the ReFacto® and ReFactoAF®/Xyntha® drugs to treat hemophilia. The Company initiated the marketing of specialty pharmaceuticals with a proprietary sales force in Nordic region (ReFacto®, Mimpara®, and Kineret®).

2005

Biovitrum acquired the research company Cambridge Biotechnology (CBT) in the UK. The research and developments portfolio expanded through the acquisition of Arexis, a Swedish biotechnology and drug company.

2006

Partnership with Syntonix (subsequently Biogen Idec) was concluded in an effort to jointly develop a drug for their treatment of hemophilia B. The Company was listed on NASDAQ OMX Stockholm.

2007

A new drug, Aloxi®, active in the treatment of nausea resulting from cell poison was launched in the Nordic region. The Company launched the drug BeneFIX® in the Nordic region. A new strategic direction was adopted to the effect that the Company sharpened its focus on recombinant protein drugs and the treatment of diseases that require specialist care. The option was utilized of cooperating with Syntonix/Biogen Idec in the development of hemophilia A.

2008

As part of the new strategy, a restructuring of the research organization was conducted. A process was introduced to identify partners for all primary care projects in the research phase. The contract covering the manufacturing of the active substance for ReFacto® with Pfizer was extended through 2015. Biovitrum's and Syntonix/Biogen Idec unique factor IXFc for the treatment of hemophilia B gained orphan drug status in the US. A contract was signed covering the product acquisition with Amgen in respect of the products Kepivance® and Stemgen®, as well as a global exclusive license for the Kineret® product.

2009

The drug ReFacto AF® gained EU market approval. A decision was made to initiate final registration studies for recombinant FIXFc. In addition, positive clinical data were received for Kiobrina® for prevention of growth retardation in premature infants. Investor acquired 21 percent of Biovitrum. A contract with Proximagen Neuroscience plc was signed in an effort to dispose of the British research center Cambridge Biotechnology.

2010

During the first quarter of 2010 the acquisition of Swedish Orphan International, a pioneer in orphan drugs, was finalized. Over a number of years, Swedish Orphan International was one of Sweden's most rapidly growing pharmaceutical companies. The Company is positioned throughout Europe via its subsidiaries. The merger created the new company, Sobi, a leading European specialty pharmaceutical company. A number of new business agreements were signed, including a ten-year distribution agreement with the Dutch company Pharming Group BV, according to which Sobi will distribute Ruconest® in 27 European countries. Moreover, the agreement with the French company LFB BIOMEDICAMENTS was extended in respect of the distribution of the Willfact®, Hemoleven®, IvHebex® and Betafact® in 13 European countries to 2014. Efforts to identify business partners in Asia were initiated. As regards the project portfolio, a decision was made to advance the two hemophilia projects rFVIIIFc and rFIXFc, as well as Kiobrina® to phase III.

2011

In January, a distribution agreement was signed with the South Korean company, BL&H Co. Ltd. covering the distribution of Sobi's products Orfadin® and Kepivance® in South Korea. A distribution agreement was also signed with German company Fresenius Biotech according to which Sobi will distribute Removab® in some fifteen countries European countries over a period of seven years. At the end of February, changes in Sobi's executive management group were announced, with a strengthening of the business development function. At the end of March, a decision was made regarding a number of measures designed to achieve cost cuttings which are estimated to total approximately SEK 90 million annually, for which the full effect is expected to be achieved in 2012.

Business model

Sobi's revenues derive from product sales, manufacturing, royalties and co-promotion revenue.

Most of Sobi's revenues derive from product sales (proprietary products and contracted products), which means that the Company is responsible for sales and marketing of these products. One strategic goal for Sobi is to increase revenues and earnings from proprietary product sales. The acquisition of Swedish Orphan International led to the formation of a leading European speciality pharmaceuticals company focused on rare diseases. This opened the way for future international launches of proprietary drugs. Sobi has an experienced and committed marketing and sales organization with some 125 employees as of December 31, 2010. The Company plans to continue increase its geographical expansion and the number of marketed products. Expansion will take place by means of additional marketing and distribution agreements and through selective acquisition of products rights or companies with product portfolios and commercial infrastructure. This makes Sobi an even more attractive partner for in-licensing of development projects in the clinical phase and approved products. The Company's broader product offering and the geographical expansion permits the development of processes and skills that are required to successfully realize Sobi's long-term goal of being an internationally strong player in the specialty pharmaceutical area. Revenues attributable to product sales totaled SEK 1,262.4 million in 2010.

Sobi has many years of experience in the manufacturing of pharmaceutical substances based on proteins. The manufacturing unit in Stockholm produces the global requirement of the active substance for Pfizer's hemophilia drug Refacto AF®/Xyntha®. The manufacturing unit in Umeå, Sweden, produces the active substance for Multiferon®. The Company's manufacturing units in Stockholm and Umeå had some 145 employees at December 31. Revenues deriving from the manufacture of ReFacto AF®/Xyntha® for Pfizer amounted to SEK 388.0 million in 2010. The framework agreement with Pfizer covering the manufacture of ReFacto AF®/Xyntha® applies through 2015. The Company's royalty revenue from Pfizer's sales of ReFacto AF®/Xyntha® on the global market totaled SEK 109.7 million in 2010. Co-promotion revenues from sales of ReFacto AF® in the Nordic region were SEK 89.4 million during 2010. One other minor product sold through co-promotion is BeneFIX®.

Customers

The Company's customers include health care personnel such as specialist physicians, buyers and pharmacy personnel. In a broader perspective, the Company's customers include regulatory authorities, politicians, payers and reimbursement bodies and patient organizations. The objective is to always create a dialog with customers and decision-makers and to work with customer-friendly information regarding the products.

Products

Sobi develops manufactures, distributes and markets speciality pharmaceuticals primarily in four areas: hematological diseases, autoimmune diseases, hereditary metabolic disorders and therapeutic oncology.

Specialty pharmaceuticals are aimed at small groups of patients and are prescribed by specialist physicians. Treatment is frequently performed within the framework of specialist clinic activities, involving significant medical needs, and thus substantial market potential. Since official requirements regarding documentation have been adjusted to meet the significant medicinal needs and the smaller number of patients, equally large resources are not required for the development of these drugs, as opposed to drugs aimed at major primary care diseases. Thus, there is every reason for a company of Sobi's size and competence to focus on drugs aimed at small patient groups.

During 2008, the Company acquired two approved protein drugs and the rights to an additional approved protein drug from Amgen, which has strengthened Sobi's position as a specialty pharmaceutical company. The products involved are Kineret® and Kepivance®, which are marketed in Europe, North America, Australia and New Zealand; and Stemgen®, which is marketed in Australia, New Zealand and Canada. Through the acquisition of Swedish Orphan International, which was concluded in early 2010, the product portfolio was expanded with an additional fifty products. The acquisition of Swedish Orphan's products – with their broad international market – created a good balance in the product portfolio, which currently contains some 60 marketed products, as well as a number of projects in the late development stage. By strengthening the treatment and sales areas for autoimmune, metabolic diseases and cancer, the Company now has more primary revenue sources, thereby differentiating its risk. In addition, the international platform means that Sobi will be more attractive as a business partner, thereby raising the potential for the acquisition of new projects and product licenses. The Company's business operations also include distribution networks as a support function for local authorities and customers.

The table below shows the four products in the product portfolio that generate the largest sales, as well, as three products that are deemed to offer great growth potential.

Therapeutic area		Desease indication	Partner	SEK million		Change	Change in constant exchange rate[2]
				2010	2009 Proforma[1]		
Hematology	ReFacto®	Hemophilia A	Pfizer	587.1	631.9	–7%	–6%
	of which Manufacturing revenues			388.0	376.5	3%	3%
	of which Co-promotion			89.4	89.7	0%	5%
	of which Royalty			109.7	165.7	–34%	–33%
	Willfact®	von Willebrand disease	LFB	13.1	1.2	992%	1,058%
Inflammation	Kineret®	Rheumatoid arthritis		422.3	440.8	–4%	3%
Metabolism	Orfadin®	Hereditary tyrosinemia type 1		321.8	310.0	4%	13%
	Ammonaps®	Urea cycle disorders	Ucyclyd	69.1	69.9	–1%	9%
Cancer	Yondelis®	Second line treatment of soft tissue sarcoma. Second line treatment of platina sensitive ovarian cancer	PharmaMar	40.6	43.9	–8%	0%
	Kepivance®	Oral mucositis in connection with chemotherapy or radiation treatment		94.8	109.9	–14%	–7%
	Other product revenues			328.4	328.4	0%	6%
	Revenues current product portfolio (sub-total)			**1,877.2**	**1,936.0**	**–3%**	**2%**
	Tracleer	Distribution rights have been returned to Actelion in 2010	Actelion	5.9	66.9	–91%	–91%
	Other revenues			23.6	62.6	–62%	–62%
	Total revenues			**1,906.7**	**2,065.5**	**–8%**	**–3%**

1) The revenues proforma for 2009 is a total of Biovitrum and Swedish Orphan's revenues for 2009; as if Biovitrum's acquisition of Swedish Orphan was made January 1, 2009.
2) Change in constant exchange rate which is converted to the previous year's average exchange rate.

Distribution of operating revenues

The presentation below shows their Company's revenues by product, geographical area and type of revenue for 2008–2010 and for the period January 1 – March 31, 2011 compared with the corresponding period in 2010.

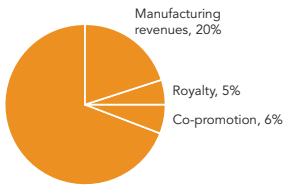
	3 months		Full year		
SEK million	**Jan–Mar 2011**	**Jan–Mar 2010**	**2010**	**2009**	**2008**
Refacto®	231.7	127.2	587.1	631.9	825.7
of which Manufacturing revenues	*166.4*	*73.1*	*388.0*	*376.5*	*569.3*
of which Co-promotion	*26.4*	*24.6*	*89.4*	*89.7*	*80.2*
of which Royalty	*38.9*	*29.5*	*109.7*	*165.7*	*176.2*
Kineret®	107.2	104.6	422.3	440.8	87.0
Orfadin®	76.0	83.1	321.8	–	–
Kepivance®	19.2	29.0	94.8	109.9	5.9
Ammonaps®	15.8	18.9	69.1	–	–
Yondelis®	8.1	9.0	40.6	–	–
Willfact®	2.2	1.8	13.1	–	–
Other product revenues	76.9	90.7	328.4	51.8	39.8
Other revenues	0.1	23.8	23.6	62.6	222.0
Tracleer®	–	–	5.9	–	–
Total revenues	**537.4**	**488.1**	**1,906.7**	**1,297.0**	**1,140.6**

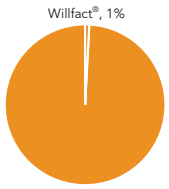
	3 months		Full year		
SEK million	**Jan–Mar 2011**	**Jan–Mar 2010**	**2010**	**2009**	**2008**
Europe	402.9	343.3	1,383.3	982.9	912.0
North America	125.0	127.8	476.9	260.0	156.6
RoW	9.5	17.0	46.6	54.1	72.0
Total revenues	**537.4**	**488.1**	**1,906.7**	**1,297.0**	**1,140.6**
Product sales	303.7	328.2	1,262.5	564.8	38.2
Manufacturing revenues	166.4	73.4	388.0	376.5	619.0
Co-promotion revenues	28.3	33.5	123.0	127.3	174.7
Royalty	38.9	29.5	109.7	165.7	176.2
Other revenues	0.1	23.5	23.6	62.7	132.5
Total revenues	**537.4**	**488.1**	**1,906.7**	**1,297.0**	**1,140.6**

Hematological diseases

In patients with hemophilia, the blood has an insufficient amount of coagulation factor, meaning it cannot coagulate, or thicken. Thus patients suffering from hemophilia need injections of coagulation factor to prevent and stop bleeding. Such bleeding can otherwise lead to long-term damage to the joints, severe pain and can be life threatening. Sobi markets drugs to treat the two most common forms of hemophilia in the Nordic region (hemophilia A and hemophilia B). On a contract basis, Sobi is the sole manufacturer of the active protein in ReFacto AF® (Xyntha® in North America), a drug for the treatment of hemophilia A. In addition, the Company receives royalties on Pfizer's global sales and co-promotion revenue for all sales in the Nordic market, thereby providing Sobi with a robust revenue source.

The other drug, BeneFIX®, which is used in the treatment of hemophilia B, is marketed in the Nordic region by Sobi via a cooperation agreement with Pfizer. Sobi's ongoing ventures for future drugs in the hemophilia area include contracts with Biogen Idec covering the development of new protein drugs for the treatment of hemophilia A and B, which is expected to improve the treatment of patients. The table below shows the selected, relevant products for treatment of hematological diseases.

ReFacto AF®	**Indication:** Hemophilia A. **Product description:** Synthetically produced recombinant coagulation factor VIII used in the treatment of hemophilia A. ReFacto AF® is marketed under the name Xyntha® in the North American market. **Sales model:** • Manufacturing revenues from Pfizer, with whom the current agreement extends through 2015. The agreement was most recently renewed in 2008. • Royalty revenues from Pfizer are expected through 2016/2017. • Co-promotion revenues from Pfizer for sales of ReFacto AF® in the Nordic region are expected through 2016. **Geographic market:** The Company has the right to co-promote the product in the Nordic region. **Miscellaneous:** In March 2009, ReFacto AF® was approved for sale in Europe.
Share of the Group's revenues in 2010  	

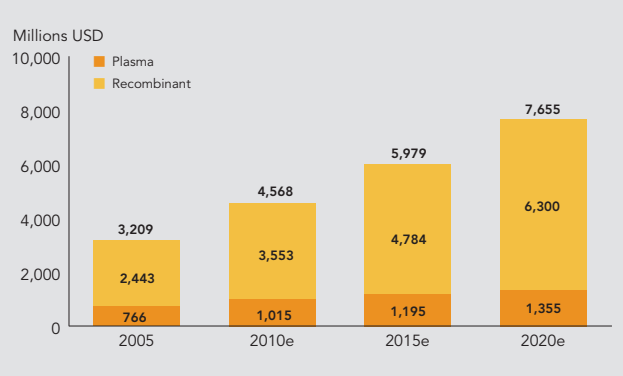
Willfact®	**Indication :** von Willebrand's disease. **Product description :** Willfact® is a high grade pure plasma derivative of the human von Willebrand-factor (vWF), which is used to curtail and prevent bleeding among patients suffering from the severe form of von Willebrands disease (vWD). It is manufactured by LFB and it is the only vWF-concentrate that is almost completely free of factor VIII and thus specifically designed for the treatment of vWD-patients. **Sales model:** • Exclusive distribution agreement with the France-based LFB BioMedicaments. **Geographic market:** The Company has the rights to distribute Willfact® in Germany, Sweden, Norway, Iceland, Denmark, Estonia, Latvia, Lithuania, Czech Rep. Slovakia, Slovenia, Hungary and Bulgaria. Distribution of Willfact® in Germany is conducted through a partnership with LFB GmbH.
Share of the Group's revenues in 2010  	

Market potential

Specialty pharmaceuticals to treat hemophilia A are based either on a recombinant factor concentrate or on a plasma-derived factor concentrate. The recombinant factor concentrate is a biotechnically produced coagulation factor without human or animal protein. The plasma-derived factor concentrate contains the coagulation factors from human donors, which possibly could carry the risk of the transfer of viruses and other pathogens. The graph below shows the global market for drugs to treat hemophilia A in 2005, as well as the estimated growth for the 2010, 2015 and 2020. In 2005, the market for drugs to treat hemophilia A amounted to USD 3,209 million, of which recombinant drugs accounted for 76 percent of sales and drugs based on plasma for 24 percent. The market for specialty pharmaceuticals to treat hemophilia A is expected to have annual growth of 6.0 percent through 2020.

During the past decade, there has been a gradual transition from factor concentrates based on plasma to recombinant factor concentrates, primarily in order to minimize the risk of transfusion induced infections. In addition, an increased use of preventive treatment has led to expectations of higher growth for recombinant drug.

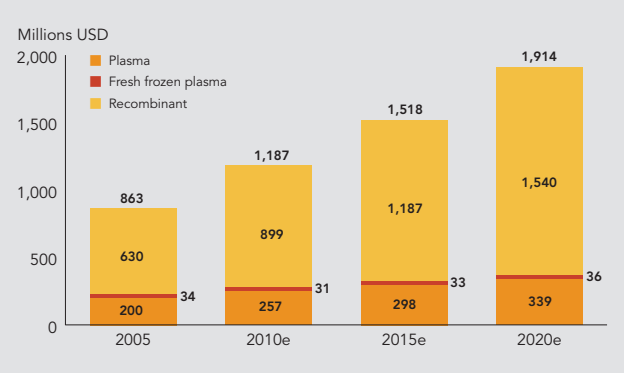
Market for hemophilia A during 2005–2020



Source: The Marketing Research Bureau.

The graph below shows the global market for drugs to treat hemophilia B in 2005, and the estimated market for the 2010, 2015 and 2020. Drugs to treat hemophilia B are based either on the recombinant factor concentrate, plasma-derived factor concentrate, or frozen plasma-derived factor concentrate. In 2005, the market for drugs to treat hemophilia B amounted to USD 863 million, of which drugs based on recombinants accounted for 73 percent of sales, with plasma-based sales accounting for 23 percent and drugs based on frozen plasma for 4 percent. The market for drugs to treat hemophilia B is expected to show annual growth of 5.5 percent through 2020.

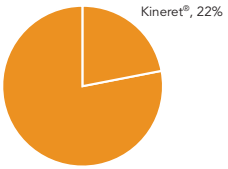
Market for hemophilia B during 2005–2020



Source: The Marketing Research Bureau.

Autoimmune diseases

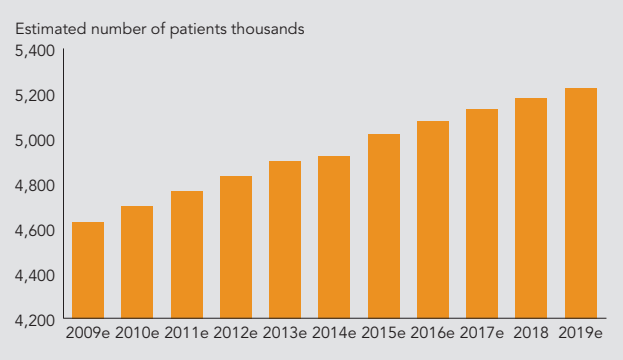
Inflammation is the fundamental way for the human body defends itself against infection, irritation or injury. A characteristic of an inflammatory reaction is redness in parts of the body, an increase in temperature, swelling, pain and a decline in certain bodily functions. A chronic inflammation disease such as rheumatoid arthritis (RA) is caused by the immune system – which normally combats foreign proteins in the body, begins to react against the human joints, which results in chronic, and disabling, pain and stiffness in the joints. There are certain genetic characteristics that predict a higher risk of contracting rheumatoid arthritis. Sobi's in-licensed drug for this area is Kineret®, which is a recombinant protein used in the treatment of a small group of patients suffering from RA.

Kineret®	
Share of the Group's revenues in 2010  	**Indication :** Rheumatoid arthritis. **Product description:** Recombinant protein drug used by patients suffering from rheumatoid arthritis (RA) to reduce the pain and swelling of the joints. **Sales model:** • Product sales. **Geographic market:** Global. **Miscellaneous:** Since 2008 Sobi, has had a global license for the manufacturing and sale of the product. When Kineret® has attained a certain sales level, Sobi will be liable to pay a milestone payment to Amgen. The product is protected by patents in Europe through 2014 and in the US through 2020. Currently, a transition is in progress of production from the US to a new contractual manufacturer in Europe, which is expected to be finalized during 2011 and approved during 2012. The transfer of production will have a negative impact on gross margin for Kineret® during 2011 and 2012 as a result of the costs that arise in connection with in connection with the transfer and approval.

Market potential

Epidemiological forecast indicate that the number of patients with rheumatoid arthritis – which in 2010 amounted to more than 4.6 million patients – will increase to 5.2 million in 2019 in the seven largest markets. Of these patients, 38 percent were undiagnosed in 2010 and this figure is expected to fall by 2019. The graph below shows the estimated number of patients with rheumatoid arthritis in the seven largest markets during the period, 2009–2019.[1)]

Estimated number of patients with rheumatoid arthritis, 2009–2019



Source: Datamonitor.

The treatment of rheumatoid arthritis is currently undertaken primarily by means of the traditional disease-modifying anti-rheumatic drugs (DMARDs). There are a number of new drug classifications available for the treatment of rheumatoid arthritis, although no great change is expected in the years ahead. Although the cost of biological drugs is considerably higher than traditional drugs, rheumatologists expect to see a continuing increase in the years ahead in the number of patients that receive biological drugs.[2)]

1) The seven largest markets are; France, Germany, Italy , Spain, Japan, US, and Great Britain
2) Data monitor, Stakeholder Insight: Rheumatoid arthritis 2010

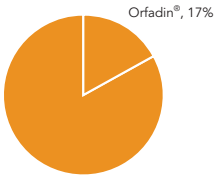
Hereditary metabolic disorders

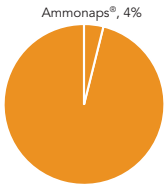
There are many diseases involving genetic shortcomings in metabolism, but they are all rather rare. A common feature for these diseases is that the body cannot cope with the building blocks on which our diet is based, meaning carbohydrates, fats or proteins. Inborn errors of metabolism faults can be a result of certain enzymes not functioning as they should, resulting in that harmful products are accumulated in the body and damage patients. The damage is frequently permanent. Early diagnoses and prompt applications of treatment are important if patients are to survive at all or minimize injury from the toxic substances. Unfortunately, the early symptoms of metabolic diseases are often unspecific.

Sobi is primarily active in two treatment areas:
Hereditary tyrosinemia type I: This disease means that the patient cannot break down the Tyrosine amino acid, which leads to the formation and accumulation of toxic substances in the body. In the most common form of the disease, symptoms arise within the first six months of the child's life. A majority of the patients that receiving a late diagnosis and no treatment, do not survive. In the event of a late diagnosis, the risk of liver cancer is significant. Several countries are starting to include tyrosinemia type in their screening programs for the newly born. Patients that are screened and start early treatment have very good prognoses.

Urea cycle defects: Patients that have genetic faults in their urea cycle lack the ability – partly or wholly – to break down proteins, resulting in an accumulation of ammonia in their body. Ammonia is highly toxic for the brain and leads to the deterioration of the brain which leads to a reduction in the patient's cognitive ability and IQ. If the patient suffers severely from inability to break down protein, the diseases will reveal itself after just a few days after birth when the child is breast-fed. Other patients live for several years without the disease being diagnosed.

The table below shows a selected range of products in the area.

Orfadin®	**Indication:** Hereditary tyrosinemia type 1.
Share of the Group's revenues in 2010  	**Product description:** In the case of hereditary tyrosinemia, the body cannot fully break down the tyrosine amino acid. Toxic substances substances are formed and accumulate in the body. Orfadin® blocks the breakdown of tyrosine and thereby preventing the toxic substances to form. However, tyrosine does remain in the body and, thus, patients must be on a special diet in addition to the Orfadin treatment. The special diet includes a low content of tyrosine and phenylalanine. **Sales model:** • Product sales. **Geographic market:** Global. **Miscellaneous:** The European Commission granted approval for the sale of Orfadin® as of February 21, 2005. The product is protected by a patent in the US through 2013 and in Europe through 2017. The product has market exclusivity as an orphan drug in Europe through February 2015, with the possibility of an extension for two years.

Ammonaps®	**Indication:** Adjunctive therapy for the urea cycle defect (CPS, OTC, ASS).
Share of the Group's revenues in 2010  	**Product description:** Patients suffering from the urea cycle defect lack – partly or wholly – the ability to break down protein, with the result that ammonia accumulates in the body. Ammonaps® facilitates the elimination of ammonia by binding up certain amino acids (the protein's building blocks) and conveying them out of the body. This means that patients suffering from urea cycle defects often need long-term treatment with Ammonaps® and a special diet that is low in protein. **Sales model:** • Product sales. **Geographic market:** EU, Switzerland, Norway, Iceland, Russia, Turkey and Middle East. **Miscellaneous:** For patients in an emergency situation with high levels of ammonia, Sobi also provides Ammonul®, which contains two components that bind ammonia and effectively conveys it out of the body. The injury suffered by patients is time dependent – a longer exposure of high levels of ammonia, the larger the risk that the patient's brain will be damaged.

Therapeutic oncology

Severe sore formation, pain and inflammation of mucous membrane of the mouth (Oral mucositis) can affect patients treated for blood cancer diseases. Kepivance® is a recombinant protein drug offering the possibility of reducing these side effects and their duration.

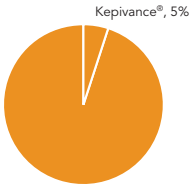
Advanced soft tissue sarcoma is a type of cancer that develops from soft, supporting tissue in the body. Yondelis® is used when treatment with anthracyclines and Ifosfamide (other drugs to treat cancer) has ceased to function, or for patients who cannot take these drugs.

Ovarian cancer is a common form of cancer among women. The most common cytostatic therapy contains some form of platinum preparation that is offered to the absolute majority of these patients. Yondelis® is indicated to be used in second line treatment for patients who have first responded to platinum-based therapy, but subsequently where the has been progression of the tumor.

The presentation below shows a selection of products in the area for the treatment of cancer therapy.

Kepivance®

Share of the Group's revenues in 2010



Indication: Oral mucositis; inflammation in the mouth in conjunction with chemotherapy.

Product description: A recombinant protein drug used to prevent inflammation and serious sores in the oral mucous membrane among patients suffering from leukemia and are treated using chemotherapy and radiation before bone marrow transplantation.

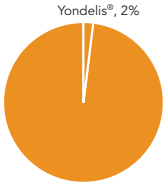
Sales model:
- Product sales.

Geographic market: Global.

Miscellaneous: Since 2008, the Company has had the global rights for the product. The product is covered by patents in Europe through 2015 and in the US through 2023. Part of the manufacturing process is protected by patents in Europe through 2020. The only approved product for pharmaceutical treatment.

Yondelis®

Share of the Group's revenues in 2010



Indication: Second line treatment of soft tissue sarcoma, platinum sensitive ovarian cancer.

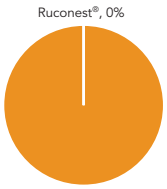
Product description: Yondelis® is used to treat patients with advanced soft tissue sarcoma, a type of cancer that develops from soft, supporting body tissue. The drug is used when treatment with antracyclines and ifosfamide (other drugs to treat cancer) have ceased to function, or for patients that cannot take these drugs.

Sales model:
- Product sales.
- Exclusive distribution agreement med PharmaMar, concluded in 2007.

Geographic market: Nordic region, Baltic countries and seven Eastern European countries.

Miscellaneous: The EU Commission approved the marketing rights for Yondelis® in the European Union for Pharma Mar, SA as of September 17, 2007. Yondelis® was approved as an orphan drug in 2007.

Other products

Ruconest®	
Share of the Group's revenue 2010  	**Indication:** Hereditary angioedema (HAE). **Product description:** Ruconest®, or recombinant human C1-inhibitor (rhC1INH), is a recombinant protein for the emergency treatment of attacks of hereditary angioedema (HAE). Ruconest® has an amino acid sequence that is identical with the body's own C1INH. The safety and efficacy of Ruconest® has been verified in two placebo-controlled and four open clinical studies. **Sales model:** • Product sales. **Geographic market:** 24 EU countries, Norway, Iceland and Switzerland. **Miscellaneous:** Exclusive ten-year distribution agreement, according to which Swedish Orphan Biovitrum will distribute Ruconest®. The distribution agreement between Sobi and Pharming was concluded on April 14, 2010. The agreement also gives Sobi the right, against payment of part of the development costs, to distribute the product in the contractual countries for additional indications after any future development. Ruconest® has received orphan drug status from the FDA in the US.

Market potential

There is no reliable data as regards the total hereditary angioedema (HAE) market in Europe. Earlier data from IMS indicates a total current market size of about SEK 250 million. However, there are many indications that this estimate is too low and reports from Shire, which markets Firazyr® indicate that about 50 percent of sales are missing from the IMS figures. Thus, a more realistic market size in Europe would be closer SEK 400–500 million.

The market is expected to grow at about 15 percent annually in the near future, which is due to factors such as the launch of new products which will increase the know-how of the disease. A greater number of patients will then be diagnosed. Another factor which is expected to drive market growth, by the company, is the fact that many patients currently receive outdated maintenance treatment in form of steroids and painkillers which are being increasingly replaced with more modern treatment forms. Based on epidemiological data, the theoretical market potential is estimated at about SEK 1 billion annually.

There are currently three products on the market: Berinert from CSL Bering, which is the market leader; Firazyr® from Shire, which was launched about two years ago, and saw considerable sales in France; and Ruconest® from Pharming/Sobi, which was approved by the EMA at the end 2010. Within a relatively near future, the products Cinryze®/Cetor® and Kalbitor® will also be launched on the market.

In addition to the above noted products, Sobi has a portfolio with about 50 products licensed from a number of partners active throughout Europe and number of countries outside Europe. The product portfolio includes products such as Ferriprox®, Promixin® and Removab®.

Partners

During the past 20 years, Sobi concluded agreements with a number of well-established pharmaceutical and biotech companies. The Company is currently working with a number of partners in providing products for the treatment of rare diseases and has historically retained long-term relations with its partners, Sobi offers its partners a complete solution that ranges across the entire value chain and, among other activities, includes (i) planning and implementation of clinical development; (ii) planning, and implementation of regulatory strategies and approval; (iii) access to the market (including pricing and subsidies); (iv) distribution (inclusive named patient use for individual patients); (v) marketing and sales, (vi) drug monitoring, and (vii) follow up of approvals.

Many orphan drugs are developed by small or mid-sized pharmaceutical and biotech companies, which in many cases are based in the US, and do not have the organization, expertise or financial resources required to market their products throughout Europe. The Company monitors – and if necessary – supports the research conducted and, thus, identifies new potential products through close and continual relations with the partners on which Sobi focuses. The Company's strategic focus is on products in the late clinical development stage, for which the product developer is seeking a partner to facilitate the marketing of the product throughout Europe, and in certain parts of Europe. Sobi believes that the primary reason that the Company's partners elect to work with Sobi is that the Company offers them to focus on their own areas of expertise, which in many cases are research and development and/or marketing of products in other geographic areas in which the partners have a strong presence. Sobi also has a number of partners whose core activities are in other parts of the world or outside the Company's core market and who are seeking a reliable partner for commercialization.

Some of Sobi key partner relations include:

Ucyclyd

Since 1997, Sobi has had long-term cooperation with Ucyclyd, a subsidiary of Medicis Pharmaceutical Corporation, a specialty pharmaceutical company in the US. In 2005, Ucyclyd appointed the Company as the exclusive distributor of Ammonaps®, solely for the use of disorders in the urea cycle throughout major regions in Europe and Middle East. In 2007, Sobi was also appointed as the exclusive distributor of Ammonul®, for namned patient use for individual patients (in the event of a lack of market marketing approval of the product in Europe) throughout major regions in Europe and major regions of the Middle East. This agreement was amended in 2009 to a license agreement that gives the Company the right to seek approval of Ammonul® as an orphan drug in the EU and make the company an exclusive distributor of Ammonul® in the same areas.

PharmaMar

In 2007, Sobi concluded an agreement with PharmaMar covering the marketing, sale and distribution of the oncology drug, Yondelis®, which initially was approved as an orphan drug for second line treatment of soft tissue sarcoma, in 15 countries, including the Nordic region, the Baltic States and Central and Eastern Europe. The Company has complete rights to market, sell and distribute Yondelis® for additional indications for which Yondelis® receives approval. In November 2009, Yondelis® was approved for the treatment of relapses in platinum-sensitive ovarian cancer in the EU.

LFB Biomedicaments

During 2009, Sobi concluded a distribution agreement with LFB Biomedicaments S.A., a French pharmaceutical company focusing on therapeutic proteins in respect of a portfolio of plasma-based products for the treatment of coagulation disorders including Willfact®. According to the agreement, the Company is entitled to market Willfact® in Germany, Scandinavia, the Baltic States and in major regions of Central and Eastern Europe. In January 2010, a supplementary agreement was signed covering an extension of the agreement to 2014. In March 2010, Willfact® was approved for the treatment of coagulation disorder von Willebrand's disease and the drug was launched in Germany during April.

Pharming

During April 2010, Sobi signed an agreement with the Dutch company Pharming covering the exclusive commercial rights to Ruconest® in 24 EU countries, as well as in Norway, Iceland and Switzerland. On June 24, 2010 the drug received a positive opinion from CHMP, which paved the way for central EU approval in autumn 2010. On October 28, 2010, Ruconest® received sales market authorization in 27 EU countries, as well as in Norway, Iceland and Liechtenstein. Ruconest® is designed to be used by adults with the rare disease, Hereditary Angioedema (HAE).

Fresenius Biotech

In January 2011, Sobi signed a distribution agreement with the German company Fresenius Biotech, which is a wholly owned subsidiary of Fresenius SE & Co. KGaA, covering the commercial rights to Removab® for 15 European countries, including the Nordic region, the Baltic countries, and Central and Eastern Europe. Removab® is used for their treatment of malignant ascites and was approved centrally in the EU for this treatment area in April 2009.

Research and development

Sobi's business concept is – in addition to in-licensing and acquisition of drugs – also to develop biotechnology drugs in-house up to registration and subsequently market them globally. The Company has expertise within all areas of pharmaceutical development, from preclinical to clinical operations. Sobi conducts all research and development at its head office in Solna, near Stockholm.

The number of employees within preclinical research has decreased during recent years. The intention is, despite a reduced capacity within this area of research, to retain expertise and competence in order to have the possibility to increase the resources in the future. In order to provide increased flexibility and lower fixed costs, external research capacity will be utilized, when needed.

The Company's research portfolio is aimed primarily at the areas of hematological diseases, prevention of growth retardation in premature infants, autoimmune diseases, hereditary metabolic disorders and therapeutic oncology.

Development projects

Sobi's research operations focus on new drugs in areas in which Sobi has identified significant medicinal needs and which the Company views as offering attractive commercial potential. Sobi's portfolio in research and development has the objective to supply Sobi with new, attractive products in the Company's focus area: recombinant protein drugs for specialist indications for a global market. Sobi also works with the life cycle management of existing products by, for example, the development of new indications or improved formulations. The portfolio currently consists of five clinical projects. In addition, there are preclinical development projects and projects designed to improve existing commercial products.

During 2010, applications were approved for orphan drug classification by the regulatory authorities for the following projects:

- rFVIIIFc for the treatment of hemophilia A in EU by the EU Commission and in the US by the FDA.
- Kineret® for indication CAPS (Cryopyrin Associated Periodic Syndromes) in the US by the FDA.

The two hemophilia projects (rFVIIIFc and rFIXFc), are run in collaboration with with Biogen Idec. They made significant progress in 2010 when both programs started to treat patients within studies, respectively their Phase III.

The process of developing new drugs takes several years and consists of four stages: basic research, preclinical development, clinical development and registration before launch of the product can be made on the market. The table below shows the development portfolio at March 31, 2011.

Sobi's clinical project portfolio

Indication area	Product/Project	Partner	Preclinical development	Clinical development			Launch/ Registration
				Phase I	Phase II	Phase III	
Hemophilia A	rFVIIIFc	Biogen Idec					
Hemophilia B	rFIXFc	Biogen Idec					
Prevent growth retardation in premature infants	Kiobrina®						
CAPS	Kineret®						
Pernicious anemia	Nascobal®	Strativa					

Factor IX Fc (rFIXFc) for hemophilia B
rFIXFc is a recombinant produced coagulation factor under development to replace the protein that patients with hemophilia B lack, with an effect that lasts longer than the currently commercially available factor IX-products. The product is being developed in cooperation with Biogen Idec. The global registration trial, called B-LONG, was initiated in early 2010. The study is designed to ensure safety, pharmacokinetics and effects of the long-term acting rFIXFc, both in prevention and treatment. During 2010, data was presented from the first clinical study with rFIXFc, an open Phase I/IIa safety and pharmacokinetics study, in which patients with hemophilia B were treated using staged, higher doses. The study shows that rFIXFc was well tolerated and gave three times extended half-life compared to historical data for existing treatments.

Factor VIII Fc (rFVIIIFc) for hemophilia A
Like FIXFc, rFVIIIFc is a recombinant coagulation factor under development in cooperation with Biogen Idec for replacing the protein that patients with hemophilia A lack. The objective, is in analogy with rFIXFc, to obtain a product with an effect that lasts longer than the commercially available factor VIII products. During 2010, a decision was made to advance the program to Phase III and in early December, the first patient was treated in the global registration study. The study, called A-LONG, is a multi-center study in Phase II/III that is being conducted to evaluate the safety, the pharmacokinetic profile and the effect of rFVIIIFc in previously treated hemophilia A patients, both in prevention and treatment settings. In December 2010, rFVIIIFc was granted orphan drug designation by the FDA in the US.

Kiobrina® for the prevention of growth retardation in premature infants
Kiobrina® is a recombinantly, manufactured bile salt-stimulated lipase (BSSL) developed by Sobi to prevent growth retardation in premature infants who receive pasteurized mother's milk or infant formula. BSSL is one of the most important fat-digesting enzymes for newly born infants. BSSL is found in fresh mother's milk, where it improves the breakdown of fats and thereby absorption of essential fatty acids, such as long-chain polyunsaturated fatty acids, which are of major importance for the brain's development

During 2010, two clinical Phase II trials were completed with positive results, prompting Sobi to continue in to Phase III.

Kineret® for treatment of other auto inflammatory diseases
Kineret® is currently approved for the treatment of rheumatoid arthritis. The possibility to broaden the registration of Kineret® for other indications that could gain orphan drug status by using available data is currently explored. For example, Kineret® gained orphan drug status from the FDA for the treatment of the rare disease Cryopyrin Associated Periodic Syndrome, CAPS.

Nascobal® for pernicious anemia
Nascobal® is vitamin B12 in the form of a nasal spray for patients with pernicious anemia, a severe form of blood deficiency. Nascobal® is marketed in the US by Strativa Pharmaceuticals. The rights to register and market Nascobal® in Europe were acquired through an agreement between Swedish Orphan and Strativa before the formation of Sobi. Small-scale clinical testing started in the end of 2010 for meeting registration requirements in Europe. The study will be finalized during the first half of 2011.

Key dates	Expected timing
Kiobrina® (prevent growth retardation): start dosing phase III	Q2 2011
Nascobal® (pernicious anemia): European registration application	H2 2011
rFIXFc (hemophilia B): report phase III data	2012
rFVIIIFc (hemophilia A): report phase III data	2012

Drug research
Sobi does not conduct basic research but works solely with validated target proteins and known disease mechanism.

Preclinical development
The other important phase in efforts to develop a drug is the preclinical development. The objective of this phase is to study the potential drug's characteristics and activity before it is given to humans. A phase that usually takes one to two years. Animal testing is used to study the drug's basic pharmacokinetics and pharmacodynamics. The substance is a characterized, and appropriate formulations are developed. The safety evaluation (toxicology) of the potential drug is conducted in order to predict any side effects.

Clinical studies of drug candidates require large-scale production of proteins. Sobi has a unit for biotechnical process development with more than 30 years experience of the development of

recombinant protein drugs. The Company's biotechnical expertise and capacity in both process development and production are used to develop and manufacture drug substance in-house but also for projects that are conducted in cooperation with other companies.

Clinical development

When the preclinical phase have been completed, the clinical studies may be initiated. The objective of this phase is to verify that the substance is tolerated by humans and that it has the desired effect. The studies extend normally over a period of six to eight years; for orphan drugs, however, the period can be shorter. For a pharmaceutical company to be able to conduct studies in humans, approval is required from the drug supervisory authorities in each country as well as from an independent ethics committee. In particular, the committee examines the relevance of the clinical trial and how participants are monitored. The clinical development, which is led by a team of physicians, pharmacists, nurses and other health care personnel, can usually be divided into three phases.

Phase I

The studies are conducted under strict medical supervision on a small number of healthy volunteers. The studies have a short duration and are aimed at evaluating whether the drug is tolerated by humans.

Phase II

The studies are generally conducted on a larger group of patients in an effort to measure the drug's efficacy, safety and to determine the optimal dose.

Phase III

At this stage the final documentation studies are conducted under conditions that are as close as possible to normal treatment conditions. The objective is to confirm the drug's efficacy as well as safety.

When at the end of Phase III, if it has determined that the candidate is safe to give to patients and that it has the desired effecacy and the benefit relationship is assessed. At this stage a decision is made to apply for regulatory approval. Before the drug can be launched in, for example, the EU, approval is required from the European Medicines Agency (EMA). Throughout the entire process, the Regulatory Affairs unit maintains contact with the authorities.

The clinical development program for a specialty pharmaceutical project is substantially less extensive than for broader indications. For example, the hemophilia project will require only about 100 patients. For orphan drug projects, there is also the possibility to provide the drug already during Phase II for named patient use.

Market launch

Before a drug can be marketed, the drug supervisory authorities must approve it. For this purpose, a request for registration is submitted that summarizes all the data that has been compiled on the substance. The independent drug supervisory authorities assess the efficacy, quality and safety of the preparation, especially by comparing it with existing treatments, before it is approved (or rejected) for market launch. When a market approval is secured, the price of the drug is to be established before it can be finally launched on the market.

Safety supervision of drugs

Drugs are scrutinized continually throughout their life cycle. As part of this process, hospital care personnel report on serious or unexpected drug effects, such as side effects, interaction with other drugs, incorrect dosage or new characteristics.

Phase IV studies

Phase IV studies may also be conducted by pharmaceutical companies for the following purposes:

- To better identify patients who will benefit the most from the pharmaceutical, to improve use and,
- To identify less common side effects that are not detected in the previous phases.

Pharmaceutical patents

When a pharmaceutical patent expires (generally after 20 years), the company loses its exclusive rights to the pharmaceutical. In specific cases, the patent-protection period may be extended in Europe up to five years by applying for supplemental protection. Other pharmaceutical companies can subsequently market copies under different names. Such products are known as generic drugs. A significant portion of the patent period is normally consumed by the development phase.

Marketing and sales

The Company's market and sales organization markets and sells specialty pharmaceuticals focused on hemophilia, autoimmune diseases, metabolic disorders and treatment during cancer care. Sobi markets proprietary products, products that have been secured through contracts with Pfizer and Amgen, and other products that are marketed and sold by Sobi under distribution agreements with other pharmaceutical companies. In 2010, Sobi received product revenues from sales of ReFacto AF®, Kineret®, Orfadin®, Kepivance®, Ammonaps®, Yondelis®, Willfact® and another approximately 50 products. The acquisition of Swedish Orphan International AB resulted in the formation of a leading European specialty pharmaceutical company that focuses on rare diseases.

The sales organization is well established in Europe with proprietary market companies in 11 countries and representation offices in eleven countries. Sobi is also well-represented through partners in the Middle-East, Israel, South Korea, Australia and New Zealand, as well as for Orfadin® in North and South America. An organization is under development in North America for other products. Through the aforementioned, the Company has created a foundation for the international marketing of acquired products and licensed products, but also for products from its proprietary project portfolio since one of the company's strategic objectives is to increase revenues and profit from product sales and to build an effective organization for future launches of the Company's internally developed products. An international presence also makes Sobi more attractive as a collaborative partner and thus increases opportunities for both new project and product licensing, and for acquisitions. Sobi plans to continue to expand geographically and to raise the number of marketed products. This expansion will take the shape of additional marketing and distribution agreements and through the selective acquisition of product rights or of companies with product portfolios and commercial infrastructure.

Production

Proprietary production is conducted at two facilities; one in Stockholm and one in Umeå, Sweden. In addition, certain external contract producers are used for some products. The use of contract producers is planned for all development projects in progress, in the event that the products reach commercial production. Using contract producers for commercial production is associated with considerable costs for such factors as the transfer of technology, production equipment, trials and registration. There has been no decision made regarding production of Kobrina®. Regarding rFVIIIFc, rFIXFc and Nascobal® Sobi will purchase products from their respective partners Biogen Idec and Strativa. Kineret® is already produced in commercial scale for the existing indication. The production unit in Stockholm conducts commercial production of the active substance in the ReFacto AF®/Xyntha® pharmaceutical and delivers recombined proteins for toxicological and clinical studies. The facility is located in the Kungsholmen district of Stockholm. Sobi has been involved in the process development and production of protein pharmaceuticals since the technology was first developed more than 30 years ago, then as an element of KabiVitrum. Sobi conducts advanced process development for all stages of the production of recombinant proteins. Sobi's resources encompass the design, development and implementation of protein production, optimization of production processes, manufacturing of cell banks, bacterial fermentation and cell cultures, cleansing, pre-formulating and scaling-up of the process. The Company also develops analysis methods for pharmaceutical substances in the early phases and in the finished products, and conducts advanced protein characterization and stability studies.

Sobi conducts regular maintenance activities on its production facility in Kungsholmen. Through proactive and goal-oriented efforts in the Quality Assurance/Quality Control department, quality is assured and the safety of the entire complex biotechnical production process is guaranteed. The department ensures that delivered pharmaceutical substances for clinical and commercial use meet the cGMP standard and the GDP standard. The results of these efforts also contribute to continuous improvement initiatives aimed at achieving the highest quality and delivery precision. The production facility is regularly inspected by the European (EMA) and US (FDA) pharmaceutical authorities and by other authorities. Sobi's production facilities are also inspected by customers and partners on a regular basis.

The production of Multiferon® takes place at the production unit in Umeå. Here, raw interferon is produced and refined from white blood cells stimulated by a virus. The raw interferon is subject to a number of refinement and virus filtration steps to generate the active ingredient in the product. The filling of ready-to-use syringes is conducted by a contract-production organization, after which the syringes are sent back to Umeå for final packaging, labeling and release. The entire production process takes about nine months and includes the freezer storage of intermediaries during several stages of production.

In 2010, the Company began to transfer the production of Kineret® from the US to a new contract producer in Europe. The transfer is scheduled for completion in 2011 and the Company plans to notify the authorities by autumn 2011 and to receive approval by 2012. To handle this, substantial stockpiles of active substance were built-up in 2010.

Intellectual property rights

Sobi deems ownership of technology and inventions to be of crucial importance to its operations. The Company endeavors to create and protect a strong portfolio of intangible rights encompassing patents, brands, copyrights, trade secrets and proprietary technological processes. Sobi has established a unit of specialists in intellectual property rights that monitor the Company's intellectual property related strategy. Sobi also employs legal experts in various regions to add local expertise. The Company's intellectual property rights department works to optimize intellectual property related assets in all development projects. The aim is to create the best possible protection for both Sobi and its customers and partners. Sobi proactively works to prevent the breach of its intellectual property rights.

Patents

Effective and sustainable patent protection is a necessary component of the pharmaceutical industry's ability to secure revenues from marketed products and thus finance the research behind it. Patents that are based on Sobi's research provide the Company with a competitive advantage and form a key component of its assets. To ensure the commercial value of its research and development efforts, inventions are protected through the use of patents, which give Sobi exclusive rights. As far as possible, patents and patent applications lend protection to new biological molecules that constitute pharmaceutical candidates or are otherwise pivotal in the research and development process for new pharmaceuticals.

Processes, clinical use, pharmaceutical preparations and research tools that are related to operations are also protected by these means. Such patents may give rise to exclusive rights and the freedom to operate in future research and development areas. Patent applications are submitted in the countries in which advanced pharmaceutical research and development is conducted, and in countries that constitute major markets for pharmaceutical products.

As of March 31, 2011, Sobi's patent portfolio comprised 51 patent families allocated among 1,464 active patents or patent applications. Sobi's policy is to apply for a patent to protect technology, inventions and improvements that may be key to the development of the Company's operations including securing exclusivity and the freedom to operate in future research and development areas. Patent applications primarily comprise new biological substances that are candidates for new pharmaceuticals or substance candidates under development. Sobi also reinforces patent protection of the Company's product candidates by applying for patent protection for new processes, clinical application areas, pharmaceutical formulations, medical inventions and research tools related to Sobi's operating areas. A patent is first applied for in Sweden and subsequently in countries with advanced pharmaceutical research and development, and in countries that constitute major markets for pharmaceutical products. For risks related to the Company's patents, refer to the section entitled *Risk factors – Biotechnology, patent risks and intellectual property rights, and Breaches of other parties' intellectual property rights.*

The table below shows the areas of focus in Sobi's patent portfolio.

Sobi's patent portfolio March 31, 2011	Patent families
Biological molecules	18
Use of Biological molecules	4
Pharmaceutical formulations	7
Medical devices (equipment)	3
Methods for producing chemical compounds	5
New DNA molecules and proteins	5
Biotechnological methods and research tools	9

Legislation and regulatory framework

Sobi's operations and products are regulated by an extensive regulatory framework in the countries in which the Company and its partners conduct operations. Supervisory authorities worldwide apply laws and regulations concerning clinical development, production, approval, marketing and sales of pharmaceuticals aimed at guaranteeing that the products' benefits outweigh the risks and that they function as intended. When a decision is to be made concerning whether a substance can be developed into a commercial product, the legislation in the country concerned is crucial as are the time and costs related to development.

A pharmaceutical product must undergo extensive preclinical and clinical trials over an extended period prior to be approved for sale. The time spent on developing a new pharmaceutical, from targeting and validation to commercial registration and product launching varies substantially, but may take up to 12 years and occasionally also longer. The time from application for market approval to product launching generally takes one to two years. However, there are no guarantees of approval and the process could take much longer and may not lead to approval at all.

When a pharmaceutical has been approved and launched, it is continuously monitored by the authorities in the countries in which the product is sold and produced, in terms of advertising regulations and marketing, production, documentation and the reporting of side effects caused by the pharmaceutical. If legal requirements or terms and conditions for market approval are not fulfilled, the Company is fined or subject to other sanctions under the regu-

latory framework of the various countries. In highly rare cases, permits may be revoked, which leads to the discontinuation of the product's sales.

When marketing a product, strict procedures must be in place for monitoring the pharmaceutical safety to ensure that the product's benefits outweigh the risks and to evaluate and report possible side effects. If any side effects are confirmed or expected to arise, labeling guidance and product approval may be subject to change. In exceptional cases, the permit received may be revoked, which leads to the mandatory discontinuation of the product's sales.

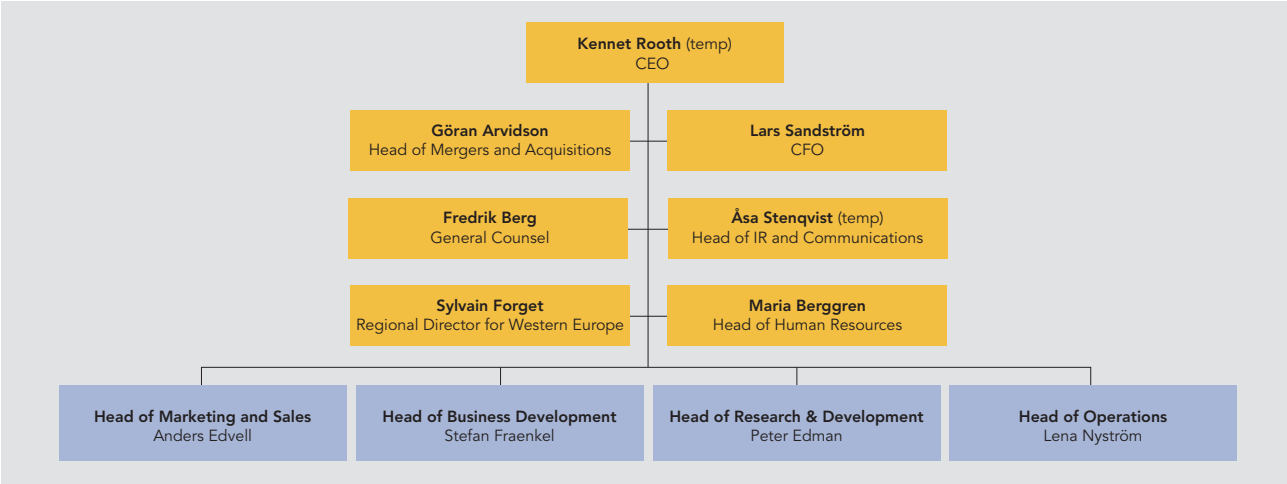
Sobi primarily works on what are known as "biological" substances, which have a biological origin (for example, from genetically modified cell lines to develop a specific protein). In the US, EU and in other markets, biological substances are regulated/evaluated separately and in certain cases more strictly than other pharmaceuticals. To reduce the risk of transferring infectious diseases, biological substances must be subject to several cleansing stages to remove viruses and other infectious agents. Biological products are chemically complex and often dependent on a specific molecule structure to be effective. Accordingly, these products are subject to rigorous testing to guarantee stability and effectiveness throughout the product's shelf life. Since conventional sterilization methods are not applicable to biological products, sterilization must be conducted in special processes. Under the prevailing legislation, the Company must produce thorough documentation to prove that the appropriate controls have been performed on the production facilities, including equipment, such consumables as water, and climate control.

Operational and legal structure

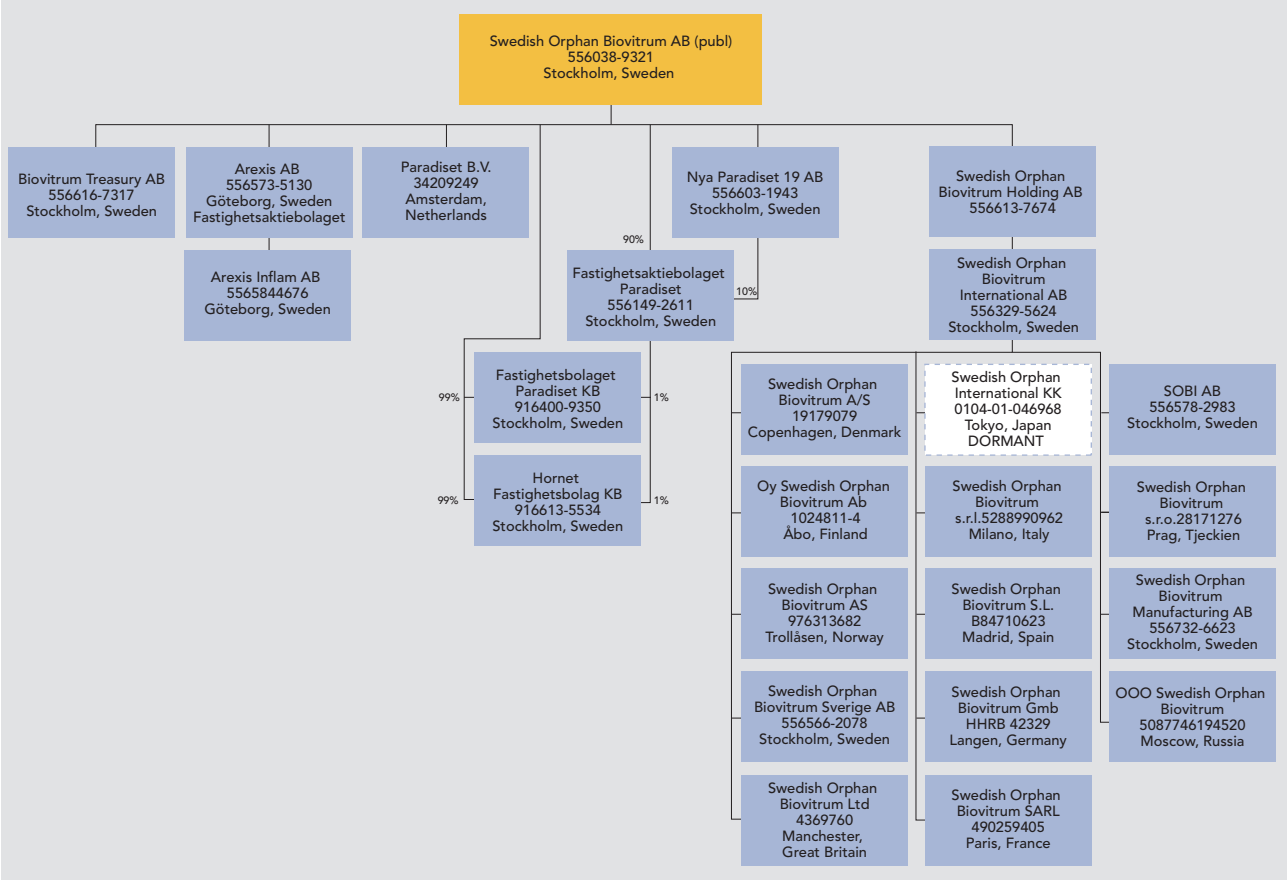
Biovitrum AB's acquisition of Swedish Orphan International AB in January 2010 provided Biovitrum with a European market organization and its product portfolio was expanded by about 50 products. Both of the businesses were successfully integrated in 2010. To achieve synergies and economies of scale, rationalizations were conducted, primarily within the administrative functions. In 2010, a rationalization was performed on the market organization, which was subsequently divided into Northern Europe, the Middle Europe, Western Europe, Central and Eastern Europe and the US. In late March 2011, a number of actions were decided on that are aimed at reducing the Company's cost scenario which are estimated to total approximately SEK 90 million on an annual basis, with the full effect expected to be achieved in 2012. Savings and efficiency-enhancement measures will soon be conducted in all functions. These measures are expected to require 55–60 staff positions to be eliminated, most of which will be in preclinical development, CMC (process development, analysis and control) and the production and quality organization in Stockholm. The changes will not affect the ongoing clinical development projects.

Sobi's organizational structure is based on such functions as sales and marketing, business development, research and development, and production being identical for all products. The Company's operational and legal structure is presented in the illustrations below.

Operational structure



Legal structure



Employees

Average number of employees by country	2010	2009	2008
Sweden	415	403	453
Germany	13	–	–
Denmark	12	1	1
Norway	11	2	2
Central- and Eastern Europe	11	–	–
Finland	10	2	3
France	9	–	–
Great Britain	8	25	26
Italy	8	–	–
Spain	6	–	–
Russia/Baltics	5	–	–
Total	**508**	**433**	**485**

In December 2010, 34 percent of employees worked in research and development, 29 percent in production and distribution, 25 percent in sales and marketing, and 12 percent in staff functions and business development.

In December 2009, 42 percent of employees worked in research and development, 36 percent in production and distribution, 6 percent in sales and marketing, and 16 percent in staff functions and business development.

In December 2008, 56 percent of employees worked in research and development, 29 percent in production and distribution, 3 percent in sales and marketing, and 12 percent in staff functions and business development.

Financial overview Swedish Orphan Biovitrum

The summarized financial information presented below for the 2008–2010 financial years has been extracted from Sobi's audited consolidated financial statements, which were prepared in line with IFRS and have been audited by the Company's auditors. Information regarding the first three months of 2010 and 2011 has been extracted from Sobi's interim report and was prepared in line with IFRS and has not been audited by the Company's auditors.

The summary presentation of the Company's financial statements should be read along with Sobi's audited consolidated financial statements and accompanying notes for the years 2008–2010 and Sobi's interim report for the first three months of 2011, which have been included by way of reference and comprise part of the Prospectus. All reports are available at Sobi's website www.sobi.com. The reports may also be ordered via Sobi, Investor relations at e-mail: communication@sobi.com or by telephone: +46 (0)8-697 20 00.

Income Statement

	SEK million		Full year		
SEK million	Jan–Mar 2011	Jan–Mar 2010	2010	2009	2008
Total revenues	537.4	488.1	1,906.7	1,297.0	1,140.6
Cost of goods and services sold	–253.5	–175.0	–685.7	–375.7	–264.7
Gross profit	**283.9**	**313.1**	**1221.0**	**921.3**	**875.9**
Sales, General and Administration expenses	–170.1	–180.1	–825.6	–302.9	–268.0
(of which expenses connected to product acquisition)	–	–	–	–	*(–80.2)*
Research and Development expenses	–102.4	–127.7	–479.9	–569.4	–670.6
Non-recurring items	–70.1	–47.0	–87.7	–	–346.2
Other operating revenues	0.0	0.0	234.1	43.3	34.3
Other operating expenses	–5.0	–1.7	–72.1	–76.0	–11.7
Operating profit/loss	**–63.7**	**–43.4**	**–10.3**	**16.2**	**–386.3**
Financial income	0.0	–0.5	–4.7	28.6	21.4
Financial expenses	–18.1	–4.8	–77.4	–12.3	–1.2
Financial items – net	**–18.1**	**–5.3**	**–82.2**	**16.3**	**20.2**
Profit/loss before tax	**–81.8**	**–48.7**	**–92.4**	**32.5**	**–366.1**
Income tax expenses	12.9	–3.7	–12.0	0.0	30.6
Result for the period	**–68.9**	**–52.4**	**–104.5**	**32.4**	**–335.5**

Balance Sheet

	Mar 31, 2011	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008
ASSETS				
Fixed assets				
Intangible fixed assets	5,172.1	5,224.3	1,159.1	1,026.0
Tangible fixed assets	240.4	251.4	252.0	215.5
Financial fixed assets	9.2	10.0	102.7	34.4
Deferred income tax assets	11.8	11.8	11.8	11.8
Total fixed assets	**5,433.5**	**5,497.6**	**1,525.6**	**1,287.8**
Current assets				
Inventories	1,001.2	1,070.4	578.4	587.7
Accounts receivable	361.4	322.6	105.2	75.0
Derivates	0.0	–	–	–
Other receivables	43.3	63.6	33.1	33.7
Prepaid expenses and accrued income	154.5	76.9	256.6	134.6
Short-term investments	0.0	–	48.4	205.8
Cash and cash equivalents	37.7	38.5	258.3	254.2
Total current assets	**1,598.1**	**1,572.0**	**1,279.9**	**1,291.1**
TOTAL ASSETS	**7,031.6**	**7,069.6**	**2,805.5**	**2,578.8**
SHAREHOLDERS EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	117.6	117.6	27.9	27.5
Other capital contribution	4,268.7	4,267.5	1,261.3	1,222.3
Other reserves	–29.7	–29.5	–27.7	–23.6
Retained Earnings	–13.3	93.0	62.9	417.8
Net result	–68.9	–106.2	28.3	–359.0
Total equity and liabilities	**4,274.4**	**4,342.4**	**1,352.8**	**1,285.0**
LIABILITIES				
Long-term liabilities				
Deferred income tax liabilities	745.4	759.2	48.2	48.2
Other liabilities	1,021.4	1,022.5	290.3	397.1
Provisions for other liabilities and charges	189.7	188.4	365.6	377.9
Total long-term liabilities	**1,956.5**	**1,970.0**	**704.2**	**823.2**
Short-term liabilities				
Liabilities to credit institutions	190.2	164.3	50.0	–
Accounts payable	174.9	289.4	243.9	143.9
Current tax liabilities	7.2	46.2	0.6	0.0
Derivates	0.0	0.0	–	3.3
Other liabilities	51.4	52.2	136.8	12.5
Accrued expenses and prepaid revenues	307.0	196.6	310.2	211.6
Other provisions	70.0	8.4	7.1	99.3
Total short-term liabilities	**800.7**	**757.1**	**748.5**	**470.6**
TOTAL EQUITY AND LIABILITIES	**7,031.6**	**7,069.6**	**2,805.5**	**2,578.8**

Cash Flow Statement

SEK million	3 months		Full year		
	Jan–Mar 2011	Jan–Mar 2010	2010	2009	2008
Cash flow from operations	**–21.9**	**–12.6**	**–215.1**	**58.9**	**–506.5**
Cash flow from investing activities	**–3.6**	**–1,772.6**	**–1,884.3**	**–39.1**	**–20.3**
Cash flow from financing activities	**24.9**	**1,877.0**	**1,881.7**	**–15.7**	**416.4**
Net change in liquid funds	–0.6	91.8	–217.7	4.1	–110.4
Cash at the beginning of the period	38.5	258.3	258.3	254.2	365.8
Translation difference in cash flow and cash	–0.2	–0.9	–2.1	0.0	–1.2
Cash at the end of the period[1)]	**37.7**	**349.1**	**38.5**	**258.3**	**254.2**

1) Short-term investments of SEK 48.4 million at December 31, 2009 and SEK 205.8 million at December 31, 2008 are not included in cash.

Key Ratios

	3 months		Full year		
	Jan–Mar 2011	Jan–Mar 2010	2010	2009	2008
Return on shareholders' equity	–1.6%	–1.8%	–3.7%	2.5%	–24.5%
Return on total capital	–0.9%	–0.9%	–0.3%	1.7%	–16.1%
Margins					
Gross margin	52.8%	64.1%	64.0%	71.0%	76.8%
EBITDA-margin	13.7%	15.5%	22.7%	9.7%	–10.4%
EBIT-margin	–11.9%	–8.9%	–0.5%	1.3%	–33.9%
Profit margin	–12.8%	–10.7%	–5.5%	2.5%	–29.4%
Per share data (SEK)					
Shareholders' equity per share	20.1	21.1	20.5	26.6	25.6
Shareholders' equity per share after dilution	20.1	21.1	20.4	26.4	25.4
Cash flow per share	–0.0	0.6	–1.1	0.1	–2.4
Cash flow per share after dilution	–0.0	0.6	–1.1	0.1	–2.4
Other information					
Equity ratio	60.8%	60.4%	61.4%	48.2%	49.8%

Definitions in brief

Return on shareholders' equity
Profit after tax as a percentage of average shareholders' equity.

Return on total capital
Profit after financial items plus financial expenses as a percentage of average total assets.

Gross margin
Gross profit as a percentage of net sales.

EBITDA margin
Operating profit/loss before extraordinary items plus amortization and impairment in relation to sales.

EBIT margin
Operating profit/loss in relation to net sales.

Profit margin
Net profit for the period in relation to sales.

Shareholders' equity per share
Shareholders' equity divided by the number of shares.

Shareholders' equity divided by the number of shares after dilution
Shareholders' equity divided by the number of shares after dilution.

Cash flow per share
Changes in cash and cash equivalents divided by the weighted average number of outstanding shares.

Cash flow per share after dilution
Changes in cash and cash equivalents divided by the weighted average number of shares after dilution.

Equity ratio
Shareholders' equity as a proportion of total assets.

Extraordinary items
Extraordinary items are defined as transactions of non-recurring nature, including restructuring costs in connection with the acquisition of Swedish Orphan.

Comments to financial development

The following information should be read in conjunction with the section Financial overview Sobi, which is presented elsewhere in this Prospectus.

Comparison between January–March 2011 and January–March 2010

Revenues and profit

Total revenues for the first three months in 2011 totaled SEK 537.4 million, compared to SEK 488.1 million during the same period 2010, an increase with 10 percent. The increase was mainly pertained to higher manufacturing revenues for ReFacto® and a smaller portion to an increase in product sales volumes. The stronger Swedish krona compared to the previous year had a negative impact of approximately SEK 35 million. The 2010 figures include sales revenues of approximately SEK 12 million for the products Tracleer® and Mimpara® which are no longer part of the product portfolio, and a milestone payment of SEK 23.5 million.

The gross margin declined to 52.8 percent from 64.1 percent the previous year. The decline refers mainly to manufacturing and is partly due to the cost for transfer of Kineret® production from the US to Europe, and partly to lower average ReFacto® revenues, as the volume-based price and deliveries of validation batches at a lower price, resulted in a lower margin. The gross margin was also negatively affected by currency effects and the fact that the mandatory price reductions in the second half of 2010, mainly in Europe, have now had full impact. The gross margin for the previous year was positively affected by the milestone payment mentioned above.

Operating expenses, excluding amortization and non-recurring items, decreased by 13 percent. The decline is mainly due to lower research and development expenses, but administrative expenses were also reduced. Sales and marketing expenses, on the other hand, were somewhat higher than the previous year as a result of the efforts being made to strengthen the marketing organization.

The operating loss for the first quarter 2011 totaled SEK 63.7 million compared to a loss of SEK 43.4 million during the same period in 2010. The operating profit before non-recurring items totaled SEK 6.3 million compared to SEK 3.6 million in the period previous year. Net financial items for the first quarter 2011 totaled SEK –18.1 million compared to SEK –5.3 million in the first quarter 2010. The change is mainly attributable to the increased net debt relating to the acquisition of Swedish Orphan the previous year. Income for the period was a net loss of SEK 68.9 million compared to a loss of SEK 52.4 million in the same period 2010.

Financial position and cash flow

Cash and cash equivalents totaled SEK 37.7 million at March 31, 2011 compared to SEK 38.5 million at December 31, 2010.

Cash flow from operation for the first three months in 2011 totaled a negative SEK 21.9 million compared to a negative SEK 12.6 million during the same period in 2010. Working capital increased with SEK 75.3 million, which was explained mainly by a reduction in inventory of Kineret® and ReFacto® which was offset by increased accounts receivable as a consequence of higher revenues for ReFacto®. In addition, accounts payable declined as the last payments were made related to the build-up of stock of Kineret®.

Cash flow from investment activities totaled a negative SEK 3.6 million for the first three months 2011 compared with a negative SEK 1,772.6 million for the same period the previous year. During the first quarter 2010 Swedish Orphan International Holding AB was acquired.

Cash flow from financing activities in the first quarter 2011 totaled SEK 24.9 million compared to SEK 1,877.0 million for the same period previous year. The acquisition of Swedish Orphan International Holding AB during the first quarter 2010 was mainly financed by issuing of shares and raising of bank loans.

Balance sheet March 31, 2011 compared with December 31, 2010

The Groups total assets amounted to SEK 7,031.6 million March 31, 2011 which was on a par with the level at December 31, 2010 when balance sheet total amounted to SEK 7,069.6 million.

Intangible fixed assets corresponded to 74 percent of balance sheet total and amounted to SEK 5,172.1 million at March 31, 2011 compared to SEK 5,224.3 million at December 31, 2010.

Tangible fixed assets at March 31, 2011 amounted to SEK 240.4 million compared to SEK 251.4 million at December 31, 2010.

Current assets at March 31, 2011 amounted to SEK 1,598.1 million which was on a par with the level at December 31, 2010 when current assets totaled SEK 1,572.0 million. Inventories represented the single largest item, totaling SEK 1,001.2 million at March 31, 2011.

Consolidated shareholders' equity amounted to SEK 4,274.4 million at March 31, 2011 compared to SEK 4,342.4 million at December 31, 2010. The reduction is mainly due to the negative income for the quarter.

Long-term liabilities totaled SEK 1,956.5 million at March 31, 2011 compared to SEK 1,970.0 million at December 31, 2010. Long-term liabilities mainly consists of liabilities to banks of SEK 1,021.4 million and deferred tax liabilities of SEK 745.4 million.

Short-term liabilities totaled SEK 800.7 million at March 31, 2011 compared to SEK 757.1 million at December 31, 2010. The increase is mainly explained by a provision made in the first quarter 2011 of approximately SEK 70 million, for decided measures to reduce the Company's costs. The measures are estimated to involve cutting around 55–60 positions, most of which are in preclinical research and manufacturing.

Comparison between 2010 and 2009

Effective January 14, 2010, Biovitrum AB (publ) completed the acquisition of Swedish Orphan International Holding AB, which had a major impact on earnings during 2010, and thus the comparison with 2009 is not relevant in all respects. In the balance sheet, Swedish Orphan is included on December 31, 2010 but not on December 31, 2009.

Revenues and profit

The Company's operating revenue for 2010 totaled SEK 1,906.7 million compared with SEK 1,297.0 million in 2009, up 47 percent. The increase is mainly attributable to the acquisition of Swedish Orphan, which sales of the largest acquired products, Orfadin® and Ammonaps®, corresponded to SEK 321.8 million and SEK 69.1 million during 2010.

Total revenues from ReFacto AF®/Xyntha®, and the previous product ReFacto® amounted to SEK 587.1 million, representing a decline from the preceding year when revenues from ReFacto® totaled SEK 631.9 million. Total manufacturing revenues for the full year amounted to SEK 388.0 million, compared with SEK 376.5 million in 2009. Royalty revenues from sales of ReFacto AF®/Xyntha® declined to SEK 109.7 million compared with SEK 165.7 million for the preceding year. Co-promotion revenues from sales of ReFacto®, declined marginally during the year to SEK 89.4 million from SEK 89.7 million in 2009. ReFacto's® share of total revenues amounted to about 31 percent in 2010, compared with 49 percent in 2009.

Sales of Kineret® declined by some 4 percent during 2010 and totaled SEK 422.3 million compared with SEK 440.8 million in 2009. Sales in Europe were affected by mandatory price reductions and discounts introduced by the authorities in a number of countries. Kineret's® share of total revenues amounted to about 22 percent for 2010, compared with 34 percent for 2009.

Global sales of Kepivance® totaled SEK 94.8 million for 2010, compared with SEK 109.9 million in 2009. The decline from the preceding year was mainly due to restrictions regarding the approved indication, as decided by the European regulatory authority, and mandatory price reductions implemented by certain national authorities. Kepivance's® share of total revenues for 2010 was about 5 percent, compared with 8 percent in 2009.

Licensing and milestone revenues in 2010 totaled SEK 23.6 million compared with SEK 62.6 million for the previous year.

Cost of goods sold and services increased as a result of the acquisition of Swedish Orphan and product sales increased as a share of total revenues. Gross margin narrowed during 2010, partly, as a result of lower licensing and milestone payments and lower royalty revenues in conjunction with the transition to ReFacto AF®; and partly, as a result of a change in product mix and higher costs for the Tech Transfer project in respect of Kineret®. Gross margin, excluding licensing and milestone payments, totaled 63.5 percent compared with 69.6 percent in the previous year.

Research and development expenses fell 16 percent during 2010, totaling SEK 479.9 million compared with SEK 569.4 million in 2009. This resulted from the restructured cooperation agreement with Biogen Idec regarding the rFIXFc and rFVIIIFc projects, and the disposal of the subsidiary CBT.

Sales and administrative expenses decreased during 2010. European subsidiaries expanded their operations in conjunction with the integration of the Kineret® and Kepivance® products into their existing product portfolios, and continuing parallel investments in other key products. Also in the US, the recruitment of local market personnel continued during 2010, before attaining the planned capacity at the end of the year. Rising costs were partly offset by positive exchange rate effects in Europe and the US.

The operating loss for 2010 amounted to SEK 10.3 million, compared with an operating profit of SEK 16.2 million for the previous year. Excluding non-recurring items, operating profit was SEK 77.5 million for 2010, compared with SEK 16.3 million in 2009. Net financial items in 2010 totaled a negative SEK 82.2 million, compared with SEK 16.3 million for 2009.

The loss for 2010 amounted to SEK 104.5 million, compared with a profit of SEK 32.4 million for 2009.

Financial position and cash flow

Cash, cash equivalents and short-term investments on December 31, 2010 totaled SEK 38.5 million, compared with SEK 306.7 million on December 31, 2009. Of this amount, SEK 38.5 million consisted of bank balances compared with SEK 129.6 million for the previous year. The figures for the preceding year also included investments in securities with a maturity of less than three months

from the acquisition date in a total amount of SEK 128.6 million. These short-term investments are classified as cash and cash equivalents. In 2009, in addition to cash and cash equivalents, there were also other short-term investments with a maturity of more than three months in a total amount of SEK 48.4 million.

Cash flow from operations totaled a negative SEK 215.1 million in 2010 compared with SEK 58.9 million in 2009. During 2010, higher tied-up capital contributed to a reduction in cash flow. Higher tied-up capital was due primarily to temporary stockbuilding of Kineret® as a result of the ongoing transfer of manufacturing from the US to Europe.

Cash flow investment activities totaled a negative SEK 1,884.3 million in 2010 compared with a negative SEK 39.1 million in 2009. The largest single component was investment in operations, which totaled SEK 1,811.3 million and pertained primarily to the acquisition of Swedish Orphan. During the year, SEK 80.7 million was also invested in intangible fixed assets and SEK 42.1 million in tangible fixed assets compared with SEK 62.7 million and SEK 96.0 million respectively, for 2009.

Cash flow from financing activities totaled SEK 1,881.7 million during 2010, compared with a negative SEK 15.7 million in 2009. Over the course of the year, the Company conducted a share issue, which contributed proceeds of SEK 1,415.0 million, and new loans were raised to finance the acquisition of Swedish Orphan.

Balance sheet December 31, 2010 compared with December 31, 2009

The Group's total assets amounted to SEK 7,069.6 million on December 31, 2010, compared with SEK 2,805.5 million for the previous year. The major change in the asset stock between the years is attributable primarily to the acquisition of Swedish Orphan, which was completed in January 2010, and which involved the acquisition of net assets totaling SEK 2,190.5 million.

Intangible fixed assets at December 31, 2010 amounted to SEK 5,224.3 million, compared with SEK 1,159.1 million on December 31, 2009. Intangible fixed assets consist primarily of product rights in a total amount of SEK 2647.2 million, goodwill of SEK 1,601.0 million, licenses and patents of SEK 666.4 million, and research and development totaling SEK 299.2 million. On December 31, 2009, the corresponding items for product rights amounted to SEK 682.1 million, goodwill totaled SEK 25.3 million, licenses and patents were SEK 146.5 million and research and development totaled SEK 299.2 million.

Tangible fixed assets at December 31, 2010 totaled SEK 251.4 million, compared with SEK 252.0 million on December 31, 2009. The item consisted mainly of equipment, tools and installations of SEK 170.8 million compared with SEK 102.3 million in the preceding year as well as plant and machinery amounting to SEK 56.7 million compared with SEK 43.7 million in the previous year. At December 31, 2009, construction in progress was included in the amount of SEK 106.0 million, relating primarily to equipment and other fittings for the new office premises in Karolinska Institutet Science Park, which were completed during 2010.

Current assets on December 31, 2010 totaled SEK 1,572.0 million, compared with SEK 1,279.9 million in the previous year. Inventories represented the single largest item, totaling SEK 1,070.4 million on December 31, 2010, compared with SEK 578.4 million in the preceding year. A factor underlying the increase between the years was the temporary stockbuilding that occurred during the year in respect of Kineret® as a result of the ongoing transfer of manufacturing from the US to Europe. Accounts receivable and other short-term receivables totaled SEK 463.1 million on December 31, 2010, compared with SEK 394.9 million on December 31, 2009. Cash and cash equivalents and short-term investments totaled SEK 38.5 million on December 31, 2010, compared with SEK 306.6 million on the same date a year earlier.

Consolidated shareholders' equity amounted to SEK 4,342.4 million on December 31, 2010, compared with SEK 1,352.8 million on December 31, 2009. In addition to the comprehensive income of a negative SEK 106.2 million, shareholders' equity increased primarily through the issue of shares in connection with the acquisition of Swedish Orphan, which was financed by means of a non-cash issue and new share issue that raised consolidated share capital by SEK 87.3 million. During 2010 shares were also issued in conjunction with the conversion of debt instruments corresponding to SEK 1.3 million. Moreover shares were issued in conjunction with a milestone payment of SEK 0.2 million. In addition, there was an issue of Series C shares in connection with the introduction of the Share Program 2010 in the amount of SEK 0.9 million. In 2010, Sobi also acquired its own Series C shares. Payment for the shares totaled SEK 0.9 million. The Treasury shares item corresponded to 1.0 percent of the total number of shares in the Company.

Long-term liabilities totaled SEK 1,970.0 million on December 31, 2010, compared with SEK 704.2 million on December 31, 2009. Liabilities to banks increased by SEK 732.1 million between the years primarily as a result of the acquisition of Swedish Orphan, amounting to SEK 1,022.5 million at December 31, 2010, compared with SEK 290.3 million on December 31, 2009. Deferred tax liabilities rose from SEK 48.2 million on December 31, 2009 to SEK 759.2 million on December 31, 2010. Deferred tax liabilities were primarily attributable to temporary differences in respect of acquired product rights from Swedish Orphan. Other provisions decreased from SEK 365.6 million on December 31, 2009 to SEK 188.4 million on December 31, 2010. During 2010, provisions – pertaining to

milestone payments for Kineret® and Kepivance®, which were reported on December 31, 2009 – were primarily utilized. Provisions on December 31, 2010 pertain to integration costs in the restructuring program and the supplementary purchase price for Multiferon®.

Short-term liabilities totaled SEK 757.1 million at December 31, 2010, which was on a par with the level in the preceding year when the item was totaled SEK 748.5 million. Accounts payable on December 31, 2010 totaled SEK 289.4 million compared with SEK 243.9 million in the previous year. Short-term bank loans totaled SEK 164.3 million on December 31, 2010, compared with SEK 50.0 million in the preceding year. Other business-related short-term liabilities totaled SEK 295.0 million on December 31, 2010, compared with SEK 447.6 million for the previous year.

Comparison between the 2009 and 2008 financial years

Revenues and profits

Operating revenues for 2009 totaled SEK 1,297.0 million, up 14 percent compared with revenues of SEK 1,140.6 million in 2008. Total revenues for ReFacto® amounted to SEK 631.9 million, representing a decrease from the preceding year when revenues for ReFacto® were SEK 825.7 million. Total manufacturing revenues for the entire year amounted to SEK 376.5 million compared with SEK 569.3 million for 2008, which was attributable to a lower unit price for ReFacto AF®/Xyntha®. Royalty revenues from sales of ReFacto® declined in 2009 till SEK 165.7 million compared with SEK 176.2 million during the previous year. Co-promotion revenues from sales of ReFacto® in the Nordic region increased by some 12 percent during the year to SEK 89.7 million from SEK 80.2 million during 2008. ReFacto's® share of total revenues amounted to about 49 percent 2009 compared with 72 percent during 2008.

Sales of Kineret® totaled SEK 440.8 million in 2009 compared with SEK 87.0 million in 2008. Kineret's share of total revenues was about 34 percent for 2009 compared with 8 percent in 2008.

Sales of Kepivance® totaled SEK 109.9 million in 2009, compared with SEK 5.9 million in 2008. Kepivance's® share of total revenues was about 8 percent in 2009 compared with 1 percent for 2008.

Licensing and milestone revenues in 2009 amounted to SEK 62.6 million, compared with SEK 132.5 million in the previous year.

As a result of higher sales of Kineret® and Kepivance®, cost of goods sold and services increased during 2009 compared with 2008. The new product mix, with lower licensing revenues, had an adverse impact on gross margin, which was partly offset by a higher gross margin for the manufacturing of ReFacto®. Gross margin, excluding licensing and milestone revenues, amounted to 69.6 percent compared with 73.7 percent in 2008.

Operating profit for 2009 totaled SEK 16.2 million compared with an operating loss of SEK 386.3 million for 2008. Excluding restructuring and non-recurring costs, operating profit was SEK 16.2 million and SEK 40.1 million for 2009 and 2008, respectively. Net financial items in 2009 amounted to SEK 16.3 million, compared with SEK 20.2 million during 2008. Profit for the year in 2009 totaled SEK 32.4 million compared with a loss of SEK 335.5 million for 2008.

Financial position and cash flow

Cash, cash equivalents and short-term investments on December 31, 2009 totaled SEK 306.7 million compared with SEK 460.0 million at the same date in 2008. On December 31, 2009, SEK 129.6 million of these funds were bank balances and SEK 128.6 million represented investments in securities with a maturity of less than three months from the acquisition date compared with the same date in 2008, when such assets totaled SEK 193.7 million and SEK 60.5 million, respectively. These short-term investments are classified as cash and cash equivalents. In addition to cash and cash equivalents, on December 31, 2009 there were also other short-term investments with a maturity of more than three months amounting to SEK 48.4 million compared with SEK 205.8 million at the same date in 2008.

Cash flow from operations in 2009 totaled SEK 58.9 million, compared with a negative SEK 506.5 million in 2008. Before disbursements attributable to restructuring and the development of the commercial structure, cash flow in 2008 amounted to SEK 132.3 million.

Cash flow from investment activities totaled a negative SEK 39.1 million in 2009, compared with negative SEK 20.3 million in 2008. During 2009, SEK 60.8 million related to prepaid expenses for the acquisition of Swedish Orphan. During the year, investment of SEK 62.7 million was made in intangible fixed assets and SEK 96.0 million in tangible fixed assets, compared with SEK 180.7 million and SEK 24.5 million, respectively, in 2008.

Cash flow from financing activities totaled a negative SEK 15.7 million in 2009, compared with SEK 416.4 million in 2008. During the year, the Company completed a share issue, which provided proceeds of SEK 34.4 million and amortized loan liabilities of SEK 50.0 million. The positive cash flow from financing activities for 2008 is attributable primarily to the raising of loans in the amount of SEK 399.8 million.

Balance sheet on December 31, 2009 compared with December 31, 2008

The Group's total assets amounted to SEK 2,805.5 million on December 31, 2009 compared with SEK 2,578.8 million on December 31, 2008.

Intangible fixed assets corresponded to more than 40 percent of their balance sheet in total and amounted to SEK 1,159.1 million at December 31, 2009, which was in line with the preceding year when intangible fixed assets totaled SEK 1,026.0 million. Intangible assets consisted primarily of product rights in the amount of SEK 682.1 million, research and development totaling SEK 299.2 million and licenses and patent of SEK 146.5 million. On December 31, 2008, the corresponding items for product rights were SEK 691.0 million, research and development totaling SEK 172.2 million and licenses and patent amounting to SEK 133.2 million.

Tangible fixed assets totaled SEK 252.0 million on December 31, 2009, compared with SEK 215.5 million on December 31, 2008. The item consisted mainly of plant in progress in the amount of SEK 106.0 million compared with SEK 18.8 million in the previous year, equipment, tools and installations amounting to SEK 102.3 million compared with SEK 123.4 million in preceding year, as well as plant and machinery in the amount of SEK 43.7 million, compared with SEK 73.3 million in the preceding year. Construction in progress pertained primarily to equipment and other fittings for the new office premises in Karolinska Institutet Science Park totaling some SEK 64 million, as well as a new control system for the manufacture of ReFacto® in the Stockholm premises amounting to some SEK 7 million.

Current assets on December 31, 2009 totaled SEK 1,279.9 million, which was in line with the preceding year when current assets totaled SEK 1,291.1 million. Inventories represented the largest item, totaling SEK 578.4 million on December 31, 2009, compared with SEK 587.7 million in the previous year. Accounts receivables and other short-term receivables totaled SEK 394.9 million on December 31, 2009, compared with SEK 243.3 million on December 31, 2008. The increase between the years was primarily attributable to prepaid share issues expenses of SEK 84.4 million and advances for raw material for the manufacture of Kineret® in the amount of SEK 32.0 million. Cash, cash equivalents and short-term investments totaled SEK 306.7 million on December 31, 2009 compared with SEK 460.0 million at the same date a year earlier.

Consolidated shareholders' equity on December 31, 2009 totaled SEK 1,352.8 million compared with SEK 1,285.0 million on December 31, 2008. In addition to comprehensive income for the year in the amount of SEK 28.3 million, shareholders' equity rose primarily via the issue of shares in conjunction with the redemption of warrants relating to the introduction of the Share Program 2009.

Long-term liabilities totaled SEK 704.2 million on December 31, 2009, compared with SEK 823.2 million on December 31, 2008. Liabilities to credit institutions totaled SEK 290.3 million on December 31, 2009, compared with SEK 397.1 million in the previous year. Provisions pertained primarily to milestone payments and totaled SEK 372.7 million on December 31, 2009 compared with SEK 477.2 million on December 31, 2008.

Short-term liabilities totaled SEK 748.5 million on December 31, 2009 compared with SEK 470.6 million on December 31, 2008. The increase between the years is due to such factors as the increase in accounts payable by SEK 100.0 million between the years, totaling SEK 243.9 million on December 31, 2009 compared with SEK 143.9 million on December 31, 2008. The short-term portion of liabilities to credit institutions amounted to SEK 50.0 million on December 31, 2009. There was no corresponding item a year earlier. Other short-term liabilities increased from SEK 227.4 million on December 31, 2008 to SEK 447.6 million on December 31, 2009. The increase was attributable to accrued share issues costs of SEK 79.4 million, transaction costs for acquisitions in progress amounting to SEK 45.0 million and a liability to the former owner of the Leptin research program in the amount of approximately SEK 125 million that arose in connection with the sale of Leptin in December 2009 to AstraZeneca. Short-term provisions for restructuring costs for rents and personnel decreased between the years from SEK 99.3 million on December 31, 2008 to SEK 7.1 million on December 31, 2009 in pace with their utilization.

Capital structure and other financial information

Equity and liabilities

Below Sobi's indebtedness as of March 31, 2011 is presented.

SEK million	March 31, 2011
Current interest-bearing debt	
Guaranteed	–
Secured	164
Unguaranteed/unsecured	26
Total current interest-bearing debt	**190**
Non-current interest-bearing debt	
Guaranteed	–
Secured	1,022
Unguaranteed/unsecured	187
Total non-current interest-bearing debt	**1,209**
Shareholders' equity	
Share capital	118
Other paid in capital	4,269
Other reserves	–30
Profits brought forward including the year's profit	–82
Total shareholders' equity	**4,274**

Provided securities consists of shares in all the subsidiaries that after the acquisition of Swedish Orphan in January 2010 were defined as material subsidiaries. The Group has also given all future royalty revenues that are received in accordance with the licencing agreement with Pfizer regarding ReFacto® as a security as well as a bank account linked to the mention revenues. Floating charges amounting to SEK 133 million and property mortgage amounting to more than SEK 16 million has also been provided as security for raised loans.

Net indebtedness

Below Sobi's interest-bearing net indebtedness as of March 31, 2011 is presented.

SEK million		March 31, 2011
(A)	Cash	38
(B)	Cash equivalent	–
(C)	Trading securities	–
(D)	**Liquidity (A)+(B)+(C)**	**38**
(E)	Current financial receivable	–
(F)	Current bank debt	164
(G)	Current portion of non-current debt	26
(H)	Other current financial debt	–
(I)	**Current financial debt (F)+(G)+(H)**	**190**
(J)	**Net current financial indebtedness (I)–(E)–(D)**	**152**
(K)	Non-current financial receivable	–
(L)	Non-current bank loans	1,022
(M)	Bond issued	–
(N)	Other non-current loans	187
(O)	**Non-current financial indebtedness (L)+(M)+(N)**	**1,209**
(P)	**Long term financial net debt (O)–(K)**	**1,209**
(Q)	**Net financial indebtedness (J)+(P)**	**1,361**

As of March 31, 2011 the Company's net debt amounted to SEK 1,361 million. The Company's equity ratio was approximately 61 percent as of March 31, 2011. The Company has loan facilities in Svenska Handelsbanken AB (publ) amounting to in total approximately SEK 1,212 million as of March 31, 2011. The facilities are spread over a term facility of outstanding approximately SEK 250 million, an acquisition facility of outstanding approximately SEK 686 million, an overdraft credit facility of outstanding approximately SEK 26 million and a revolving credit facility of outstanding SEK 250 million. The term facility matures in October 2015 and has a straight annual repayment for six years until maturity.

The acquisition facility matures in November 2016 and has a straight annual amortization over seven years until maturity. The revolving credit facility shall be repaid or rolled continuously and can be utilized continuously until one month before the final maturity date of October 1, 2015. The overdraft credit facility runs until August 2011. The revolving, terms and acquisition facilities are fully utilized.

As of March 31, 2011 the borrowing amounted to SEK 1,212 million, whereof SEK 190 million has been accounted for as short-term liabilities. The Company has since March 31, 2011 entered into a new credit agreement with Svenska Handelsbanken AB (publ) regarding existing credit agreement. For further information about the amended terms to become effective in connection with the completion of the Rights Issue, see section *Legal matters and miscellaneous information – Credit agreement*. Besides this no other significant change have occurred in the Company's financial position or position on the market.

The table below illustrates when the interest-bearing debts matures:

Repayment schedule, interest-bearing loans March 31, 2011 (SEK million)	Due in < 1 year	Due in 1–2 years	Due in 2–5 years	Due in > 5 years
Bank loans	164	329	693	–
Other interest-bearing loans	26	14	160	12
Total	**190**	**343**	**853**	**12**

Within the scope of Sobi's business model the Company has in connection with certain acquisition and inlicensing agreements undertaken to make additional payments (usually referred to as milestone payments) in connection with attaining certain predetermined objectives. During 2010 a number of products and projects have developed in a positive direction which has increased the probability for these commitments. The most significant milestone payments are described below.

The agreement which was signed in connection with the acquisition of Arexis in 2005 may result into additional payments when certain milestones are reached. The Company may have to pay additional milestone payments to the former owners of Arexis of approximately SEK 70 million in respect of Kiobrina®.

In 2008, the Company acquired the two products Kepivance® and Stemgen® as well as an exclusive license to Kineret® from Amgen. In the agreement a number of undertakings were included regarding potential future payments. According to agreement between the parties in March 2011, the Company was released from the obligation to pay certain milestones regarding Kepivance® and Kineret® against the payment of a lump sum of USD 33 million (SEK 235.7 million). The payment undertaking that remains is assignable to that a specified sales target is reached for the original product version of Kineret® before December 31, 2020 on which Sobi should pay an additional USD 55 million (approximately SEK 346.7 million[1)]) in compensation to Amgen. Since the sales of Kineret® has developed well and a continued positive sales development is expected, the milestone payment of USD 55 million to Amgen is estimated to be triggered during the latter part of 2012.

During 2010 Sobi entered into an amendment to the agreement with Biogen Idec, in which Biogen Idec took over the responsibility, including risks and financing, for the development of factor IXFc and factor VIIIFc products. Sobi has the possibility to buy into the project again against a payment of USD 10 million (approximately SEK 63.0 million). Royalties and payments have been adjusted in this agreement for a six-year period after the time that Sobi begins commercial sale of the products to reimburse Biogen Idec for their development costs. If Biogen Idec does not receive full compensation for its part of the development costs during this period, Sobi should pay the difference to Biogen Idec at the end of the six year period.

Regarding product rights there are in some cases agreements with royalties or profit sharing. These can vary in size and are often dependent on how the revenue develops. Besides the above, there are also a few milestones payments connected to distribution agreements.

The acquisition of Swedish Orphan International Holding, which was completed on January 14, 2010, could lead to the payment of additional purchase price of a maximum of SEK 425 million, if certain defined sales targets connected to Multiferon® are reached. At the preparation of the acquisition analysis the discounted value of the additional purchase prices was allocated.

By settlement in 2008 Swedish Orphan undertook to pay a total sum of EUR 7.5 million to Orphan Europe, whereof two partial payments of EUR 1.5 million each, remain to be paid on September 30, 2011 respectively 2012.

Sobi estimates that the Company, with current credit facilities, will be able to finance these payments with the operating cash flow during the next five years.

Working capital

In the opinion of Sobi, working capital is sufficient to finance operations for the next twelve months as of the date of the Prospectus.

1) Exchange rate as of March 31, 2011, USD/SEK 6.3030.

Investments

The table below summarizes Sobi's total investments during the period 2008–2010 and for the period January 1 – March 31, 2011. Sobi's investments consist primarily of investments in intangible fixed assets such as product rights, licenses and patents, research and development, as well as investments in production facilities and production equipment.

SEK million	Jan 1 – Mar 31, 2011	2010	2009	2008
Investments in intangible fixed assets				
Product rights	–	2,284.7	43.7	691.0
Trademark and licenses	1.3	496.0	14.7	9.0
Research and development	–	0.0	127.0	–
Other intangible fixed assets	1.3	1,583.5	4.3	25.3
Investments in tangible fixed assets				
Equipment, tools, fixtures and fittings	1.7	21.6	4.9	3.0
Plant and machinery	0.2	17.9	2.4	6.3
Plant in progress	–	7.7	88.8	14.5
Other tangible fixed assets	–	10.1	–	–
Investments in financial fixed assets	–	–58.5[1)]	60.8[1)]	17.0
Total investments	**4.5**	**4,363.0**	**346.5**	**766.2**

1) Mainly consist of prepaid expenses for ongoing acquisitions.

The acquisition of product rights during 2008 pertains primarily to the acquisition of the Kepivance® and Stemgen® as well as exclusive license contracts for Kineret® from Amgen. The purchase consideration for these products and license acquisitions totaled SEK 857.7 million, of which SEK 701.3 million was paid in cash and the remaining amount was paid through a new share issue corresponding to a value of SEK 156.4 million. In connection with the acquisition, a long-term bank loan was raised in the amount of SEK 400 million to finance acquisitions.

Investments in research and development during 2009 pertained to investment in future rights in the Leptin research program, which was sold to AstraZeneca during 2009. Investment in construction in progress related mainly to equipment and other fittings for the new office premises in Karolinska Institutet Science Park.

In January 2010, Swedish Orphan was acquired for a purchase consideration of SEK 3,744.7 million. The acquisition was financed via a rights issue in the amount of SEK 1,511.9 million, a non-cash share issue of SEK 1,656.8 million[1)] and bank loans. In conjunction with the Swedish Orphan acquisition, goodwill arose in the amount of SEK 1,554.2 million, which is included in the item other intangible fixed assets in the table above. Investments in product rights during 2010 relate primarily to the Swedish Orphan products Orfadin® and Multiferon®. Investment in licenses and patents pertain primarily to Mulitferon®.

Major ongoing or planned investments

There are no significant or planned investments in fixed assets.

1) 58,336,603 shares were issued. The fair value of issued shares is based on the listed share price at January 14, 2011 of SEK 28.40.

Intangible fixed assets

In the table below the Group's intangible fixed assets are presented as of March 31, 2011.

SEK million	Goodwill	Research & development	Trademarks & licenses	Product-rights	Other intangible assets	Total
Book value	1,601.0	126.9	486.6	2,949.9	7.7	5,172.1

Tangible fixed assets

In the table below the Group's tangible fixed assets are presented as of March 31, 2011.

SEK million	Buildings and land	Plant and machinery	Equipment tools, fixtures and fittings	Cars	Plant in progress	Total
Book value	5.6	57.0	160.2	2.3	15.3	240.4

Research and development

Sobi's long-term research and development strategy is to develop recombinant protein drugs for various therapies in the orphan pharmaceuticals field. Marketing and sales will be undertaken under the auspices of the Company via market companies or partners. Since 2009, the research and development organization has focused on protein drugs and all previous research on low molecular chemical drugs has ceased. In view of the fact that the late development projects are making progress, Research and Development resources will be allocated to these projects. Meanwhile, the portion of variable costs for Research and Development activities is rising as a result of cooperation with clinical contract organizations. Research and Development expenses declined in 2010 totaled SEK 479.9 million, compared with SEK 569.4 million for 2009. This was primarily the result of the renegotiated cooperation agreement with Biogen Idec covering the rFVIIFc and rFIXFc projects and the sale of the subsidiary Cambridge Biotechnology Ltd. Research and Development expenses in 2008 totaled SEK 670.6 million and the decrease compared with 2009 was attributable to a reorganization of Research and Development activities, resulting in personnel layoffs and the phase-out of all small molecular research.

Taxes

The Group has accumulated loss carry-forwards, most of which have not been reported as assets. This means that the Company's tax rate deviates from the Swedish tax rate.

Deferred tax liabilities amounted to SEK 745.4 million at March 31, 2011.

Significant events after March 31, 2011

In the end of March 2011 the Board of Directors decided on a number of measures to reduce the Company's costs. The measures were expected to involve cutting around 70 positions, most of which are in preclinical research and manufacturing. Due to Pfizer's subsequent increased ReFacto® orders for 2011 and the higher production volume this will involve, around 10–15 of these positions will now be retained. The cost savings, which are expected to have full effect as of 2012, are thus expected to amount to approximately SEK 90 million annually instead of approximately SEK 100 million as previously communicated.

Trends and outlook

Uncertainty remains about the recovery in the global economy and currencies, as well as how budget problems in many European countries will affect the pharmaceutical market. Nevertheless, the assessment is that Sobi will achieve good growth in volume, mainly through a number of product launches, which together with an increase in orders received from Pfizer means that revenues for the full year 2011 are expected to increase by 1–5 percent.

Gross margin for the full year is expected to be lower than last year, mainly due to the transfer of production of Kineret® as well as negative exchange rate effects. Research and development costs will rise as the phase III study for Kiobrina® begins, though this increase will be offset by the recently announced cost savings and the full effect of the synergies from the merger with Swedish Orphan.

Financial risk management

Risk and risk management

Through its operations, the Group is exposed to various kinds of financial risks. The operations are affected by several factors that may impact the company's results and financial position. Sobi's strategy includes continuously identifying and managing risk to the greatest extent possible. The risks can be divided into operational risks and financial risks. Below is a description of the financial risk factors that are deemed the most significant for Sobi's development and how the company manages them to minimize the level of risk. Operational risk is also described in a separate section in the *Director's Report*.

Financial risks and policies

Financial risk relates to fluctuations in the company's profits and cash flow as a result of changes in exchange rates, interest rates and credit exposure. Sobi has a comprehensive finance policy that establishes the division of responsibility regarding financial issues between the Board of Directors, the CEO, the CFO, the central finance department and other Group companies. The Board has appointed an Audit Committee to supervise the structure and content of the finance policy and, if necessary, suggest changes to the Board. The finance policy emphasizes a low level of risk. The aim is to minimize the Group's cost of capital by effectively managing and controlling the Group's financial risks.

Market risk

Currency risk

Transaction exposure

In its operations, the company is also exposed to currency risk. Most of the costs are in Swedish kronor, while a significant portion of the revenues are in other currencies. Consequently, a drop in the US dollar and Euro or other foreign currencies in which revenues are generated in relation to the Swedish krona will have a negative impact on Sobi's earnings and financial position.

To hedge future foreign currency flows, the company has adopted the following finance policy with respect to currency hedging:

Based on forecasts, natural hedging (offset/netting of incoming and outgoing currency flows) should be applied as far as possible. Sobi will hedge the net exposure of foreign currency as follows:

Currency flow	Expected maturity	Hedge ratio	Minimum amount
Known/Secure	–	80–100%	SEK 1 million
Unknown/Not secure	<1 year	<50%	SEK 1 million

Translation exposure

The Group's results are affected by exchange rate fluctuation when the foreign subsidiaries' results are translated into SEK. Hedging of this exposure is evaluated on a case by case basis.

Interest risk

Sobi's financial management policy is to limit the short-term effects on the Group's results and cash flow due to changes and movement on the financial markets. Interest risk consists partly of changes in fair value (price risk) and partly of changes in cash flow (cash-flow risk). Fixing interest rates mainly affects cash flow risk. The duration of fixed interest rates for the Group's assets and liabilities is usually short. The Board may decide to extend the duration of fixed interest rates in order to limit the impact of increased interest rates.

Credit risk

Sobi's financial transactions give rise to credit risk relating to financial counterparties. The risk of a counterparty not fulfilling its obligations is limited partly by the Group choosing counterparties with a good credit rating and partly by limiting the size of the counterparty's obligations.

Liquidity risk

Liquidity risk relates to the risk that the Group will not secure sufficient financing or that the cost of financing will increase significantly. Investments of any surplus liquidity should only be made in instruments with low credit risk and a high level of liquidity. Investments should only be made in the Swedish Government and in banks, financial institutes and enterprises assigned a credit rating of at least A- by independent evaluators. A high level of liquidity means that the investments can be converted into liquid funds at any given time.

Capital risk

The Group's goal regarding capital structure is to secure the Group's ability to continue its business, so that it can continue to generate earnings to its shareholders and benefits to other stakeholders, and retain an optimal capital structure in order to keep costs of capital down. The Group's capital is based on the Group's equity ratio. It is the Group's goal to have an equity ratio of at least 40 percent.

Share capital and ownership structure

Share capital

According to Sobi's registered Articles of Association[1], the share capital shall be a minimum of SEK 38,410,000 and a maximum of SEK 153,640,000, divided into a minimum of 70,000,000 shares and a maximum of 280,000,000 shares. There are two classes of shares: common shares and C-shares[2]. Each common share entitles the holder to one vote and each C-share to one tenth of a vote. Common Shares may be issued in a number of up to 100 percent of the total number of shares in the Company. The maximum number of C-shares that may be issued is 5,000,000.

At the date of this Prospectus the Company's registered share capital amounts to SEK 117,558,199.73 (rounded off), which is divided into 214,249,813 issued and fully paid shares, of which 212,181,279 are common shares and 2,068,534 are C-shares, each with a quota value of SEK 0.55 (rounded off). The shares in Sobi were issued in accordance with Swedish law and are denominated in SEK. Shareholders' rights may only be amended in accordance with the procedures laid down in the Swedish Companies Act (2005:551).

If fully subscribed, the Rights Issue will result in an increase in the total number of shares in the Company from 214,249,813 to 267,295,132, representing an increase of approximately 24.76 percent. For those shareholders that decline to subscribe for New Shares in the Rights Issue, the Rights Issue will have a dilution effect of 53,045,319 New Shares, representing approximately 19.85 percent of the total number of shares in the Company after the Rights Issue.

The number of shares per share class before and after the Rights Issue is shown in the table below.

	Before the Rights Issue			After the Rights issue		
Share class	Number of shares	Percentage of capital (%)	Percentage of votes (%)	Number of shares	Percentage of capital (%)	Percentage of votes (%)
Common shares	212,181,279	99.03	99.03	265,226,598	99.23	99.23
C-shares	2,068,534	0.97	0.97	2,068,534	0.77	0.77
Total	**214,249,813**	**100.00**	**100.00**	**267,295,132**	**100.00**	**100.00**

Amendments to the articles of association

The Annual General Meeting held on April 28, 2011, resolved to amend § 4 first and second paragraph of Sobi's Articles of Association, as a result of which the share capital shall be a minimum of SEK 110,000,000 and a maximum of SEK 440,000,000, divided into a minimum of 200,000,000 shares and a maximum of 800,000,000 shares. The Annual General Meeting also resolved to amend § 4 fifth paragraph, second sentence, as a result of which the number of C-shares that may be issued shall be 15,000,000. The amendments are intended to be registered with the Swedish Companies Registration Office at the latest in connection with the registration of the New Shares subscribed for in the Rights Issue.

Certain rights associated with the shares

Voting rights

At the general meeting each person with voting rights may vote the full number of shares owned and/or represented by him or her with no restriction on the number of votes. Each common share entitles the holder to one vote and each C-share to one tenth of a vote. All the shares are freely transferable.

Preferential rights to new shares

In new share issues all shareholders shall have preferential rights to subscribe for new shares in proportion to their existing shareholdings except where the resolution on the new share issue involves deviation from the preferential right of shareholders.

Rights to dividends and distributions in connection with liquidation

All common shares entail equal rights to dividends. C-shares are preference shares, which entitle the holder to a different portion of the Company's profits than the common shares. C-shares entitle the holder to a share of the Company's distributable profit in an amount that is equivalent to 10 percent per year calculated on the quota value of the share. All the shares enjoy equal rights to the Company's assets and any surplus in the event of liquidation.

Redemption and conversion of C-shares

The Company's Board of Directors shall be able to decide to reduce the share capital through the redemption of C-shares. In the event of a decision on redemption, holders of C-shares shall be required to redeem their C-shares at an amount equal to the quota value. The redemption consideration shall be paid out as soon as possible.

1) For resolved, but not yet registered, amendments to the Articles of Association, see the heading Amendments to the Articles of Association below.

2) All outstanding C-shares are held by the Company and are issued to secure the delivery under Sobi's Share Programs 2008, 2009 and 2010, directed to managers and key employees.

C-shares held by the Company shall be able to be converted into common shares at the request of the Board of Directors. An application shall then be made without delay for the conversion to be registered with the Swedish Companies Registration Office and shall be deemed effected once entered in the register of limited liability companies and recorded in the Central Securities Depository Register.

All the existing 2,068,534 C-shares were issued under the Share Programs 2008, 2009 and 2010, see the section *Corporate Governance* under heading *Share programs 2008 and 2009, and Share programs 2010 and 2011*. The Company holds all the 2,068,534 C-shares issued.

Share capital history

The table below sets out the changes in share capital since January 1, 2001.

Year	Transaction	Change in number of shares		Total number of shares	Change in share capital (SEK)	Total share capital (SEK)[1)]	Quota value (SEK)[1)]
		Common shares	C-shares				
2001	Founding of company	–	–	10,000,000	–	10,000,000	1
2001	Stock dividend	1,880,000		11,880,000	1,880,000	11,880,000	1
2001	New issue	11,880,000		23,760,000	11,880,000	23,760,000	1
2006	Reduction (redemption)	–4,514,400		19,245,600	–4,514,400	19,245,600	1
2006	Stock dividend	2,405,700		21,651,300	4,514,400	23,760,000	1.1
2006	Split 2:1	21,651,300		43,302,600	–	23,760,000	0.55
2006	Warrant issue	2,320,100		45,622,700	1,273,032	25,033,032	0.55
2008	New issue (set off)	142,422		45,765,122	78,147	25,111,178	0.55
2008	Warrant issue	250,502		46,015,624	137,450	25,248,628	0.55
2008	New issue		284,000	46,299,624	155,831	25,404,459	0.55
2008	Warrant issue	30,642		46,330,266	16,813	25,421,272	0.55
2008	New issue (in kind)	3,768,516		50,098,782	2,067,773	27,489,045	0.55
2009	Warrant issue	581,534		50,680,316	319,085	27,808,130	0.55
2009	New issue		231,585	50,911,901	127,070	27,935,200	0.55
2010	Rights issue	100,792,632		151,704,533	55,304,601	83,239,801	0.55
2010	Issue in Kind	58,336,606		210,041,139	32,009,113	115,248,914	0.55
2010	Exercise of convertible	2,373,300		212,414,439	1,302,222	116,551,136	0.55
2010	New issue (set-off)	282,425		212,696,864	154,966	116,706,101	0.55
2010	New Issue		1,552,949	214,249,813	852,098	117,558,200	0.55
2011	The Rights Issue[2)]	53,045,319		267,295,132	29,105,800	146,664,000	0.55

1) All figures are rounded off.
2) On condition that the Rights Issue is fully subscribed.

Authorizations

The Annual General Meeting 2011 authorized the Board of Directors as part of the Share Programs 2008–2011, to resolve to issue C-shares, on one or more occasions during the period until the next Annual General Meeting, in order to secure delivery of Shares and payment of social security charges related to the Share Programs 2008–2011. With deviation from the shareholders' preferential right, a designated third party shall be entitled to subscribe for the C-shares. The Subscription Price shall correspond to the quota value in order to limit the Company's expenses of a future repurchase of the C-shares issued. The Annual General Meeting also authorized the Board of Directors, before the next Annual General Meeting, to purchase all issued C-shares through an offer directed to the owners of C-shares. The purchase shall be made at a price equal to the share's quotient value.

Dilution resulting from incentive programs, convertibles and other committments

A maximum of 8,611,376 Shares may be issued in total as a result of outstanding incentive programs (excluding Shares to secure the costs of social security charges), convertibles and other commitments as described below, representing an increase in the share capital of approximately SEK 4,725,035 and a dilution effect of approximately 3.90 percent of Shares and votes in the Company prior to the completion of the Rights Issue.

Incentive programs

The Company currently has two outstanding employee stock option programs (Employee Option Program 2006/2011 and Employee Option Program 2007/2012) as well as four outstanding share programs (Share Program 2008, Share Program 2009, Share Program 2010 and Share Program 2011[1)]). For a description of these programs see the section *Corporate governance* under heading *Incentive program*.

If all the outstanding warrants in Employee Option Program 2006/2011 were exercised this would result in an additional 56,700 Shares, representing an increase in the share capital of approximately SEK 31,111 and a dilution effect of approximately 0.03 percent of Shares and votes in the Company prior to the completion of the Rights Issue. The subscription price of the Employee Option Program 2006/2011 is SEK 58.21 per Share.

If all the outstanding warrants in Employee Option Program 2007/2012 were exercised this would result in an additional 567,000 Shares, representing an increase in the share capital of approximately SEK 311,111 and a dilution effect of approximately 0.27 percent of Shares and votes in the Company prior to the completion of the Rights Issue. The subscription price of the Employee Option Program 2007/2012 is SEK 58.21 per Share.

In the event of full allocation under Share Program 2008 this would result in an additional 422,280 Shares (excluding Shares to secure the costs of social security charges), representing an increase in the share capital of approximately SEK 231,704 and a dilution effect of approximately 0.20 percent of Shares and votes in the Company prior to the completion of the Rights Issue.

In the event of full allocation under Share Program 2009 this would result in an additional 314,919 Shares (excluding Shares to secure the costs of social security charges), representing an increase in the share capital of approximately SEK 172,795 and a dilution effect of approximately 0.15 percent of Shares and votes in the Company prior to the completion of the Rights Issue.

In the event of full allocation under Share Program 2010 this would result in an additional 510,547 Shares (excluding Shares to secure the costs of social security charges), representing an increase in the share capital of approximately SEK 280,136 and a dilution effect of approximately 0.24 percent of Shares and votes in the Company prior to the completion of the Rights Issue.

In the event of full allocation under Share Program 2011 this would result in an additional 939,000 Shares, excluding Shares to secure the costs of social security charges (1,249,000 Shares including Shares to secure the costs of social security charges). It represents an increase in the share capital of approximately SEK 515,226 and SEK 685,322, respectively, and a dilution effect of approximately 0.44 percent and 0.59 percent, respectively, of Shares and votes in the Company prior to the completion of the Rights Issue.

Convertibles

In conjunction with the acquisition of Cambridge Biotechnology Limited in April 2005 Sobi issued convertibles as part of the settlement for the acquisition. Under the terms and conditions of the convertibles, up to an additional 930 Shares may be issued, representing an increase in the share capital of approximately SEK 510.30 and a dilution effect of 0.00 percent of Shares and votes in the Company prior to the completion of the Rights Issue. For a description of the acquisition, see the section *Legal matters and miscellaneous information* under heading *Agreement on the acquisition and sale of Cambridge Biotechnology Limited*.

Other commitments

In August 2005 Sobi acquired all the outstanding shares in Arexis AB. Under the terms of the acquisition agreement Sobi may make further milestone payments to the former owners of Arexis, which under the agreement may amount to up to SEK 307.5 million in cash and around 5.8 million Shares. If the milestone payments in the form of Shares were to be fully paid, this would represent an increase in the share capital of approximately SEK 3,182,442 and a dilution effect of approximately 2.66 percent of Shares and votes in the Company prior to the completion of the Rights Issue. The Shares that may need to be provided as payment or be issued in accordance with the Board's authorization will require approval by Sobi's general meeting, but payment may be made in cash if no share issue is effected. For a description of the milestone payments the Company considers to be outstanding, see the section *Capital structure and other financial information* under heading *Net debt*. For a description of the acquisition, see the section *Legal matters and miscellaneous information* under heading *Agreement on the acquisition of Arexis AB*, and for a description of claims made by the former owners of Arexis, under heading *Disputes*.

1) *Share program 2011 was approved by the Annual General Meeting 2011, but has not yet been implemented. The implementation of the Share Program 2011 is intended to take place during the autumn 2011.*

Ownership structure

As of March 31, 2011, the Company had 8,519 shareholders, whereas the ten largest shareholders held around 70.0 percent of the share capital and approximately 70.7 percent of the votes in the Company. As of March 31, 2011, the ownership of the Company was split between major shareholders as shown in the table below[1]. The Company's largest shareholder as of March 31, 2011, was Investor AB with a total of 86,075,332 Shares, representing approximately 40.2 percent of the share capital and approximately 40.5 percent of the votes in the Company (the Company's own holding of C-shares included). Investor AB and Bo Jesper Hansen have undertaken to exercise their respective *pro rata* shares of the Subscription Rights in the Rights Issue – see the section *Legal matters and miscellaneous information* under heading *Subscription undertakings and Underwriting Agreement*.

Shareholder	Number of common shares	Number of C-shares	Total	Percentage of capital (%)	Percentage votes (%)
Investor AB	86,075,332	0	86,075,332	40.2	40.5
Omnibus Account W Fd: Om80	14,308,517	0	14,308,517	6.7	6.7
MPM Funds	14,195,424	0	14,195,424	6.7	6.7
Livförsäkringsaktiebolaget Skandia	8,465,139	0	8,465,139	4.0	4.0
Bo Jesper Hansen	7,380,224	0	7,380,224	3.3	3.5
Nordea Bank Norge Nominee	4,504,422	0	4,504,422	2.1	2.1
Orkla ASA	4,500,000	0	4,500,000	2.1	2.1
Handelsbanken Fonder Inkl Xact	4,330,249	0	4,330,249	2.0	2.0
Swedbank Robur Fonder	3,191,259	0	3,191,259	1.5	1.5
SEB Fonder	3,090,390	0	3,090,390	1.4	1.5
ABN Ambro Nordic Ventures	2,728,551	0	2,728,551	1.2	1.3
Six Sis Ag, W8Imy	2,646,755	0	2,646,755	1.2	1.3
Apoteket AB:s Pensionstiftelse	2,434,792	0	2,434,792	1.1	1.2
Andra AP-Fonden	2,265,835	0	2,265,835	1.0	1.1
JPM Chase NA	2,148,656	0	2,148,656	1.0	1.0
Swedish Orphan Biovitrum AB	0	1,552,949	1,552,949	0.7	0.1
Biovitrum Treasury AB	0	515,585	515,585	0.2	0.0
Others	49,915,734	0	49,915,734	23.6	23.4
Total	**212,181,279**	**2,068,534**	**214,249,813**	**100.0**	**100.0**

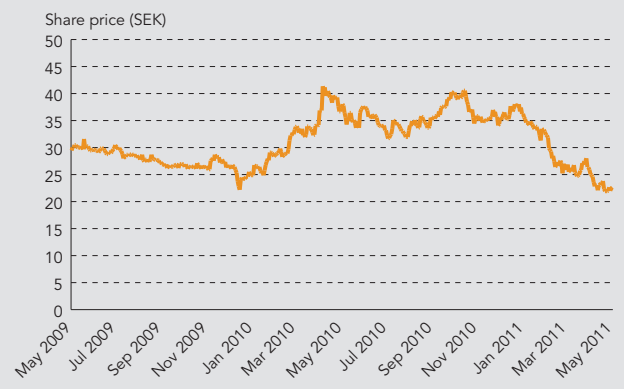
The Share

Sobi's Share has been listed on the NASDAQ OMX Stockholm exchange since September 15, 2006 under the ticker SOBI. American Depository Receipts (ADRs) for the Shares in the Company are traded OTC (over the counter) in the US, with Bank of New York Mellon as the depository bank. The symbol is BIOVY.

Changes in the price of Sobi's Share on NASDAQ OMX Stockholm during the past two years are shown in the graph below.

Sobi's Shares are not currently subject to any mandatory offer, redemption or purchase rights. The Company's Shares have not been subject to any public offer during the current or preceding financial year. See also the section *Corporate governance* under heading *Exemption for Investor AB*.

Share price development for Sobi's Share the last two years



1) *Source: Euroclear Sweden.*

Central Securities Depository

The Company and its Shares are registered with the electronic securities system of Euroclear Sweden (Euroclear Sweden AB, Box 7822, SE-103 97 Stockholm, Sweden) as the central securities depository. No share certificates have been issued for the Shares and none will be issued for the New Shares. The Shares have the ISIN code SE0000872095. The C-shares have the ISIN code SE0002729574.

Dividend and dividend policy

The Company has not paid any dividend during the past five year period. The Board's intention at present is to use any future profits made by Sobi to finance continued development and expansion of the business, and consequently the Board does not intend to propose any dividend resolution within the foreseeable future.

Decisions on the distribution of profits in Swedish limited liability companies are made by the general meeting of shareholders. A dividend may only be paid at an amount such that after it has been distributed there is full coverage for the Company's restricted equity and only if the dividend is justifiable considering the requirements that the nature, scope and risks of the operations place on the level of equity and the Company's and the Group's consolidation requirements, liquidity and position in general (known as the precautionary rule). As a general rule, however, the shareholders may not pass a dividend that is greater than that proposed or approved by the Board of Directors.

Dividends are usually paid to shareholders as a cash amount per Share through Euroclear Sweden. Persons registered as shareholders in the register of shares held by Euroclear Sweden on the record date established by the general meeting shall be entitled to receive dividends. If a shareholder cannot be reached via Euroclear Sweden, the shareholder's claim on the Company for the dividend amount remains valid and shall be limited in time only by rules on ten-year prescription. In the event of prescription the amount of the dividend shall accrue to the Company. Neither the Swedish Companies Act nor the Company's Articles of Association contain any restrictions on dividend rights for shareholders outside Sweden. Apart from any restrictions that follow from the banking or clearing system in the jurisdictions concerned, payment to such shareholders shall be made in the same way as to shareholders domiciled in Sweden. Shareholders with limited tax liability in Sweden will normally be liable for Swedish withholding tax, see the section *Tax considerations in Sweden*.

Shareholders' agreements

As far as the Board of Directors is aware, no shareholders' agreements or other agreements exist that could result in a change of control of the Company.

Board of Directors, senior management and auditor

Board of Directors

The Company's Board of Directors currently consists of six members elected by the general meeting and two employee representatives. According to Sobi's Articles of Association, the Board of Directors is to consist of no fewer than three and no more than twelve members.

Name	Position	Nationality	Independent in relation to the Company	Independent in relation to major shareholders	Shareholding
Bo Jesper Hansen	Chairman	Danish	No	Yes	7,115,077
Adine Grate Axén	Board member	Swedish	Yes	Yes	0
Hans Wigzell	Board member	Swedish	Yes	Yes	180,000
Lennart Johansson	Board member	Swedish	Yes	No	10,000
Helena Saxon	Board member	Swedish	Yes	No	0
Hans GCP Schikan	Board member	Dutch	Yes	Yes	0
Catarina Larsson	Employee representative	Swedish	–	–	600
Bo-Gunnar Rosenbrand	Employee representative	Swedish	–	–	1,050

Bo Jesper Hansen
Born 1958
Chairman since 2010
Board member since 2010
MD with a Ph.D. from Copenhagen University
Other appointments: Board member of MipSalus ApS, TopoTarget A/S, Zymenex A/S, Incentive AB (within the Gambro group), Orphazyme A/S and CMC Kontrast AB
Previous appointments: Various positions in Swedish Orphan International AB since 1993, CEO 1998–2010. Medical advisor for Synthélabo, Pfizer, Pharmacia and Yamanouchi. Founder of Scandinavian Medical Research

Lennart Johansson
Born 1955
Board member since 2010
MBA from Stockholm School of Economics
Other appointments: Member of the management team and Head of the Financial Investments group at Investor AB. CEO and board member of AB Cator and Rotca AB. Chairman of Indif AB. Board member of Mölnlycke AB with subsidiaries, Indap Sweden AB with subsidiaries (including Gambro AB) and Renal Management AB
Previous appointments: CEO in b-business partners and Emerging Technologies AB. Board member of SAAB AB, Acti AB, Syncron International AB, IBX Group AB, Gambro Holding AB, Gambro Hospal AB and Management Participation Programme (MPP) BCT AB. Chairman of Invifed AB with subsidiaries and Cator Holding AB

Adine Grate Axén
Born 1961
Board member since 2010
MBA from Stockholm School of Economics, Harvard AMP
Other appointments: Chairman of Nasdaq OMX Stockholm's Listing Committee and Alhanko & Johnson AB. Advisor and working board member of HI3GS Holding AB. Board member of Sampo OY, EDBErgo Group AS, 3G Infrastructure Services AB, Adine Grate AB and Swedavia AB
Previous appointments: Member of the Commission for the sale of shares in companies with state ownership. Board member of Gambro AB, OMX AB 1994–2007, various senior management positions and board assignments within Investor AB and member of the management group 1999–2007. Board member of Acne Studios Holding AB, Micaro AB and Carnegie Investment Bank AB

Helena Saxon
Born 1970
Board member since 2011
MBA from Stockholm School of Economics
Other appointments: Investment Manager at Investor AB, deputy board member of Incentive AB (within the Gambro group)
Previous appointments: CFO of Hallvarson & Halvarsson, CFO of Syncron International and Vice President of Investor AB

Hans GCP Schikan
Born 1958
Board member since 2011
Pharmacist, Utrecht University
Other appointments: CEO of Prosensa, Holland. Board member of Top Institute Pharma. Member of Advisory Board BioScience Park Leiden
Previous appointments: Chairman of Dutch Association of the Innovative Pharmaceutical Industry, Nefarma. Various senior management positions within previous Organon and Genzyme

Hans Wigzell
Born 1938
Board member since 2005
Med Dr. h.c., Professor Immunology
Other appointments: Chairman of Karolinska Development AB and Rhenman & Partners Asset Management AB. Board member of RaySearch Laboratories AB (publ), Intercell AG, HuMabs AG and AVI Biopharma and AB Wigzellproduktion. Member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences
Previous appointments: President of Karolinska Institutet. Board member of NeoDynamics AB, PROBI AB and Diamyd Medical AB

Employee representatives

Catarina Larsson
Born 1952
Board member since 2001
Laboratory engineer
Other appointments: –
Previous appointments: –

Bo-Gunnar Rosenbrand
Born 1963
Board member since 2006
Laboratory engineer
Other appointments: –
Previous appointments: –

Senior management

The table below shows the names, positions and shareholding of the senior management as of March 31, 2011.

Name	Position	Shareholding	Employee options	Share program 2008	Share program 2009	Share program 2010
Kennet Rooth	Chief Executive Officer (temp)	190,578[1)]	0	0	0	0
Göran Arvidson	Head of Mergers and Acquisitions	135,206[1)]	0	27,288	22,814	30,367
Fredrik Berg	General Counsel	45,957	0	24,424	17,007	24,384
Maria Berggren	Head of Human Resources	3,222[1)]	5,000	18,613	12,448	15,092
Peter Edman	Head of Research & Development	20,295	0	41,222	27,570	34,985
Anders Edvell	Head of Marketing and Sales	2,390	0	0	0	10,041
Sylvain Forget	Regional Director for Western Europe	2,266	0	0	0	13,595
Stefan Fraenkel	Head of Business Development	3,940[1)]	0	0	0	13,372
Lena Nyström	Head of Operations	4,325[1)]	0	8,596	8,431	15,696
Lars Sandström	Chief Financial Officer	2,040	0	0	0	12,805
Åsa Stenqvist	Head of IR and Communications (temp)	0	0	0	0	0

1) Including holdings by closely related persons.

Kennet Rooth
Born 1955
Chief Executive Officer (temp)
Employed since 2005
Chemistry and Biology at Stockholm University and General Management training at INSEAD-CEDEP
Previous appointments: Executive Director, Country Manager, Business Unit Manager and Product Manager at Bristol-Myers Squibb

Göran Arvidson
Born 1960
Head of Mergers and Acquisitions
Employed since 2001
B.Sc. in Economics and Business Administration
Previous appointments: CFO of Biovitrum and Sobi 2001–2011 and various senior positions primarily within economics, finance and business development at Procordia AB and Pharmacia AB. Deputy board member of M&D Selection AB

Fredrik Berg
Fredrik Berg
Born 1955
General Counsel
Employed since 2001
Master of Law
Previous appointments: Head of Legal/ Intellectual Property at Pharmacia AB and General Counsel at Pharmacia Europe, Middle East and Africa, company lawyer and head of legal services at Procordia AB, Kabi Pharmacia AB and Pharmacia & Upjohn AB

Maria Berggren
Born 1961
Head of Human Resources
Employed since 2005
Behavioural science degree
Previous appointments: People Relationship Manager for Technology Services at Capgemini Sverige AB, People Relationship Manager for the Nordic activities within Cap Gemini Ernst & Young Telecom & Media and various senior human-resources positions within Ericsson AB. Maria Berggren had also her own business and worked as consultant in human resources and management development

Peter Edman
Born 1954
Head of Research & Development
Employed since 2008
Ph.D. and Associate Professor in biochemistry from Uppsala University
Previous appointments: A number of senior positions within the AstraZeneca group and a number of senior research leadership positions within Pharmacia AB, Astra AB and AstraZeneca AB. Peter Edman has also been Director and Associate Professor at the Swedish Medical Product Agency, professor in Pharmaceutical Formulation and Adjunct Professor in Drug Delivery at the Faculty of Pharmacy, Uppsala University

Anders Edvell
Born 1969
Head of Marketing and Sales
Employed since 2006
M.D., Ph.D., MBA from Stockholm School of Economics, degree in launching strategy from SIMI (Copenhagen) and degree in pharmaceutical medicine from ECPM University (Basel). Board member of LFF Service AB
Previous appointments: A number of positions within Swedish and foreign pharmaceutical companies

Sylvain Forget
Born 1966
Regional Director for Western Europe
Employed since 2006
Ph.D. in Pharmacy, MBA from ESC of Tours (France) and a degree in medical marketing strategy from SIMI (Copenhagen)
Previous appointments: Lundbeck, Novo Nordisk

Stefan Fraenkel
Born 1972
Head of Business Development
Employed since 2009
Ph.D. in International Economics & Management, MBA from Copenhagen business School and engineering degree from Chalmers University of Technology
Previous appointments: A number of senior positions within Wyeth 2001–2009 (including Global Brand Director and Business Operations Director and Business Development). Prior thereto active as a management consultant

Lena Nyström
Born 1956
Head of Operations
Employed since 1984
Master of Science in Chemistry at KTH in Stockholm
Previous appointments: Various management positions within process development and manufacturing

Lars Sandström
Born 1972
Chief Financial Officer
Employed since 2010
MBA
Previous appointments: Various management positions within the in accounting and finance field at Scania

Åsa Stenqvist
Born 1947
Head of IR and Communications (temp)
Employed since 2011
BA and DIHR, Stockholm University
Previous appointments: Head of group staff Communications and Investor Relations and member of group management of Husqvarna AB. Before that, Head of Investor Relations and Financial Information within AB Electrolux.

Auditor

The Company auditor is since July 2001 PricewaterhouseCoopers AB, 113 97 Stockholm, Sweden. The auditor in charge is Mikael Winkvist, born 1962, authorized public accountant and member of FAR SRS. At the Annual General Meeting held on April 28, 2011, PricewaterhouseCoopers AB was re-elected Company auditor until the annual general meeting 2012.

Other information on the Board of Directors and senior management

All members of the Company's Board and senior management can be contacted via the Company's address, Sobi AB (publ), SE-112 76 Stockholm, Sweden.

No Board assignments are limited in time other than pursuant to the Companies Act. No Board member or senior executive has any family links to any other Board member or senior executive. Except for what is described below, no Board member or senior executive has been involved in any bankruptcy, bankruptcy administration or liquidation in the past five years in the capacity of board member or senior executive. Lennart Johansson was board member of Acti AB that was declared bankrupt in 2002, which bankruptcy was subsequently finalized in 2009. No Board member or senior executive has been convicted of fraud, accused of a crime or subject to sanctions by supervisory or legislative authorities in the past five years, and no Board member or senior executive has in the past five years been disqualified by any court from acting as a member of a company's board, management or control body or from otherwise conducting the affairs of an issuer.

Except for the consultancy agreement between Sobi and the company Orfacare, having a connection to the Chairman of the Board, and which is described under the section *Legal matters and miscellaneous information* under heading *Transactions with related parties*, there are no conflicts of interest between the duties of the Board members and senior management in respect of Sobi and their private interests and/or other duties. Neither are there any special agreements between any Board member or any senior executive and major shareholders, customers, suppliers or other parties under which any Board member or senior executive has been elected to an administrative, management or control body or appointed to another senior position. With the exception of the statements in the section *Legal matters and miscellaneous information* under heading *Lock-up undertakings*, no Board member or senior executive holds securities in the Company the disposal of which is restricted.

Board members are not entitled to any benefits on leaving the Board (for a description of the benefits to which the Chairman of the Board is entitles upon termination of his employment, see the section *Corporate governance* under heading *Fees and other remuneration to Board members*). Members of the Senior management are entitled to pension benefits and severance pay if their employment in the Company is terminated. For information on remuneration paid to board members and senior management during 2010, and information on pension provisions and other employment conditions of the senior management, see the section *Corporate governance* under heading *Remuneration to Board members and senior management*.

Corporate governance

Sobi is a Swedish public limited liability company with registered office in Stockholm, listed on NASDAQ OMX Stockholm. The Company is managed in accordance with the Swedish Companies Act, other relevant Swedish and international legislation, NASDAQ OMX Stockholm's Rule Book for Issuers, the Swedish Code of Corporate Governance, the Articles of Association and internal policies. The Company began applying the Swedish Code of Corporate Governance when it was introduced on the Stockholm Stock Exchange in 2006. Sobi has not deviated from the Swedish Code of Corporate Governance during 2010.

General Meeting

The shareholders' right to make decisions regarding the Company's affairs is exercised at the general meeting of shareholders which is the Company's highest decision-making body. An ordinary general meeting (the Annual General Meeting) is to be held within six months of the end of the financial year. In addition thereto extraordinary general meetings may be convened. At the general meeting, the shareholders can exercise their right to make decisions concerning Sobi's internal affairs; for example as regards election of Board of Directors and auditors, resolutions on dividends, adoption of the income statement and balance sheet, discharge from liability of the members of the Board of Directors and the CEO, fees for the Board and auditors and other matters to be considered at the general meeting according to the Articles of Association. All shareholders registered in the shareholders' register held by Euroclear Sweden on the fifth business day prior to the general meeting, and who have notified the Company of their attendance of the general meeting no later than on the date specified in the notice of the general meeting, have the right to attend the general meeting and vote their holdings of Shares in the Company. According to Sobi's Articles of Association, a shareholder may bring one or two assistants to an Annual General Meeting, but only if a notification has been made in accordance with the instructions given in the notice of the meeting. Resolutions by the general meeting are normally adopted by simple majority; however, the Swedish Companies Act does require a qualified majority for certain matters. The Articles of Association stipulate that the general meeting be held in Stockholm or Solna. Sobi has not found that the composition of the body of shareholders motivates any particular measures to be taken in order for shareholders to be able to follow the Annual General Meeting from another location. Notice to attend the Annual General Meeting and any extraordinary general meetings to resolve upon amendments of the Articles of Association must be issued no sooner than six and no later than four weeks before the meeting. Notice to attend other extraordinary general meetings must be issued no sooner than six and no later than three weeks before the meeting. The notice shall be published in the Swedish National Gazette (Post- och Inrikes Tidningar) and on the Company's website www.sobi.com. It shall be announced in Svenska Dagbladet that the notice has been published. The Annual General Meeting 2011 was held on April 28, 2011 and the minutes of the meeting were published on Sobi's website after the meeting.

Nomination Committee

The Nomination Committee's duties include submitting proposals to the Annual General Meeting regarding a Chairman of the meeting, election of the Chairman of the Board and other Board Members, compensation to the Chairman and other Board members (including compensation for committee assignments if any), and, where applicable, proposals for auditors, alternate auditors, and auditors' fees. Further, the Nomination Committee shall propose instructions for the Nomination Committee before the next annual general meeting. In accordance with the instructions adopted by the Annual General Meeting held on April 28, 2011, the Nomination Committee shall consist of four members, three of whom shall represent the Company's three largest shareholders, based on shareholders statistics from Euroclear Sweden as per the last banking day in August 2011. The fourth member shall, in accordance with the same resolution, be the Chairman of the Board. The composition of the Nomination Committee shall be made public no later than six months prior to the Annual General Meeting 2012. The Nomination Committee currently consists of Petra Hedengran (Investor), Roger Johansson (Skandia Liv), Åsa Nisell (Swedbank Robur Fonder) and Bo Jesper Hansen, the Chairman of the Board.

Composition of the Board of Directors

Pursuant to the Swedish Companies Act (2005:551), the Board of Directors of a public company shall comprise not less than three members. According to the Company's Articles of Association, the Board is to consist of no fewer than three and no more than twelve members. At the Annual General Meeting held on April 28, 2011 it was resolved that the Board shall have six members elected by the general meeting. The Board has the following composition: Bo Jesper Hansen (Chairman), Adine Grate Axén, Helena Saxon, Hans GCP Schikan, Hans Wigzell, Lennart Johansson, Catarina Larsson (employee representative) and Bo-Gunnar Rosenbrand (employee representative), Pia Axelson (deputy for the employee representatives) and Karin Bergendal (deputy for the employee representatives).

The Board's responsibilites and duties

The task of the Board of Directors according to the Swedish Companies Act is to be responsible for the Group's organization and management, and to ensure that bookkeeping, management of funds and financial conditions in general, are satisfactory. The Board shall make decisions regarding general goals, strategies, financial structure, policies, the appointment of the CEO and remuneration to the management, acquisitions, sales and major capital expenditures. The Board approves and adopts the Annual Report and Interim Reports, and is responsible for proposing dividends, if any, to the annual general meeting. In addition, the Board shall evaluate the work of the CEO and management, and ensure that efficient systems and procedures are in place for the follow-up and supervision of the operations and the financial position in relation to established goals. The basis for these tasks is the Board's formal work plan, which the Board has adopted, and the instructions to the CEO, and the principles for the allocation of duties between the CEO, the Board of Directors and various committees that the Board has established. The Board meets at least five times a year, usually in connection with the annual general meeting and the publication of the Interim Reports and the year-end report. Additional meetings or telephone conferences are scheduled as necessary. During at least one of the Board meetings per year, the Board carries out an in-depth strategic review of the operations. Within the Board there are committees for auditing, compensation and benefits and scientific matters. These have been established to streamline the work of the Board by preparing certain issues before the Board takes them up for review. The members of the committees are appointed at the inaugural Board meeting, and working instructions for the committees are included in the Board's formal rules of procedure. At the Board meetings, recurring matters that are dealt with include the follow-up of general operational goals, financial updating, updating of the Research and Development portfolio and of other operations as well as the reports from the committees. In addition to these matters, a large part of the Board's time is spent on matters concerning capital expenditure, acquisitions, and in-licensing and out-licensing of drug projects and products. The duties of the Chairman of the Board, apart from leading the Board in its work, include monitoring the development of the Company and ensuring that important matters in addition to those already on the agenda are brought up for consideration as necessary. The Chairman shall also ensure that constructive and active discussion is held prior to important decisions, and that the various Members of the Board and their competences are, in this regard, brought to expression in a fruitful way and properly made use of. The Chairman shall consult with the CEO regarding strategic matters, participate in important external contacts and represent the Company with regard to ownership matters. The Chairman is also responsible for ensuring that the work of the Board is regularly evaluated and that new directors receive adequate training. The Chairman is employed by the Company as working chairman. His duties are, in addition to those that follow from the Swedish Companies Act and the Swedish Code of Corporate Governance, *inter alia*, to represent the Company against partners and other privies within the pharmaceutical field and to be actively involved in acquisition and contract negotiations.

Compensation and Benefits Committee

Sobi's Compensation & Benefits Committee has three members: Bo Jesper Hansen (Chairman), Hans GCP Schikan and Helena Saxon. Hans GCP Schikan and Helena Saxon are independent in relation to the Company and the management. The Company's Human Resources Directos is the committee secretary but is not a member. The Compensation & Benefits Committee's duties are to propose guidelines and principles for the Company's remuneration programs. This task involves reviewing and making proposals for remuneration to the senior management and proposals for long-term incentive programs, pension plans and other matters pertaining to the remuneration of the Company's employees. In addition, the Compensation & Benefits Committee shall continuously monitor and evaluate ongoing and during the year terminated incentive programs for the senior management, the application of the guidelines for remuneration to senior management and current remuneration structures and remuneration levels in the Company. For details on salaries and benefits of the CEO and senior management, see the heading *Remuneration to Board members and senior management*.

Audit Committee

Sobi's Audit Committee consists of three members: Lennart Johansson (Chairman), Adine Grate Axén and Helena Saxon. Adine Grate Axén is independent in relation to the Company, the management and major shareholders. The Company's CFO, Lars Sandström, is the committee secretary but is not a member. The Committee's main duties are to handle the Company's accounting, financial, reporting and audit matters, and matters regarding internal control within the Company. The responsibilities of the Committee include an annual discussion of the proposals from the auditors regarding the scope and methods of the audit, reviewing in advance any proposed changes in auditing principles and adjustments of accounting documents that affect the financial reporting, consulting with the management and the auditor regarding compliance with laws and regulations involving financial matters, and annually reviewing the fees to the Company's auditors.

Scientific Committee

Sobi's Scientific Committee consists of three members; Hans Wigzell (Chairman), Bo Jesper Hansen and Hans GCP Schikan. Hans GCP Schikan and Hans Wigzell are independent in relation to the Company, the management and major shareholders. The Committee's tasks include advising on scientific matters, evaluating the Company's research strategies, and following up and reporting to the Board on scientific trends and new areas of research.

Remuneration to Board Members and Senior Management

Fees and other remuneration to Board members

Fees to the members of the Board of Directors are determined at the Annual General Meeting based on proposals from the Nomination Committee. In 2010, fees to the Board members of in total SEK 2,062,000 were paid (including fees for committee work), of which SEK 0 were paid to the Chairman. According to a resolution by the Annual General Meeting on April 28, 2011 fees to the Board members shall be paid for the period until the end of the next Annual General Meeting, with SEK 250,000 to each of the Board members, SEK 75,000 for work in the Audit Committee to the committee's Chairman and SEK 40,000 to the other members of the committee, and SEK 50,000 for work in the Scientific Committee to the committee's Chairman and SEK 25,000 to the other members of the committee. The Chairman of the Board shall, however, not receive any board fees or fees for work in any committee. No fees are payable for work within the Compensation & Benefits Committee.

In December 2010, the Company entered into a temporary employment agreement with the Chairman of the Board, Bo Jesper Hansen, under which Bo Jesper Hansen shall perform the tasks specified in guidelines and instructions adopted by the Company's Board of Directors or CEO. The employment agreement runs until January 2013, with a mutual notice period of six months in case of early termination. Under the agreement, Bo Jesper Hansen is entitled to a monthly compensation of approximately DKK 565,331, including pension, and during twelve months following the termination of the employment, he is bound by a non-compete restriction, for which he receives compensation corresponding to the difference between his fixed monthly salary from the Company upon termination of the employment and the (lower) income which he subsequently earns in a new business.

Guidelines for remuneration to senior management

In this context, senior management means Sobi's CEO and the, from time to time, to the CEO reporting managers who are also members of the senior management, and Board members to the extent that an employment or consulting agreement is concluded. The below guidelines for remuneration to senior management were established at the Annual General Meeting on April 28, 2011.

Sobi shall offer terms in accordance with market practice that enable the Company to recruit and maintain competent employees. Remuneration to senior management may consist of a fixed salary, variable salary, pension and other standard benefits. Long-term incentive programs are offered as a complement to the above and are presented to the Annual General Meeting for approval. Remuneration is mainly based on the individual's position within the Company, performance and the extent to which the individual and the Company have reached predetermined targets.

The fixed salary of the CEO and the other senior executives shall be on market terms and shall reflect the requirements and responsibilities the work entails. The fixed salary of the CEO and the other senior executives is revised once a year, on January 1. To the extent a Board member performs work on the Company's or another group company's behalf, in addition to the Board work, consultancy fee and/or other compensation for such work may be payable.

The variable salary of the CEO and the other senior executives shall be based on the Company's fulfillment of predetermined targets. These targets are set to promote the Company's/the group's development, value creation and financial growth in the long term, and shall be formulated so that they do not encourage excessive risk-taking. The variable salary shall amount to a maximum of 50 percent of the fixed salary for the CEO and to 30–50 percent of the fixed salary for the other senior executives.

Long-term incentive programs may be a complement to the fixed salary and the variable salary. Program participants are nominated due to, *inter alia*, competence, performance and for the purpose of retaining key employees in the Company. The outcome depends on how certain predetermined performance criteria are met. The objective of having long-term incentive programs shall be to create a long-term commitment in Sobi, to enable the participants to take part of Sobi's long-term success and value creation, as well as to create opportunities to attract and retain senior executives and key employees. For further information on Sobi's incentive programs, see the heading *Incentive programs*.

The pension benefits of the CEO and the other senior executives shall primarily consist of defined contribution plans, but can also be defined benefits under collective agreements.

Employment contracts for senior executives can be terminated with a mutual notice period of maximum six months. The fixed salary during the notice period and the severance pay, including compensation for any non-compete undertaking, shall together not exceed an amount equal to the fixed salary for two years. Upon termination by the Company, severance pay for a maximum of eighteen months will be paid. In the event of a significant change

in the business, the employee has the right, under certain circumstances, to terminate his or her employment with entitlement to severance pay as described above, for a maximum of twelve months. The CEO shall be entitled to a severance payment equivalent to eighteen months' salary in the event of termination of employment due to a change of ownership in the Company, as a result of which more than 50 percent of the shares in the Company are owned by one single shareholder. The total severance pay is, however, for all members of the senior management, limited to the applicable salary for the remaining months up to the age of 65.

The Board has the right to deviate from the guidelines above if it determines that there in a particular case are special reasons that justify a deviation. The Board has, in accordance with the guidelines adopted by the Annual General Meeting 2010, deviated from these guidelines by entering into an employment contract with the Chairman of the Board.

Remuneration to the CEO and the other members of senior management

The remuneration to the CEO and the other senior executives shall be resolved by the Board of Directors after preparations by the Compensation & Benefits Committee, pursuant to the guidelines for remuneration to senior management adopted by the Annual General Meeting.

Fixed and variable salary

The CEO and the other senior executives receive a fixed salary and in addition thereto a variable salary, which is set according to a system determined by the Board. The variable salary is based 100 percent on company related objectives and can amount to a maximum of 25–50 percent of the individual's fixed salary. The variable salary is paid annually as a cash payment for the previous year. For most of the senior executives, the variable salary is also pensionable income. The expected outcome is reconciled regularly throughout the year, and reserves are adjusted monthly.

Pension benefits

The CEO's pension plan is a defined contribution plan and amounts to 30 percent of the annual salary.

The employees in the Company are part of the collectively based pension plan ITP, pursuant to which the pension insurance premiums are paid to the insurance company Alecta. The standard retirement age in the Company is 65 years. The pension benefits are, for most of the senior executives, based on defined contribution plans and amount to 27–35 percent of the pensionable salary (which is maximized at 50 income base amounts). One individual has, however, a defined benefit pension plan. For three individuals, premiums are also paid to the insurance company Alecta for the basic benefits of the ITP-plan.

The former CEO, Martin Nicklasson, has a defined contribution pension plan, amounting to 30 percent of his fixed salary. This pension benefit is also applicable during Martin Nicklasson's notice period.

Incentive programs

The CEO and all other senior executives are covered by the Company's incentive programs. The Company currently has two employee option programs (Employee option program 2006/2011 and Employee option program 2007/2012) and four share programs (Share program 2008, Share program 2009, Share program 2010 and Share program 2011). For further information about the terms of the incentive programs, see the heading *Incentive programs* below.

Termination of employment

The CEO's employment terminates mid June 2011 without any period of notice. The CEO is not entitled to severance pay and will not be bound by any non-compete restrictions upon termination of his employment.

For the other senior executives a mutual notice period of six months applies, except for one person whose employment is limited in time and for whom a mutual notice period of one month applies, and another person for whom a notice period of three months applies if the employee resigns and a notice period of six months applies if the employment is terminated by the Company.

Upon termination of senior executives by the Company, severance pay corresponding to six to eighteen months' salary may be paid (in most cases, bonus payments relating to previous year are included in the monthly salary), except for three persons who are not entitled to severance pay. The severance pay corresponds to a maximum of the salary for the number of months remaining before the employee reaches the retirement age. In case the employee gets another employment during the period when the consideration is paid, the severance pay may in some cases be reduced. Four of the senior executives also have a right to severance pay corresponding to twelve months' salary in case of a change of control of the Company where the employee terminates his employment. For all other senior executives, a non-competition restriction applies during the time they are entitled to severance pay from the Company, however, at least during six months from the termination of the employment.

The former CEO, Martin Nicklasson, has a notice period which runs until June 30, 2012. Martin Nicklasson receives a fixed salary and other benefits during the notice period, but is not entitled to any bonus for 2011 and 2012. After the expiry of the notice period on June 30, 2012, Martin Nicklasson will receive severance pay corresponding to six months' salary to be paid during the period July 1, 2012 – December 31, 2012. Martin Nicklasson is bound by a non-compete restriction which applies until December 31, 2012, and also has the right to keep the options he has been allotted under the Company's Employee option program 2007/2012 and his participation in the Share program 2008.

Other

The acquisition agreement regarding the Company's acquisition of Swedish Orphan International Holding AB includes *inter alia* an undertaking by Swedish Orphan International Holding AB's former CEO Bo Jesper Hansen, currently working Chairman of Sobi, to not compete with the Company or its subsidiaries during a period of three years after the completion of the acquisition, which occurred on January 14, 2010. For this undertaking, Bo Jesper Hansen is entitled to a monthly compensation of approximately DKK 565,000 during the three-year-period, from which, however, deductions shall be made for *inter alia* any compensation Bo Jesper Hansen receives during the same period from the Company or another group company in accordance with employment or consulting agreement.

Remuneration 2010

Remuneration to Board members elected by the General Meeting during 2010.

2010 (SEK)	Remuneration
Chairman Bo Jesper Hansen[1)]	8,687,000
Håkan Åström[2)]	325,000
Mats-Olof Ljungkvist[2)]	100,000
Adine Grate Axén	193,000
Lennart Johansson	217,000
Wenche Rolfsen	275,000
Michael Steinmetz	300,000
Hans Wigzell	275,000
Hans Glemstedt	277,000
Peter Sellei[2)]	100,000
Total	**10,749,000**

1) Bo Jesper Hansen does not receive any fee for his Board assignment, nor any fee for committee work, but is engaged by the Company as executive Chairman and receives a salary of DKK 565,331 per month, including pension. For more information, see the heading Fees and other remuneration to Board members above.
2) Håkan Åström, Mats-Olof Ljungkvist and Peter Sellei formed part of the Board of Directors in the Company up to the Annual General Meeting 2010. The remuneration relates to work performed during this period.

Remuneration to the CEO and the other senior executives during 2010.

2010 (SEK)	Basic salary/fee	Variable salary	Pension cost	Other benefits	Financial instruments etc.	Other remuneration	Total
CEO Martin Nicklasson[1)]	4,860,000	122,000	1,662,000	244,000	907,000	16,633,000	24,428,000
Other senior executives	13,783,000	1,397,000	5,096,000	344,000	4,018,000	–	24,638,000
Total	**18,643,000**	**1,519,000**	**6,758,000**	**588,000**	**4,925,000**	**25,320,000**	**57,753,000**

1) Other remuneration to the CEO include severance pay and termination salary for 24 months.

Incentive programs

Employee option program 2006/2011

In May 2006, 150,000 warrants were issued by Sobi, for the purpose of being used under an employee option program for certain key employees. After recalculations due to the rights issue completed by the Company in 2010, each warrant entitles the holder to subscribe for 3.78 Shares. Under these warrants, the subscription price per Share is SEK 58.21, and the warrants have a term until May 31, 2011. The employee options entitle to a corresponding number of warrants. Earning of warrants has been made by one-third of the total number of allocated warrants per year during the first three years. Employee options and subsequent warrants have been allocated free of charge (without consideration). Allocated employee options will expire and will no longer entitle to warrants if the employment for any reason expires.

No new allocation in the employee option program 2006/2011 has been made during 2010.

Options	March 31, 2011
Outstanding as of December 31, 2010	15,000
Allocated during the period	0
Exercised during the period	0
Returned during the period	0
Outstanding as of March 31, 2011	15,000
Exercisable as of March 31, 2011	15,000

Employee option program 2007/2012

At the Annual General Meeting 2007 it was resolved to introduce the employee option program 2007/2012. Under the employee option program, employee options may be issued with the right to acquire up to 567,000 Shares in the Company. After recalculations due to the rights issue completed by the Company in 2010, each employee option entitles the holder to subscribe for 1.89 Shares in Sobi against payment of an exercise price corresponding to SEK 58.21. The employee options have a term until April 1, 2012. The right to acquire new Shares under the employee option program shall be exercisable by one-third of the total amount of employee options allocated, as from the date falling one year from the allocation date (the "anniversary date") and by an additional one-third as of each of the two subsequent anniversary dates, provided that the holder at such dates is still employed by the Company and has not been given notice of termination of employment. To secure that the Company can fulfill its commitments to the option holders when they exercise their options, the Annual General Meeting also resolved to issue 300,000 warrants to subscribe for Shares to the wholly-owned subsidiary Biovitrum Treasury AB. These warrants will be used by the Company to cover the commitments to the employee option holders when they exercise their options.

Options	March 31, 2011
Outstanding as of December 31, 2010	300,000
Allocated during the period	0
Exercised during the period	0
Returned during the period	0
Outstanding as of March 31, 2011	300,000
Exercisable as of March 31, 2011	300,000

Share programs 2008 and 2009

At the Annual General Meeting 2008 it was resolved to introduce a performance-based, long-term share program, and at the Annual General Meeting 2009, it was resolved to introduce an additional performance-based, long-term share program. The programs have similar terms and conditions. The programs cover senior executives and key employees who are given the opportunity to receive an allocation of Shares in Sobi free of charge. The outcome of the Share program 2008 and Share program 2009, respectively, is dependent on the fulfillment of targets for value creation, determined by the Board of Directors, linked to the total shareholder return for the Share (the share price development adjusted with respect to dividends), during a three-year period from the date of the offer to participate in the program (the performance period). These targets are designated Performance Condition 1 and Performance Condition 2.

Performance Condition 1

For any allocation of Shares to be possible under Share program 2008 and Share program 2009, the total shareholder return for the Share must amount to at least 15 percent during the performance period.

Performance Condition 2

Upon fulfillment of Performance Condition 1, an evaluation is carried out of the total shareholder return for the Share in relation to a group of comparable companies, established by the Board of Directors. As a condition for allocation of Shares, it has been established that a minimum level of the total shareholder return for the Share shall correspond to the median performance for the comparable group. Maximum allocation shall be made if the total shareholder return for the Share corresponds to the upper quartile for the comparable group (the maximum level) or exceeds this level. If the minimum level is reached, an allocation of 35 percent of the maximum number of Shares, in accordance with previous description, will be made. If the total shareholder return for the Share exceeds the minimum level but is lower than the maximum level, a *pro rata* allocation will be made. Allocation of Shares requires that the persons participating in the program are employed within the Group during the entire performance period and have not, at the time of allocation of the Shares, terminated the employment. If all conditions in the Share Program 2008 and 2009, respectively, are met, allocation of Shares will be made free of charge after the expiration of the respective performance period.

Share Program 2008 was implemented at the end of 2008 and the performance period runs from November 26, 2008 to November 25, 2011. The program may involve a total maximum allocation of 422,280 Shares. Share Program 2009 was implemented in June 2009 and the performance period runs from June 10, 2009 to June 9, 2012. The program may involve a total maximum allocation of 314,919 Shares. The number of Shares that may be allocated is, however, subject to customary recalculation provisions.

Share programs 2010 and 2011

At the Annual General Meeting 2010 it was resolved to introduce a performance-based, long-term share program, and at the Annual General Meeting 2011, it was resolved to introduce an additional performance-based share program. The Share program 2010 complies in all material respects with the Share program 2011. The Share programs 2010 and 2011 complies in principal respects with previous years' share programs, but have been modified so that the programs are combined with a requirement that the participants shall invest in Shares and hold these Shares during the entire

earning period of three years. The programs cover senior executives and key employees. Provided that the abovementioned requirements are met, the employees concerned may receive Shares free of charge corresponding to the number of Shares invested in by the employee under the Share program 2010 and 2011 ("Matching Shares"), and may receive additional Shares, depending on whether the Board's determined targets for value creation have been fulfilled ("Performance Shares"). The targets for value creation determined by the Board of Directors are linked to the total shareholder return for the Share (the share price development adjusted with respect to dividends), during a three-year period from the date of the offer to participate in the program (the "performance period").

Performance Condition 1
For any allocation under Share program 2010 or Share program 2011, the total shareholders return for the Share must amount to at least 15 percent during each performance period.

Performance Condition 2
Upon fulfillment of Performance Condition 1, an evaluation is carried out of the total shareholder return for the Share in relation to the total shareholder return of a group of comparable companies, established by the Board of Directors. As a condition for allocation of Shares, it has been established that a minimum level of the total shareholder return for the Share shall correspond to the median performance of the comparable group's total shareholder return. Maximum allocation shall be made if the total shareholder return for the Share corresponds to the upper quartile for the comparable group's total shareholder return (the maximum level) or exceeds this level. If the minimum level is reached, an allocation of 35 percent of the maximum number of Shares, in accordance with previous description, will be made. If the total shareholder return for the Share exceeds the minimum level but is lower than the maximum level, a *pro rata* allocation will be made.

Share Program 2010 was implemented at the end of 2010 and the performance period runs from December 13, 2010 to December 12, 2013. The program may involve a total maximum allocation of 510,547 Shares in Sobi. Share Program 2011 has, as per the date of this Prospectus, not been implemented. The program may involve a total maximum allocation of 939,000 Shares. The number of Shares that may be allocated is, however, subject to customary recalculation provisions.

Mandatory offer

The Swedish Act on Public Takeover Offers on the Stock Market (2006:451) regulates specific situations in which buyout offers must be made. Under the mentioned act, and in the absence of an applicable exemption, any Swedish or foreign legal entity or physical person holding less than 30 percent of the total number of votes in a Swedish company listed on a regulated market within the EEA or on an equivalent market outside the EEA (target company) and who, individually or with related party, through purchase, subscription, conversion or any other form of acquisition of shares in the target company, reaches a shareholding of at least 30 percent of the total number of votes in the target company, must make a public buyout offer for the remaining shares issued by the target company (mandatory offer requirement). In this context a related party means a company within the same group as the purchaser or another physical person or legal entity with whom an agreement has been made to have a common long-term policy through the coordinated exercise of voting rights with a view to achieving a determining influence over the administration of the target company. Short-term cooperation with a view to obtaining control over the target company may also constitute such a relationship. The public buyout offer shall be made within four weeks of the acquisition that gave rise to the obligation to make a mandatory offer unless the purchaser reduces its holding of votes to less than 30 percent during this period. The offer shall also be made to holders of securities other than shares that were issued by the target company if the prices of these securities may be materially affected as a result of a delisting of the target company's shares. In certain circumstances an exemption may be granted from the provisions concerning mandatory offers.

Exemption for Investor AB

Investor AB was, before the Company's acquisition of Swedish Orphan International Holding AB, the largest shareholder in the Company with around 23 percent of the Shares and votes. Investor AB was also indirectly, through Investor Growth Capital, the shareholder and seller of around 42 percent of the shares in Swedish Orphan International Holding AB. Investor Growth Capital received payment for its shares in Swedish Orphan International Holding AB by subscription for Shares in the Company, whereby Investor AB subsequently ended up holding – directly and indirectly – approximately 41 percent of the number of Shares and votes in the Company. Investor AB was exempted by the Swedish Securities Council from the mandatory offer requirement that would otherwise arise as a result of this. However, this exemption shall not apply should Investor AB subsequently acquire further Shares in the Company.

The Annual General Meeting held on April 28, 2011 resolved to approve the Board of Director's resolution on the Rights Issue. Investor AB has by a subscription undertaking undertaken to subscribe for its *pro rata* share of the Rights Issue. Investor AB has been exempted by the Swedish Securities Council from the mandatory offer requirement that may arise as a result of this (Statement 2011:07). However, this exemption shall not apply should Investor AB thereafter increase its number of votes in the Company.

Articles of association

Below, the Articles of Association adopted at the Annual General Meeting 2010 and registered with the Swedish Companies Registration Office, are set out. For a description of the amendments to the Articles of Association, resolved by the Annual General Meeting on April 28, 2011 and intended to be registered with the Swedish Companies Registration Office in connection with the registration of the New Shares subscribed for in the Rights Issue, see the section Share capital and ownership structure under heading Share capital.

Articles of Association
Corp. ID no. 556038-9321

§ 1
The name of the company is Swedish Orphan Biovitrum AB (publ). The company is a public limited liability company.

§ 2
The Board of Directors of the company shall have its registered office in Stockholm.

§ 3
The object of the company's business shall be to carry out research, manufacturing business and trade, mainly within the pharmaceutical industry, and to pursue other business related thereto.

§ 4
The share capital of the company shall be not less than SEK (38,410,000) and not more than SEK (153,640,000).

The number of shares shall be not less than seventy million (70,000,000) and not more than two hundred and eighty million (280,000,000).

Shares may be issued in two series, namely common shares and series C shares. The common shares shall carry one vote and the series C shares 1/10 of one vote each.

The series C shares are preference shares, which entitle the holder to a different distribution of the company's profits than common shares. Series C shares only give entitlement to a fixed annual dividend equal to 10% of the company's distributable profits, calculated on the quota value of the share.

Common shares may be issued in a number of 100% of the total number of shares in the company. Series C shares may be issued in a number of not more than five million (5,000,000) shares.

Should the company decide to issue new common shares and series C shares through cash or set-off issue, holders of common shares and series C shares shall have pre-emptive rights to subscribe for new shares of the same series in proportion to the number of shares already held (primary pre-emptive right). Any shares not subscribed for on the basis of primary pre-emptive rights shall be offered to all shareholders for subscription (secondary pre-emptive right).

If the number of shares offered in this manner is not sufficient for subscription on the basis of secondary pre-emptive rights, the shares shall be distributed among the subscribers in proportion to the number of shares already held or, to the extent that this is not possible, by lottery.

Should the company decide to issue only new common shares or series C shares through a cash or set-off issue, all shareholders shall have pre-emptive rights to subscribe for new shares in proportion to the number of shares already held, regardless of whether their shares are common shares or series C shares

Should the company decide to issue warrants or convertibles through a cash or set-off issue, the shareholders shall have pre-emptive rights to subscribe for warrants as if the issue applied to those shares which may be subscribed for through the exercise of the warrants, or pre-emptive rights to subscribe for convertibles as if the issue applied to those shares for which the convertibles may be exchanged.

The aforementioned shall in no way restrict the company's opportunities to decide on cash issues or set-off issues in deviation of the shareholders' pre-emptive rights.

In the event that the share capital is increased through a bonus issue, new shares of each series shall be issued in such numbers that the proportional relationship between the respective share series is preserved. Existing shares of a certain series shall thus carry entitlement to new shares of the same series. The aforementioned shall in no way restrict the company's opportunities, after making the requisite amendments to the articles of association, to issue shares of a new series through a bonus issue. The company's board of directors has the right to decide on a reduction of the share capital through the redemption of issued series C shares. In the event of a decision for share redemption, the holders of series C shares shall be obligated to hand in their series C shares in return for a redemption amount equal to the quota value of the shares. Payment of the redemption amount shall be made without delay.

A series C share, held by the company itself, may be converted to a common share at the request of the company's board of directors. The conversion shall thereafter be registered with the Swedish Companies Registration Office and is executed when it has been recorded in the Swedish Register of Companies and in the CSD Register.

§ 5
The Board of Directors of the company shall consist of not less than three and not more than twelve members.

§ 6
For the purpose of reviewing the Board of Directors' and the Chief Executive Officer's management of the company, respectively, as well as the company's accounts, the annual general meeting of shareholders shall elect auditor, deputy auditor or a registered public accounting firm.

§ 7
The financial year of the company shall be calendar year.

§ 8
Notice of a general meeting shall be announced in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and on the company's website. It shall be announced in Svenska Dagbladet that a notice to a general meeting has been made.

A shareholder who wishes to participate at a general meeting of shareholders shall be listed in a print-out, or other report of the entire share register regarding the circumstances five weekdays before the general meeting, and shall notify the company of his/her intention to attend the meeting not later than 4 pm on the day stated in the notice of the general meeting of shareholders. Such day shall not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and shall not occur earlier than on the fifth weekday before the general meeting.

A shareholder may bring one or two assistants to the general meeting, but only if the shareholder has made a notification thereof in accordance with the provisions set forth in the paragraph above.

§ 9
A general meeting of shareholders shall be held in Stockholm or Solna.

§ 10
An annual general meeting of shareholders shall be held annually within six months after the end of the financial year.

The chairman of the Board of Directors or the person appointed by the Board of Directors shall open the annual general meeting of shareholders and lead the negotiations until a chairman of the meeting is elected.

The following matters shall be addressed in the course of the annual general meeting of shareholders:

1) Election of chairman of the meeting
2) Preparation and approval of voting list
3) Approval of the meeting's agenda
4) Election of one or several persons to verify the minutes
5) Determination of whether the meeting has been duly convened
6) Presentation of the annual report and the auditor's report and, if applicable, the consolidated accounts and the auditor's report for the group
7) Resolutions
   a) regarding adoption of the income statement and the balance sheet and, if applicable, the consolidated income statement and the consolidated balance sheet
   b) regarding appropriation of the company's profit or loss in accordance with the adopted balance sheet
   c) regarding discharge of the members of the Board of Directors and the Chief Executive Officer from liability
8) Determination of remuneration to be paid to the members of the Board of Directors and, if applicable, to the auditors
9) Determination of the number of directors and, if applicable, the number of auditors and deputy auditors
10) Election of the chairman and the members of the Board of Directors and, if applicable, auditor, deputy auditor or registered public accounting firm
11) Other matters, which are set out in the Swedish Companies Act or the articles of association.

§ 11
At a general meeting of shareholders, each person may vote for the full number of shares owned and represented by him/her without any limitation in voting rights.

§ 12
The shares of the company shall be registered in a record day register in accordance with the Swedish Financial Instruments Act (1998:1479).

Legal matters and miscellaneous information

Significant agreements

Agreement with Pfizer for ReFacto AF®/Xyntha®

The Company has a supplier agreement with Pfizer[1] for the pharmaceutical substance ReFacto AF®, which is sold under the name Xyntha® in the United States. The agreement gives Sobi exclusive right to produce this pharmaceutical substance, which previously also was sold in a similar form under the name ReFacto®. The agreement contains certain minimum purchase undertakings for Pfizer. The agreement was extended in 2008 until December 31, 2015. The Company also has a purchase and license agreement with Pfizer under which Sobi has the right to royalties on Pfizer's global sales of ReFacto AF®/Xyntha®. Pfizer has the right to cancel its commercialization of ReFacto AF®/Xyntha® with 60 days' notice at any time after consulting Sobi, whereupon Sobi can choose take back the contractual product, license, patent and technology rights for ReFacto AF®/Xyntha®. Under a co-promotion agreement, entered into with Pfizer in August 1997, Sobi has also co-promotion rights in the Nordic countries for ReFacto AF®/Xyntha®. The Company receives a certain commission based on the total net sales in the Nordic region. The agreement, which remains in force until such time as Pfizer's royalty payment obligations under the above purchase and license agreement expire, contains the standard cancellation clauses.

Agreement with Amgen for the acquisition of Kepivance® and Stemgen® and an exclusive license for Kineret®

The agreement with Amgen, which was entered into in September 2008, implies that the Company assumes Amgen's global rights, proprietary and licensed, for Kepivance® and Stemgen®, and obtains an exclusive license for patents, know-how and brands for Kineret® regarding the treatment of certain indications.

In connection with the acquisition, a number of commitments of potential payments were included in the agreement. Under an agreement between the parties in March 2010, the Company was exonerated from obligation to pay certain milestone payments upon payment of a lump sum. The remaining payment obligation concerns the event when a specific accumulated sales target is achieved for the original product version of Kineret® before December 2020, in which case the Company shall pay another USD 55 million in compensation to Amgen. This is expected to occur in the latter part of 2012.

According to the license agreement for Kineret®, no royalty is payable in addition to the sum paid by the Company in connection with the acquisition. However, under the acquisition agreement, there is a profit sharing arrangement related to the products Kineret® and Kepivance® that will become effective once the revenues after the acquisition have reached a certain level. Under the license agreement regarding Kineret®, the Company further assumes the obligations (including royalty payments) under certain license agreements between Amgen and holders of the original rights to Kineret®. The license agreement may be terminated by Amgen if the Company fails to fulfill the terms of license agreements with the original rights holders or fails to fulfill its marketing commitments to Amgen.

License agreement for Orfadin®

In May 2003, the Company entered into an exclusive license agreement with Syngenta Limited for patents and know-how rights for Orfadin® (nitisinone). Under this agreement, the Company has the right to manufacture, use and sell nitisinone all over the world for treatment of HT-1 and other indications for which the status of orphan drugs are obtained. Under the agreement, the Company must pay reasonable compensation to two of the product developers and to the University of Gothenburg. The Company has therefore entered into agreements with these parties, under which the Company pays a certain part of the net sales of Orfadin® to each of them. The agreements will expire when the patent protection for Orfadin® expires in each country, which will be between 2012 and 2014.

Distribution agreement for Orfadin®

The Company has entered into a distribution agreement with Rare Disease Therapeutics ("RDT"), which gives RDT exclusive rights to market, sell and distribute Orfadin® in North and South America. Under the agreement, RDT purchases the product from the Company at a certain percentage of RDT's selling price, which is determined by RDT. The agreement runs for an indefinite period. By a sponsoring agreement, entered into in March 2009, the Company transferred its marketing authorization and orphan drugs status for Orfadin® in the United States to RDT. The transfer may, however, under certain conditions be cancelled.

Agreement with Biogen Idec on co-development and commercialization

In January 2006, the Company entered into an exclusive agreement with Biogen Idec on co-development and commercialization of recombinant factors, including a FC-protein fusion method. The agreement was renegotiated in February 2010. Biogen Idec shall develop and manufacture the products (rFVIIIFc and rFIXFc) in consultation with the Company and is responsible for applications

1) All agreements regarding ReFacto® were originally entered into with Genetics Institute (later Wyeth), which was acquired by Pfizer during 2009. On December 1, 2009, Wyeth's rights and obligations under the agreements were transferred to Pfizer AB.

for marketing authorizations for the products within the European Union and the United States. The Company has the right to take over the marketing rights within Europe (including in Russia and Turkey), North Africa and the Middle East upon payment of a lump sum (EUR 10 million for each product) and a certain percentage of the net sales revenues. The company intends to make a decision within the next 12 months as regards the potential acquisition of such rights.

The Company and Biogen Idec jointly own the intellectual property rights which result from the co-development. Both parties have granted the other a worldwide exclusive royalty-bearing license to their respective intellectual property rights which are required or which are useful for the development or commercialization of the products. Each party has the right to terminate the agreement with six months' notice or with 60 days' notice following a substantial contractual breach which is not corrected within 60 days. The remaining party acquires the other party's interests and obtains an exclusive right to continue the activities which are regulated in the agreement, upon payment of a certain percentage of the net sales revenues to the other party.

Agreement with Symphogen regarding co-development etc.

In January 2006, Sobi entered into an exclusive co-development, delivery and license agreement with Symphogen for preclinical and clinical development, production and commercialization of a recombinant anti-Rhesus D-polyclonal antibody for the treatment of both ITP (idiopathic thrombocytopenic purpura) and prevention of Rh-immunity which can result in HDN (hemolytic disease of the newborn). For strategic reasons in order to fully focus on the other development programs, the Company terminated the agreement in December 2010. Under the agreement, the Company is entitled to royalties related to Symphogen's potential future products. The Company and Symphogen are now in discussions concerning the Company's obligation to produce certain material for Symphogen's clinical trials.

Agreement on the acquisition of Arexis AB

In August 2005, Sobi acquired all outstanding shares in Arexis, which *inter alia* included Kiobrina®. In addition to a cash payment which was made in connection with the acquisition, the contract contains an obligation for Sobi to make additional payments when certain milestones are reached. Such payments can be made by cash and through an issue of Shares in Sobi. The Company has made milestone payments of approximately SEK 60 million in total. Sobi may to make additional milestone payments to the former owners of Arexis, which under the agreement amount to a total maximum of SEK 307.5 million in cash and approximately SEK 5.8 million Shares in Sobi. The Shares which may be used as payment, will need to be approved at a general meeting of Sobi or may be issued based on a Board mandate, although payment can be made in cash if the issue does not occur. For a description of the milestone payments that in the Company's view are still outstanding, see the section *Capitalization and other financial information* under heading *Net debt*. For further information relating to the dilution effects of such an issue, see the section *Share capital and ownership structure* under heading *Other commitments*. For a description of claims made by the former owners of Arexis, see the heading *Disputes*.

Agreement on the acquisition and sale of Cambridge Biotechnology Limited

In April 2005 Sobi acquired all outstanding shares in Cambridge Biotechnology Limited ("CBT"). In addition to a cash payment which was made in connection with the acquisition, Sobi issued convertibles, of which the greater part has been converted into Shares in Sobi. In November 2009, CBT, including two projects in preclinical phase (VAP-1 and TrkA) and two clinical projects (5-HT2c and 5-HT6), was sold to Proximagen Neuroscience Plc ("Proximagen") Prior to the completion of the sale, two projects, A2A and Leptin, were transferred from CBT to Sobi. Since the attempts to dispose of the A2A project have not been successful, a retransfer of the project from Sobi to the sellers of CBT, in accordance with the terms of the original acquisition agreement, was made. The Leptin project was sold to AstraZeneca in December 2009.

Under the agreement with Proximagen, the Company is entitled to future royalty payments based on the sales of any products developed in the 5-HT2c-project. Under the agreement with AstraZeneca, the Company is entitled to future milestone payments related to the development of the Leptin project.

Agreement on the acquisition of Swedish Orphan

On November 5, 2009, Sobi announced that the Company had entered into an agreement regarding the acquisition of all the shares and warrants in Swedish Orphan International Holding AB ("Swedish Orphan"). The acquisition was approved at an extraordinary general meeting in the Company held on December 4, 2009, and was completed on January 14, 2010. The total consideration amounted to SEK 3,656 million, and an earn-out payment of up to SEK 425 million upon achievement of defined sales targets related to Multiferon®. The consideration was partly paid with newly issued Shares in Biovitrum and partly in cash. The sellers were Investor Growth Capital, Priveq and certain, at that time, members of management of Swedish Orphan. The acquisition agreement includes certain representations and warranties given by the sellers regarding the transferred shares and warrants and the circumstances of Swedish Orphan. For a period of six months from the completion of the acquisition, potential warranty claims

could be addressed to the sellers. However, as regards breaches of certain fundamental warranties, the relevant warranty period is 12 months from the completion of the acquisition. The sellers' liability for warranty claims is limited to a certain percentage of the cash part of the consideration. The agreement includes a non-compete covenant restricting Bo Jesper Hansen from competing with the business of the Company or its subsidiaries for a period of three years from the closing of the acquisition, for which compensation is paid to Bo Jesper Hansen, see the section *Corporate Governance* under heading *Remuneration to the CEO and the other members of senior management*.

Agreement with Boehringer Ingelheim and Patheon regarding manufacturing of Kineret®

In September 2009, the Company entered into a long-term supply and technology transfer agreement with Boehringer Ingelheim for commercial manufacturing of the active pharmaceutical substance in Kineret® (anakinra). Under the agreement, the manufacturing of anakinra, which is currently performed by Amgen in the United States and South America, shall be transitioned to Boehringer Ingelheim in accordance with a time schedule agreed by the parties. On certain grounds, the Company may postpone the transition of the manufacturing, but it is the parties' intention that the manufacturing shall begin during 2011.

In 2009 the Company also entered into a technology transfer and manufacturing agreement with Patheon UK Limited regarding manufacturing of the converted pharmaceutical product. Under the agreement, the active pharmaceutical substance manufactured by Boehringer Ingelheim be delivered to Patheon in the United Kingdom for conversion to the final product. During 2010 the manufacturing of Kineret® (both the active pharmaceutical substance and the converted pharmaceutical product) has continued to be performed by Amgen under a temporary agreement between the Company and Amgen. The Company believes that its stock of the active pharmaceutical substance that used to be manufactured by Amgen is sufficient in the event of certain delays in the start-up of the production by Boehringer Ingelheim.

Under the new agreement with Boehringer Ingelheim, the Company has undertaken to pay EUR 10 million to Boehringer Ingelheim for technology transfer services and to acquire the active pharmaceutical substance in accordance with an agreed price per unit (based on weight). The Company is responsible for obtaining all the necessary marketing authorizations, and for stability tests and final tests. Boehringer Ingelheim is responsible for the procurement of raw materials, for obtaining necessary permits for manufacturing before the production of the active pharmaceutical substance in Kineret® is initiated, and for the manufacturing being carried out in accordance with applicable regulatory and quality requirements. Under the agreement, Boehringer Ingelheim obtains all intellectual property rights as regards improvements of the Company's manufacturing processes, while the Company obtains an exclusive license for such rights. The term of the manufacturing agreement is up to and including September 2016, and in the event of early termination by the Company, certain agreed compensation shall be paid to Boehringer Ingelheim.

Lease agreements

The Company rents, in accordance with lease agreements entered into 2006–2008, facilities in the property Haga 4:35, Solna municipality, from Akademiska Hus, which are the Company's head office. The lease terms differ to certain extent for different parts of the facilities and the lease periods (excluding extension) run until 2025 to 2027. The notice period is in all cases two years for both parties. The Company also rents industrial facilities in the property Paradiset 14, Stockholm municipality, from Prudential Property Investment Management. The lease agreement was entered into in July 2004 and runs to 2019 with two years' notice period for both parties.

Credit agreements

Provided that the Rights Issue provides SEK 540 million to the Company (after deduction of costs for the Rights Issue), the Company's renegotiated credit agreement (the "Credit Agreement") with Svenska Handelsbanken AB (publ) will enter into force in connection with the Rights Issue. The new Credit Agreement will result in more favorable terms for the Company, including reduced interest expenses. By the Credit Agreement, the Company will have access to a revolving credit facility/overdraft credit facility in the amount of SEK 500 million ("Revolving Credit Facility"). Furthermore, the Credit Agreement documents an outstanding long-term credit, which after the Rights Issue will amount to SEK 700 million and which shall be amortized in an amount of SEK 175 million per year from 2013 until the final expiry date occurring in November 2016. The Revolving Credit Facility is planned to, immediately following the Rights Issue, be unutilized and may be continuously drawn until one month prior to its final expiry date on October 1, 2015. In order for the Credit Agreement to enter into force with its new terms and the new allocation between outstanding long-term loans and the Revolving Credit Facility, the Company shall in connection with the effective date, repay SEK 236 million on the outstanding long-term loan and ensure that the existing short-term overdraft facility is unutilized upon the effective date. The Company and certain of its subsidiaries have provided security for the Company's obligations under the Credit Agreement, in the form of pledges of subsidiary shares and, in certain cases, floating charges and real estate mortgages. In connection with the effectiveness of the new terms,

existing floating charge certificates of an additional amount of SEK 220 million shall be provided as security. The Credit Agreement includes undertakings, prohibitions (including *inter alia* a provision prohibiting the Company from buying back its own Shares or make investments exceeding SEK 100 million per calendar year, except for investments fully financed with new equity from shareholders, without the bank's permission) and financial covenants, which may limit the Company's use of capital, and contains provisions on mandatory prepayment of the loans.

Disputes

With the exception of what is stated below, the Company is not, nor has it been over the past twelve months, involved in any dispute or arbitration proceeding that can be considered to have a material adverse effect on the Company's business, results or financial position. The Board of Directors knows of no dispute or arbitration proceeding that could arise and that would have a material adverse effect on the Company's business, results and financial position.

The Swedish Tax Agency has claimed at the Administrative Court in Stockholm that the Company shall be taxed for an amount of approximately SEK 234.5 million based on the application of the Swedish Tax Evasion Act regarding a disposal of real property (Paradiset 14) through a limited partnership (Sw. *kommanditbolag*). According to the Swedish Tax Agency, the Company shall be taxed for a capital gain of approximately SEK 234.5 million due to the disposal of the real property to Nya Paradiset KB. The Administrative Court has approved the Tax Agency's position in a court ruling on March 3, 2011 and raised the Company's taxable income with an amount of approximately SEK 232.2 million for the tax assessment year 2005. The Company is of the opinion that it has not acted contrary to the purpose of the legislation in the way that the Swedish Tax Agency and the Administrative Court have asserted. The Company has therefore appealed against the ruling.

In addition, the Company has appealed against the Swedish Tax Agency's decisions, following a reassessment of the tax assessment years 2006–2008, to raise the Company's income tax assessment. The appeal is directed towards approximately SEK 49 million and levied tax penalties of approximately SEK 8 million. Further, the Company has appealed against a refused deduction of input VAT of approximately SEK 10 million and levied tax penalties of approximately SEK 2 million. The cases have not yet been decided by the Administrative Court.

The sellers of the pharmaceutical company Arexis, which was acquired in August 2005, have made claims against Sobi of approximately SEK 325 million with the assertion that Sobi has not fulfilled its obligations under the share purchase agreement that was entered into in connection with the acquisition. The sellers have recently initiated arbitration proceedings concerning parts of the abovementioned claims. In that part, the claim amounts to approximately SEK 117 million. At the same time, the sellers have initiated an, in the agreement regulated, expert review concerning the other claims. Sobi denies all claims and has not made any reservation in respect of the dispute.

Insurance

The Company has insurance policies for its business operations with coverage up to the full value of the plants, equipment and other assets, and also covering interrupted operations. The Company also has insurance coverage for product liability and clinical trials as well as liability insurance for the Chief Executive Officer and the Board of Directors. The Company believes that these insurance policies and amounts are standard for the industry and the geographical areas where the Company operates. For certain risks relating to the Company's insurance cover, see the section *Risk factors* under heading *Product Liability*.

Operations requiring permits

Sobi conducts certain operations that require permits, mainly as regards manufacturing, importing, marketing, selling and clinical trials relating to pharmaceuticals. The Board of Directors believes that the Company is in compliance with applicable rules and has the required permits and/or approvals for the Company's operations. For an overview of the relevant legislation and regulations, see the section *Description of Swedish Orphan Biovitrum* under heading *Legislation and regulation*.

Environment

Sobi is active in research and development of protein pharmaceuticals and has manufacturing operations at facilities in Sweden. The Company is therefore subject to among others the rules in the Swedish Environmental Code. The Company believes that in all essentials it is in compliance with environmental, health and safety legislation and regulations. The health and safety of the employees and protecting the public's health and the environment are priorities for Sobi. Compliance with current regulations has so far not had an adverse effect on Sobi's competitiveness or business. However, the Company cannot predict the effects of future regulations.

Transactions with related parties

In November 2009, the Company entered into an agreement regarding acquisition of Swedish Orphan from Investor Growth Capital, Priveq and certain, at that time, members of management of Swedish Orphan, among others Bo Jesper Hansen, now Chairman of the Board of Directors of the Company, and Kennet Rooth, now temporarily appointed CEO in the Company. See heading *Agreement on the acquisition of Swedish Orphan* above.

In 2007 the Company granted loans to certain members of senior management in a total amount of SEK 153,000. The loans carry no interest and mature on the first of the following occasions:

(i) the day the borrower resigns his/her position with the Group, (ii) May 31, 2011 when the warrants in the 2006/2011 employee option program expire or (iii) the day the borrower receives the issued Shares upon exercise of all of the borrower's warrants to subscribe for Shares under the 2006/2011 employee option program. The borrower is annually charged a benefit equivalent to the loan amount, multiplied by the government loan interest plus one percentage point per year, which corresponds to the provisions of the Swedish Income tax Act (1999:1229) on valuation of loans in Swedish currency with a fixed interest rate in relation to the market interest or interest-free loans. The benefit is valued as of the date the loan is entered into and is updated annually.

The Company Orfacare, which is related to the Chairman of the Board of Directors, provides consultancy services regarding the acquisition, marketing and distribution of products from Sobi in, *inter alia*, Switzerland and Austria. The consultancy costs amounted to SEK 3.1 million during 2010 and to SEK 1.0 million during the first quarter 2011.

In 2011, the Company has entered into a consultancy agreement with Investor AB, under which Investor AB, if necessary, will make available Johan Bygge, the current CFO of Investor AB, to assist the Company's Board of Directors in strategic and financial issues. As compensation for these services, the Company shall pay a fee of SEK 50,000 (excluding VAT) per month to Investor AB.

In addition, subscription undertakings and lock-up undertakings have been entered into by certain of the Company's shareholders and members of senior management and Board of Directors as described under the headings *Subscription undertakings and Underwriting Agreement and Lock-up undertakings* below.

With the exception of the loans to senior management described above, all of the transactions with related parties stated above have been conducted on market terms.

Subscription undertakings and Underwriting Agreement

Subscription undertakings

Investor AB (office address SE 103 32 Stockholm, Sweden) and Bo Jesper Hansen, the Chairman of the Board of Directors of the Company, have by subscription undertakings dated March 28, 2011, undertaken to, subject to certain conditions, subscribe and pay for their *pro rata* shares of the Rights Issue, which corresponds to approximately 40.57 percent and 3.35 percent, respectively, of the Rights Issue. Each subscription undertaking is conditional on, *inter alia*, the Rights Issue being fully guaranteed and that the Underwriting Agreement is not terminated by any of the Underwriters before the last day of the Subscription Period. Also, Investor AB's subscription undertaking is conditional on Bo Jesper Hansen's subscription undertaking not being terminated, and vice versa. No compensation is payable in connection with the subscription undertakings.

Underwriting Agreement with the Underwriters

On March 28, 2011 the Company entered into an Underwriting Agreement with the Underwriters with respect to the Rights Issue. Subject to certain conditions, the Underwriters have under the Underwriting Agreement, individually and not jointly, undertaken to subscribe for their in the Underwriting Agreement specified portions of the New Shares not subscribed for during the Subscription Period, at a total amount not exceeding approximately SEK 357 million. As compensation for the Underwriters guaranteeing the Rights Issue under the Underwriting Agreement, the Company has undertaken to (i) pay a underwriting fee to the Underwriters of approximately SEK 10.7 million and (ii) in addition compensate the Underwriters for costs relating to legal advice and other expenses arising in connection with the Rights Issue. Under the Underwriting Agreement, the Company has provided the Underwriters with representations, warranties and indemnities customary for this type of agreement. In addition, the Underwriting Agreement contains customary termination provisions to the benefit of the Underwriters, such as the right to terminate the agreement if the Company breaches its representations and warranties and upon the occurrence of certain negative events affecting the prerequisites (financial or other) or outlook of the Company, or the financial markets in general. The Underwriting Agreement may be terminated up to the day when payment is made to the Company for the New Shares subscribed for by the Underwriters, which is expected to occur around June 3, 2011. Under the Underwriting Agreement the Underwriters' undertakings are subject to certain customary conditions, for example, that the Underwriters will receive legal opinions and a comfort letter from the Company's auditors with respect to the Rights Issue and that the Swedish Financial Supervisory Authority approves the Prospectus. In addition, the Underwriters' undertakings are conditional upon Investor AB and Bo Jesper Hansen, who have undertaken to subscribe for their *pro rata* shares, fulfilling their respective subscription undertaking no later than on the date when the Company will announce the outcome of the Rights Issue. These undertakings are described above. The Company has also made certain other undertakings under the Underwriting Agreement, including not to implement a capital increase, issue or disposal of Shares or certain share-related instruments, or enter into a swap transaction, which would have the effect of transferring the economic rights related to the Shares (with certain exceptions, including the issuance or transfer of shares under the Company's incentive programs), without prior written consent from the Underwriters, from the day the Underwriting Agreement was entered into, until 180 days after the announcement of the outcome of the Rights Issue.

Undertakings not secured

The underwriting and subscription undertakings as described above are not secured. Consequently, there is a risk that one or more of Investor AB and Bo Jesper Hansen or the Underwriters will not be able to fulfill their respective underwriting or subscription undertakings. See also the section *Risk factors* under heading *Risks related to the Sobi shares and the Rights Issue.*

Underwriting and subscription undertakings

Underwriting/subscription undertaking	No. of shares held	No. of New Shares subscribed for with preferential rights under a subscription undertaking	taking, SEK	Total undertaking as percentage of the total issue amount
Investor AB	86,075,332	40.57 percent	SEK 258.4 million	40.57 percent
Bo Jesper Hansen	7,115,077	3.35 percent	SEK 21.3 million	3.35 percent
Carnegie Investment Bank AB (publ)	–	0 percent	SEK 183.6 million	28.82 percent
Svenska Handelsbanken AB (publ)	–	0 percent	SEK 173.6 million	27.25 percent
Total undertakings		**43.92 percent**	**SEK 637 million**	**100 percent**

Allocation

If not all of the New Shares are subscribed for by the exercise of Subscription Rights, the Board shall decide to allocate the New Shares that have been subscribed for without subscription rights within the Right's Issue's maximum amount, whereby the Board shall allot New Shares firstly to investors who have also subscribed for New Shares using Subscription Rights, and, in case of oversubscription, *pro rata* in relation to their subscription using Subscription Rights (and, to the extent that this cannot be done, by drawing of lots); secondly to investors who have subscribed for New Shares without Subscription Rights, and, if full allotment is not possible, *pro rata* in relation to their subscriptions (and, to the extent that this cannot be done, by drawing of lots); thirdly, provided that such allotment is required for the Rights Issue to be fully subscribed, to the Underwriters of the Rights Issue with allocation in proportion to the their subscriptions (based on the underwriting undertakings).

Lock-up undertakings

Investor AB and Bo Jesper Hansen have undertaken not to dispose of any Shares in the Company during the period until the day payment is made to the Company for New Shares subscribed for by the Underwriters, or alternatively, in case no New Shares are subscribed for by the Underwriters, the day of the announcement of the outcome of the Rights Issue, which is expected to be around June 1, 2011. The Company's CEO, Kennet Rooth, and the Company's CFO, Lars Sandström, have undertaken not to dispose of any Shares in the Company during the same period.

Other information

The Underwriters or their related companies have provided, or could provide, various services for example financial advice, investment banking or commercial banking services to the Company, its subsidiaries and associated companies within their regular course of business, and for which they have received, or will receive, customary fees and compensations. Further, Svenska Handelsbanken AB (publ) is the lender bank, with whom the Company has entered into the described Credit Agreement and to whom the Company will make a repayment of SEK 236 million of the outstanding term facilities in connection with the Rights Issue, see the heading *Credit Agreement* above.

Apart from the circumstances described above, the individuals involved in the Rights Issue have no other financial or other relevant interests of significance with respect to the Rights Issue.

Other company information

Swedish Orphan Biovitrum AB (publ) was registered with the Swedish Companies Registration Office on November 20, 1939. The Company's corporate ID number is 556038-9321. The Company is a Swedish public limited company and the legal form of the business entity is regulated by the Swedish Companies Act (2005:551). The registered office of the Company and its Board of Directors is Stockholm, Sweden.

Documents on display

Copies of the following documents may be reviewed during the entire period of validity of the Prospectus at Sobi's head office, Tomtebodavägen 23A, SE-171 65 Solna, Sweden, during normal business hours on weekdays.

- Articles of Association of Sobi
- Audited Annual Reports of Sobi for the 2008, 2009 and 2010 financial years
- Interim Report for the period January 1 – March 31, 2011

Tax issues in Sweden

The following is a summary of certain tax consequences of the present invitation to the Company's shareholders to subscribe for New Shares. The summary is only applicable to individuals and limited liability companies tax resident in Sweden, unless otherwise stated. The summary is based on the legislation currently in force and is intended as general information only. The summary does not address shares held by partnerships or shares held as current assets in business operations. Moreover, the summary does not address the specific rules on tax-exempt capital gains (including non-deductibility for capital losses) or dividends in the corporate sector that may be applicable when shares are considered to be held for business purposes (näringsbetingade andelar). Special tax rules apply to certain categories of shareholders, including, for example, mutual funds, investment companies and insurance companies. The tax treatment of each individual holder depends on such holder's particular circumstances. Each holder of Shares and Subscription Rights should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the applicability and effect of foreign rules and tax treaties.

Individuals

Capital gains taxation

Upon the sale or other disposition of shares or other equity-related securities, such as subscription rights, a taxable capital gain or deductible capital loss may arise in the capital income category. The tax rate in the capital income category is 30 percent. The capital gain or loss is normally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis (for specific information on the tax basis for subscription rights, see *Exercise and Disposal of Subscription Rights* below). The tax basis for all equity-related securities of the same class and type are added together and computed collectively in accordance with the average method. It should be noted that the BTAs (paid subscription shares) in this context are not considered to be of the same class and type as the existing Shares that entitled the shareholder to the preferential right in the Rights Issue until the resolution of the Rights Issue has been registered with the Swedish Companies Registration Office.

Upon the sale of listed shares, such as Shares in the Company, the tax basis may alternatively be determined according to the standard method as 20 percent of the sales proceeds after deducting sales costs.

Capital losses on listed shares and on other listed equity-related securities are fully deductible against taxable capital gains on shares and on other listed equity-related securities realized during the same year, with the exception of units in mutual funds which consist solely of Swedish receivables ("interest funds"). Up to 70 percent of capital losses on shares and other equity-related securities that cannot be offset in this way are deductible against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 percent is allowed on the portion of such net loss that does not exceed SEK 100,000 and 21 percent of any remaining portion. Such net loss cannot be carried forward to future fiscal years.

Dividend taxation

For individuals, dividends are normally taxed as income from capital at a rate of 30 percent. A preliminary tax of 30 percent is generally withheld on dividends paid to individuals resident in Sweden. The preliminary tax is withheld by Euroclear Sweden or, regarding nominee-registered shares, by the nominee.

Exercise and disposal of Subscription Rights

The exercise of Subscription Rights for New Shares does not give rise to any taxation. Shareholders that do not wish to utilize their preferential right to participate in the Rights Issue and therefore dispose of their Subscription Rights will realize a taxable capital gain. Subscription Rights based on a shareholding of existing Shares are considered to have been acquired at SEK 0. The total sales proceeds, after deducting sales costs, are thus taxable. The standard method is not applicable in this case. The tax basis for the original Shares is not affected.

For Subscription Rights purchased or otherwise acquired (i.e. that are not received based on a holding of existing Shares), the price paid for the rights constitutes the acquisition cost. The acquisition cost of such Subscription Rights shall be taken into account when calculating the tax basis for the subscribed New Shares. In this case, the standard method may be applied when Subscription Rights are disposed of.

A Subscription Right that is not exercised or sold, and thus expires, is deemed disposed of at SEK 0.

Limited liability companies

Capital gains and dividend taxation

For a limited liability company, all income, including taxable capital gains and dividends, is taxed in the business income category at a rate of 26.3 percent. Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals. Deductible capital losses on shares and other equity-related securities may only be deducted against taxable capital gains on such securities. Such capital losses may also, if certain conditions are fulfilled, be offset against such capital gains in a company within the same group, provided that the requirements for exchanging group contributions (Sw. *koncernbidrag*) are met. A capital loss that cannot be utilized during a given year may be carried forward and be offset against taxable capital gains on shares and other equity-related securities during subsequent fiscal years without any limitation in time.

Exercise and disposal of Subscription Rights

The exercise of Subscription Rights does not give rise to any taxation. Shareholders that do not wish to utilize their preferential right to participate in the Rights Issue and therefore dispose of their Subscription Rights will realize a taxable capital gain. Subscription rights based on a holding of existing Shares are considered to have been acquired at SEK 0. The total sales proceeds, after deducting sales costs, are thus taxable. The standard method is not applicable in this case. The tax basis for the original Shares is not affected.

For Subscription Rights purchased or otherwise acquired (i.e. that are not received based on a holding of existing Shares), the price paid for the rights constitutes the acquisition cost. The acquisition cost of such Subscription Rights shall be taken into account when calculating the tax basis for the subscribed New Shares. In this case the standard method may be applied when Subscription Rights are disposed of.

A Subscription Right that is not exercised or sold, and thus expires, is deemed disposed of at SEK 0.

Certain tax considerations for shareholders and holders of Subscription Rights that are not tax residents of Sweden

Withholding tax

For shareholders with limited tax liability in Sweden that receive dividends on shares held in a Swedish limited liability company, a Swedish withholding tax is generally payable. The withholding tax rate is 30 percent. However, the tax rate is often reduced for shareholders resident in other jurisdictions by tax treaties for the avoidance of double taxation between Sweden and other countries. The majority of Sweden's tax treaties enable a reduction of the Swedish tax to the tax rate stipulated in the treaty directly at the payment of dividends, provided that necessary information is available concerning the tax residency of the person entitled to such dividends. In Sweden, Euroclear Sweden or, for nominee-registered shares, the nominee, normally carries out the withholding. The receipt of Subscription Rights does not give rise to any withholding tax. If a 30 percent withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or in the case too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

Capital gains taxation

Holders of Shares and Subscription Rights with limited tax liability in Sweden who do not operate a business from a permanent establishment in Sweden, are generally not subject to tax in Sweden for capital gains on the disposal of such securities. The holders may, however, be subject to tax in their country of residence. Under a specific tax rule, individuals with limited tax liability in Sweden may, however, be subject to tax in Sweden on the sale of certain securities (such as Shares, BTAs and Subscription Rights) if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The application of this rule is, however, limited by tax treaties between Sweden and other countries.

Restrictions on sale transfer and transfer of securities

General

The grant of Subscription Rights and issue of New Shares upon exercise of Subscription Rights and the offer of New Shares without the exercise of Subscription Rights to persons resident in, or citizens of, countries other than Sweden may be affected by the laws of the relevant jurisdiction. Investors should consult professional advisers for the assessment of whether or not any governmental or other consents are required or any other formalities must be observed for the exercise of Subscription Rights or purchase of New Shares.

Sobi will not be taking any action to permit a public offering of the Securities in any jurisdiction other than Sweden. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information purposes only and must not be copied or redistributed. Except as otherwise disclosed in this Prospectus, an investor who receives a copy of this Prospectus in any territory other than Sweden may not consider this Prospectus as an invitation or offer, nor should the investor in any event trade in Subscription Rights or New Shares (the "Securities"), unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Securities could lawfully be traded in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or forward the same, or transfer the Securities to any person or in or into any jurisdiction where this would or might contravene local securities laws or regulations. If the investor forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the investor should draw the recipient's attention to the contents of this section. Except as otherwise expressly noted in this Prospectus: (i) the Securities being granted or offered in the Rights Issue may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, in or into, Member States of the European Economic Area that have implemented the Prospectus Directive, Australia, Canada, Hong Kong, Japan, the United States or any other jurisdiction in which it would not be permissible to offer the Securities (the "Ineligible Jurisdictions"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of a shareholder or other person in an Ineligible Jurisdiction or a citizen of an Ineligible Jurisdiction (referred to as "Ineligible Persons") does not constitute an offer to such persons of the New Shares and Ineligible Persons may not exercise Subscription Rights. If an investor takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain New Shares or trades or otherwise deals in the Securities, that investor will be deemed to have made, or, in some cases, be requested to make, the following representations and warranties to Sobi and any person acting on Sobi's behalf, unless such request is waived by Sobi:

a) the investor is not located in an Ineligible Jurisdiction;
b) the investor is not an Ineligible Person;
c) the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;
d) unless the investor is an existing shareholder and a "qualified institutional buyer" or "QIB" as defined in, and in accordance with, Rule 144A under the Securities Act, the investor is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring New Shares, the investor and any such person will be located outside the United States;
e) the investor understands that the Securities have not been or will not be registered under the Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allotted, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act; and
f) the investor may lawfully be offered, take up, subscribe for and receive Securities in the jurisdiction in which it resides or is currently located.

Sobi and any persons acting on behalf of Sobi, including the Joint Lead Managers, will rely upon the investor's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability. If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to Sobi with respect to the exercise of Subscription Rights on behalf of the holder. If such person does not provide, or is unable to provide, the foregoing representations and warranties, Sobi will not be obliged to allocate any of the Securities to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, an investor (including, without limitation, its nominees and trustees) who is located outside Sweden and wishes to exercise or otherwise trade in or subscribe for Securities, must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The informa-

tion set out in this section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or acquire the Securities, that investor should consult its professional adviser without delay. Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders that hold Sobi's shares as of the Record Date in custody through such an intermediary. A financial intermediary may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to certify the same. Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Rights Issue into any Ineligible Jurisdiction or to any Ineligible Persons. The crediting of Subscription Rights to the account of persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer of the Securities to such persons. Banks and financial intermediaries, which include brokers, custodians and nominees, holding Securities for Ineligible Persons may consider selling any and all Subscription Rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Securities will not be delivered to an addressee in any Ineligible Jurisdiction. Sobi reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Securities, who is unable to represent or warrant that such person is not located in an Ineligible Jurisdiction and is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to Sobi or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, Sobi reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appear to it to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction. Despite any other provision of this Prospectus, Sobi reserves the right to permit a holder to exercise its Subscription Rights if Sobi, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, Sobi does not accept any liability for any actions that a holder takes or for any consequences that it may suffer by them accepting the holder's exercise of Subscription Rights. Investing in the Securities involves risk. See the section *Risk Factors* for a discussion of certain factors that should be considered by prospective investors. No action has been or will be taken by the Joint Lead Managers to permit the possession of the Prospectus (or any other offering or publicity materials or application form(s) relating to the Rights Issue) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement. Neither Sobi nor the Joint Lead Managers, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of the Securities regarding the legality of an investment in the Securities by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisors before subscribing or purchasing the Securities. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription or purchase of the Securities. A more detailed description of certain exemptions applicable to the Rights Issue is set out below.

United States

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The Securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. Any offering of the Securities to be made in the United States will be made only to a limited number of existing shareholders reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) pursuant to an exemption from registration under the Securities Act in a transaction not involving any public offering and who have executed and returned an investor letter to the Company. Potential investors are hereby informed that the sellers of Securities may rely on an exemption from the provisions in section 5 of the Securities Act under Rule 144A of the Securities Act. The offering is not being made to any shareholder in Sobi who holds Shares in the form of Sobi's American Depositary Shares, as evidenced by American Depositary Receipts.

Accordingly, subject to certain limited exceptions, this document will not be sent to, and no Subscription Rights will be credited to, any shareholder in Sobi with a registered address in the United States. In addition, the Company and the Joint Lead Managers reserve the right to reject any instruction sent by or on behalf of any Euroclear Sweden account holder with a registered address in the United States in respect of the Securities. Until 40 days after the commencement of the Rights Issue, any offer or sale of the Securities within the United Sates by any dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

The Securities have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Securities or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. Each person to which Securities are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for Securities, will be deemed to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Securities, as the case may be, that:

(i) it is an existing shareholder and a "qualified institutional buyer" as defined in Rule 144A under the Securities Act and has executed and returned an investor letter to the Company; and
(ii) the Securities have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the Securities Act).

Each person to whom Securities are distributed, offered or sold outside the United States will be deemed by its subscription for, or purchase of, the Securities to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for or purchasing the Securities, as the case may be, that:

(i) it is acquiring the Securities from the Company or the Joint Lead Managers in an "offshore transaction" as defined in Regulation S under the Securities Act; and (ii) the Securities have not been offered to it by the Company or the Joint Lead Managers by means of any "directed selling efforts" as defined in Regulation S under the Securities Act.

Notice to New Hampshire residents:
NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Agreement of confidentiality
Any recipient of this document in the United States is hereby notified that this document has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorized to use it solely for the purpose of considering a purchase of the Securities in the Rights Issue and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Securities. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

European economic area
In relation to each member state of the European Economic Area, other than Sweden, which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Joint Lead Managers have represented and agreed and each recipient of this document will be deemed to have represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of the Shares to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Shares to the public in that Relevant Member State at any time:

a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
(b) to any legal entity which has two or more of
   (i) an average of at least 250 employees during the last financial year,
   (ii) a total balance sheet of more than EUR 43,000,000 and
   (iii) an annual net turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or
(c) to less than 100 natural or legal persons (whom are not qualified investors in the meaning of the Prospectus Directive), or
(d) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above provisions, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Stabilization and other trading activities

In connection with the Share Issue, Carnegie or an agent or affiliate of Carnegie, will be acting as Stabilization Manager and may undertake measures aimed at supporting the stock exchange or market price of the Shares, the Subscription Rights, BTAs or the New Shares in order to offset any sales pressure that may exist ("Stabilization Measures").

Stabilization Measures include transactions that stabilize, maintain or otherwise affect the market price of the Shares, the Subscription Rights or the New Shares. Such transactions may include the creation of a syndicate short position and engaging in stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Stabilization Manager of securities not owned by them. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the securities while a rights issue is in progress.

The Stabilization Manager is under no obligation to take Stabilization Measures. Therefore, there is no guarantee that Stabilization Measures will be implemented. If Stabilization Measures are taken, they may be terminated at any time without prior notice.

Such Stabilization Measures may be undertaken from the date of publication of this Prospectus and will end no later than the 30th calendar day following the expiration of the Subscription Period which is expected to be June 25, 2011.

The Stabilization Manager may not stabilize (i) the Subscription Rights at a price exceeding SEK 2.52 per Subscription Right, equal to the theoretical value of a Subscription Right at the announcement of the Subscription Price or (ii) the Shares, BTAs or New Shares at a price exceeding SEK 22.08 per Share, BTA or New Share, equal to the sum of the Subscription Price and the theoretical value of four Subscription Rights at the announcement of the Subscription Price (SEK 12 plus SEK 10.08).

Stabilization Measures may cause the stock exchange or market price of the Company's shares and/or other securities issued by the Company to be higher than it would have been without such measures. In addition, such measures may temporarily result in a stock exchange or market price at a level that is not sustainable over the long term.

Within one week after the end of the stabilization period in accordance with article 9 of regulation (EC) no. 2273/2003, an announcement will be published as to whether or not a Stabilization Measure was carried out, the date on which the Stabilization Measure was commenced, the date on which the last Stabilization Measure was taken, and the price range within which the Stabilization Measure was carried out (for each date on which a Stabilization Measure was carried out). Certain of the Joint Lead Managers have advised the Company that they are currently making a market for the Shares and that they intend to make a market in the Subscription Rights outside of the United States. The Joint Lead Managers may also engage in transactions for the accounts of others in the Shares and Subscription Rights and certain derivatives linked to the Shares. In addition, in connection with the Rights Issue, the Joint Lead Managers may engage in trading activity with respect to Subscription Rights and the Shares during the Subscription Period for the sole purpose of hedging their commitments under the Underwriting Agreement. Such activity may include purchases and sales of Subscription Rights and Shares and related or other securities and instruments, for example BTAs. These transactions may include short sale of the Shares and purchases of Subscription Rights which cover the positions created by short sales.

If these market-making and other activities are commenced, they may be discontinued at any time at the sole discretion of the relevant Joint Lead Manager and without notice. These activities may occur on NASDAQ OMX Stockholm or in any other market place, including in the over-the-counter market, in Sweden or elsewhere outside the United States in accordance with applicable law and regulation.

Glossary

Amino acid metabolic process
Processes where proteins in foods are used by the body to produce tissue proteins, and the process of breaking down protein to release energy. Proteins in foods are first broken down into amino acids and then enter the bloodstream before finally being used by the cells in the body to produce new proteins.

Anemia
Condition where the blood's ability to take up oxygen is compromised due to a deficiency in red blood cells. It may also be caused by a shortage of or defective hemoglobin. As a result the cells in the body do not get sufficient oxygen.

Antibody
Protein that is formed in the body, recognizes foreign proteins, binds to them and renders them or the microorganism they are a constituent of harmless.

Antracyclines
Antracyclines are a class of drug derived from Streptomycin and are used in chemotherapy.

Autoimmune
The immune system erroneously attacks the body's own proteins.

Blood platelets
Thrombocytes. Blood cells important for the blood coagulation process.

BSSL
Bile salt stimulated lipase. An enzyme that digests fat.

Chemotherapy
Treatment of cancer with cytotoxic or cytostatic compounds.

Chronic
Disease that develops slowly, is prolonged or incurable (can only be relieved).

Clinical development
Studies of a drug candidate's effect in humans. Divided into three main phases: phase I involves limited studies of the substance's safety in healthy volunteers, phase II involves testing the effect in smaller groups and phase III in larger groups of patients.

Clinical studies
See: *Clinical development*.

Coagulation
Blood-clotting.

Coagulation process
Coagulation is the most important aspect of hemostasis; the body's way of preventing blood loss after an injury. In the primary (cellular) hemostasis proteins from the interior of the walls of the damaged blood vessels, mainly collagen, come into contact with blood platelets.

DNA
Genetic make-up.

Drug candidate
A chemical compound that has shown good drug activity in model systems and that has not yet been tested in humans.

EMA
The European Medicines Agency.

Emergency medicine
Medicine for a condition with a rapid onset, lasting for a short period, and when the person affected gets worse and is in need of treatment as soon as possible.

Enzyme
A protein that enables rapid chemical reactions in the body.

FDA
Food and Drug Administration in the US.

Generic drug
A drug that has the same formulation and contains the same amount of the active compound as a previously registered drug with documented medical efficacy (proprietary drug).

GMP
Good Manufacturing Practice. A set of rules regulating manufacturing, including packaging, of pharmaceuticals.

HDN
Hemolytic disease of the newborn. A condition appearing in the newborn child due to a situation where the mother has developed antibodies against the Rhesus-D factor.

Hemophilia A
Bleeding disorder caused by a deficiency in coagulation factor VIII.

Hemophilia B
Bleeding disorder caused by a deficiency in coagulation factor IX.

Ifosfamide
Ifosfamide is a cytostatic drug (impedes cell growth) to treat malignant tumors.

In-licensing
When a company buys a project or a compound for further development.

Interferon
Interferon a naturally occurring protein, produced by the body's cells to respond to a virus, malignant cells and to intracellular parasites.

ITP
Idiopathic thrombocytopenia purpura. A bleeding disorder caused by abnormally low levels of platelets in the blood depending on an autoimmune reaction.

Lipase
Enzyme that breaks down lipids. BSSL is such an enzyme.

Malignant melanoma
Skin cancer.

Monoclonal antibody
An antibody that has been extracted from a homogeneous population of cells. Antibodies that have been extracted in this way recognize and bind specifically to only one protein.

Named-patient basis
Where a sales permit (license) is issued by the Medical Products Agency and applies to an individual patient.

Niche specialty product
Pharmaceutical aimed at smaller patient groups and mainly prescribed by relatively few specialists.

Nitisinone
Nitisinone is a prescription drug used to treat the metabolic disorder called hereditary tyrosinemia type 1 (HT-1).

Oncological
See: *Oncology*.

Oncology
Study of tumor diseases (cancer).

Oral
Via the mouth.

Orphan drug
Drugs intended for the treatment of serious diseases with a prevalence of 5/10,000 individuals within the EU or which without stimulating measures are unlikely to be developed since sales revenues would not generate sufficient return to motivate the costs for the necessary investments in research.

Out-licensing
A collaboration where another company takes over the development process for a drug candidate.

Pediatric preliminary study plan
Regulatory plan for the use of pharmaceuticals in children.

Polyclonal antibodies
An antibody that has been extracted from a non-homogeneous population of cells. Antibodies that have been extracted in this way recognize and bind specifically to several proteins.

Preclinical development
The phase of drug development that precedes the clinical phase. Includes among other things lead-generation, lead-optimization and selection of CD.

Primary care pharmaceuticals
Products directed toward major common diseases, are used by very large groups of patients, and are prescribed by general practitioners.

Protein pharmaceutical
Drug in the form of a protein, e.g. antibodies. Unlike small molecule drugs, protein drugs are usually not taken as pills but must be given as injections.

Rhesus D factor
A protein factor that is present in most humans and is used in the system for determination of blood groups.

Small molecular
Compounds that consists of up to about a hundred atoms and that can be chemically synthesized; medicines in tablet form belong to this type.

Soft tissue sarcoma
A form of sarcoma that develops in connective tissue. Sarcoma is a malignant connective tissue tumor that originates in mesenchymal cells.

Specialty pharmaceutical
Pharmaceutical mainly prescribed by specialists.

Sustained viral response
Defined as immeasurable HCV RNA in the patient's serum six months after the end of a period of virus therapy.

Target protein
A functional protein in the body towards which a drug is directed to bring about a medically positive effect. Examples of target proteins are enzymes and receptors.

Thalassemia
A hereditary disorder that affects the red blood cells by the formation of abnormal hemoglobin in these cells.

TNF-α
Tumor necrosis factor alpha. An inflammatory signal substance, a cytokine.

Toxicology
Study of poisonous effects of chemical compounds on organisms.

Tyrosine
One of 20 amino acids that are the building blocks of protein. Belongs to the hydrophilia group or polar amino acids. Tyrosine is an ingredient in the body's production of the hormone tyroxine which controls the body's metabolism, as well as dopamine, melanin and noradrenaline.

Urea cycle
The process in the body that converts harmful ammonia into urea which is then expelled from the body in the urine.

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