

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **2001-07-26**
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([HTML Version](#) on [secdatabase.com](#))

SUBJECT COMPANY

ALPHARMA INC

CIK: **730469** | IRS No.: **222095212** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-35893** | Film No.: **1689254**
SIC: **2834** Pharmaceutical preparations

Business Address
*ONE EXECUTIVE DR
P O BOX 1399
FORT LEE NJ 07024
2019477774*

FILED BY

A L INDUSTRIER AS

CIK: **1034010**
Type: **SC 13D/A**

Business Address
*HARBITZALLEEN 3
SKOYAN OSLO NORWAY*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO
RULE 13D-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

ALPHARMA INC.

(Name of Issuer)

CLASS A COMMON STOCK, PAR VALUE \$.20 PER SHARE

(Title of Class of Securities)

001629 10 4

(CUSIP Number)

EINAR W. SISSENER
C/O ALPHARMA INC.
ONE EXECUTIVE DRIVE
FORT LEE, NEW JERSEY 07024

(Name, Address and Telephone Number of Persons
Authorized to Receive Notices and Communications)

JULY 11, 2001

(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box / /.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of

2
CUSIP No. 001629 10 4

13D

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<TABLE>

<S> <C> <C> <C>

1 NAME OF REPORTING PERSON

A. L. Industrier AS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) / /

(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS*

00, BK

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2 (D) OR 2 (E)

/ /

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Norway

NUMBER OF 7 SOLE VOTING POWER

SHARES 9,500,000

BENEFICIALLY 8 SHARED VOTING POWER

OWNED BY -0-

EACH 9 SOLE DISPOSITIVE POWER

REPORTING 9,500,000

PERSON 10 SHARED DISPOSITIVE POWER

WITH -0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,500,000 (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES* / /

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

23.6%

14 TYPE OF REPORTING PERSON*

CO

</TABLE>

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Amendment No. 5 to Statement on Schedule 13D

Pursuant to Rule 13d-2(a) of Regulation 13D-G of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Act"), the undersigned hereby files this Amendment No. 5 to its Schedule 13D Statement dated February 19, 1997 (as amended from time to time, the "Schedule 13D") relating to the Class A Common Stock, par value \$.20 per share (the "Common Stock") of Alpharma Inc. (the "Issuer") to amend the items and schedules set forth herein and to file certain exhibits. No amendment is made to the items or schedules not set forth below.

ITEM 2. IDENTITY AND BACKGROUND.

(a) The Schedule 13D is the statement of A. L. Industrier AS ("Industrier") with respect to shares of Common Stock of the Issuer which are issuable upon conversion on a share for share basis of shares of Class B Common Stock, par value \$.20 per share (the "Class B Stock") of the issuer. Until its name change in 1994, Industrier's corporate name was Apothekernes Laboratorium A.S.

Certain information required by Item 2 concerning directors and executive officers of Industrier is set forth on Schedule A attached hereto, which Schedule A is incorporated herein by reference.

Mr. Einar W. Sissener ("Sissener") is Chairman of the Board of Industrier and, together with a family controlled private holding company and certain relatives, beneficially owns approximately 51% of Industrier's outstanding shares entitled to vote and, accordingly, may be deemed a controlling person of Industrier.

(b) The address of the principal business office of Industrier and Sissener is Harbitzalleen 3, 0275 Oslo, Norway.

(c) Industrier is a holding company which owns, in addition to its interest in Issuer's shares, controlling and non-controlling interests in corporations engaged, primarily in Norway and other European countries, in the food industry, the medical diagnostic industry and other industries and owns certain real estate interests in Norway.

(d) During the past five years, neither Industrier, nor to the knowledge of Industrier any of the executive officers or directors of Industrier, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, neither Industrier, nor to the knowledge of Industrier any of the executive officers or directors of Industrier, has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Industrier is a corporation organized and existing under the laws of Norway and, to its knowledge, each of its executive officers and directors is a citizen of Norway.

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ITEM 4. PURPOSE OF TRANSACTION.

The purposes of the transactions contemplated by the letter agreement dated July 11, 2001 by and between Industrier and Issuer (the "Note Exchange Agreement") are to increase Industrier's equity investment in Issuer and to increase Issuer's equity base in connection with debt financing for the proposed purchase of the oral pharmaceutical business of F.H. Faulding & Co Limited (the "Oral Pharmaceutical Business") by one of Issuer's subsidiaries.

Subject to such actions as may be taken pursuant to the Issuer's Board of Directors in the normal course of carrying out its responsibilities (including pursuing a corporate strategy which includes seeking the acquisition of other businesses), Industrier has no present plan or proposal which relates to or would result in the acquisition or disposition by any person of securities of Issuer, any extraordinary corporate transactions and/or material sale of the assets of Issuer, any change in the Board of Directors (except as may occur at the next annual meeting of Issuer), any material change in Issuer's capitalization (except such as would occur as a result of the exchange of the B Notes for Class B Stock described in Item 5 below), dividend policy, business or corporate structure, any change in Issuer's certificate of incorporation or bylaws or other instruments which may impede an acquisition of control of Issuer, causing any class of Issuer's securities to be delisted or become eligible for termination of registration under Section 12(g)(4) of the Securities Exchange Act of 1934 or any similar action.

Nothing herein is intended to limit Industrier's right and ability to suggest to Issuer a plan or proposal for any such action in the future and to exercise its voting rights in its discretion as holder of the Class B Stock of Issuer to elect a majority of Issuer's directors.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) Industrier beneficially owns 9,500,000 shares of Common Stock which it may acquire upon conversion, on a share for share basis, of the Class B Stock which it beneficially owns. Such beneficial ownership constitutes approximately 23.6% of the outstanding Common Stock (assuming conversion of the Class B Stock and the issuance of no shares of Common Stock pursuant to any outstanding options or convertible securities of the Issuer).

On March 30, 1998 Industrier acquired \$67,850,000 of the 5 3/4% convertible (Class B) subordinated notes of the Issuer (the "B Notes").

Approximately 49.9% of the Class B Stock and B Notes beneficially owned by Industrier was previously pledged to Den norske Bank (the "Bank"). Such pledge has since been released. Industrier and its subsidiaries have agreed with the Bank not to pledge any Class B Stock or B Notes to any third party.

The B Notes beneficially owned by Industrier convert into Class B Stock at a conversion price of \$28.59375 per share upon the occurrence of certain events, including the conversion into Common Stock of at least 75% of the 5 3/4% Convertible Subordinated Notes due 2005 (the "A Notes") by the holders thereof. The A Notes in a principal amount of \$125,000,000 were issued by the Issuer on March 30, 1998 and \$124,945,000 principal amount were outstanding at June 30, 2001. The A Notes are immediately convertible into Common Stock at a conversion price of \$28.59375 per share. The B Notes are also convertible by a pledgee in the event of a default in the secured obligations or, after October 31, 1999, by a transferee of the B Notes or a portion

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thereof. Industrier does not beneficially own shares issuable on conversion of the B Notes because the B Notes are not convertible within 60 days.

On December 22, 1998 the B Notes were sold by Industrier to Wangs Fabrik AS ("Wangs"), a subsidiary of Industrier. On December 27, 2000, Industrier caused Wangs to transfer record ownership of the B Notes to AL Chemy AS ("AL Chemy"), another subsidiary of Industrier. Following these transfers of record ownership, Industrier retains beneficial ownership of the B Notes.

Pursuant to the Note Exchange Agreement, Industrier and the Issuer have agreed that Industrier will deliver to Issuer the B Notes in exchange (the "Exchange") for (i) 2,372,897 shares of Class B Stock (i.e., the same number of shares as if the B Notes were converted at \$28.59375 per share) and (ii) the agreement of Issuer to pay to Industrier a payment equal to the amount of interest equal to the greater of (x) the interest accrued through the date of

the Exchange on the B Notes or (y) that interest which would accrue on the B Notes from April 1, 2001 through October 1, 2001 (less any accrued interest with respect to such period otherwise paid with respect to the B Notes) (in either case, the "Interest"). The Note Exchange Agreement does not preclude or affect any decision by the Issuer calling for redemption all of the A Notes at any time in accordance with the terms therein. If, at any time prior to the closing of the offer for the acquisition of the Oral Pharmaceutical Business (the "Offer Closing"), the Issuer calls for the redemption of all of the A Notes and the holders of a majority of the A Notes elect to receive cash, then Industrier will receive the Interest plus an additional payment equal to 3.286% (i.e., the redemption premium amount) of the face value of the B Notes. If, prior to the Offer Closing, the Issuer calls for the redemption of all of the A Notes and the holders of a majority of the A Notes elect to convert the A Notes into Common Stock, then the B Notes will automatically convert into 2,372,897 shares of Class B Stock and the Issuer will not be obligated to pay Industrier, and Industrier will not be entitled to receive, any other payment. The Note Exchange Agreement also contains provisions intended to make Industrier as holder of the B Notes whole if the A Notes or a portion thereof are offered any inducement to convert into Common Stock.

(b) 8,226,562 of the shares of Common Stock beneficially owned by Industrier are held of record by Wangs. However, Industrier possesses sole power to direct voting and disposition of such shares. Sissener beneficially owns 508,668 shares of Common Stock and he possesses sole power to direct voting and disposition of the shares of Common Stock beneficially owned by him.

(c) Industrier has effected no transactions in the Issuer's Common Stock during the past sixty days.

(d) No person other than Industrier has any right to receive or direct the receipt of dividends from, or the proceeds from any sale of, the shares of Class B Stock beneficially owned by Industrier or the Common Stock issuable upon conversion therefore.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OF RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Industrier is not a party or otherwise subject to any contract, arrangement, understanding

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or relationship with any person relating to any securities of the Issuer, except:

(i) A Loan Agreement dated December 29, 1998 by and among Wangs and the Bank filed as Exhibit 1 to this Amendment. The provisions of such Exhibit 1 are hereby incorporated herein by reference;

(ii) An Amendment and Novation to the Loan Agreement described in clause (i) of this Item 6 dated December 28, 2000 by and among Wangs, AL Chemy and the Bank filed as Exhibit 2 to this Amendment. The provisions of such Exhibit 2 are hereby incorporated herein by reference;

(iii) The B Notes, a form of which was filed as Exhibit V to Amendment No. 3 to the Schedule 13D; and

(iv) The Note Exchange Agreement described in Item 4 above and filed as Exhibit 3 to this Amendment. The provisions of such Exhibit 3 are hereby incorporated herein by reference.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- Exhibit 1 -- Loan Agreement dated December 29, 1998 by and among Wangs and the Bank
- Exhibit 2 -- Amendment and Novation to the Loan Agreement in Exhibit 1 dated December 28, 2000 by and among Wangs, AL Chemy and the Bank
- Exhibit 3 -- Letter Agreement dated July 11, 2001 between A. L. Industrier AS and Alpharma Inc.

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SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certify that the information set forth in this Statement is true, complete and correct.

Date: July 25, 2001

A. L. INDUSTRIER AS

By: /s/ Glen E. Hess

Name: Glenn E. Hess

Its: Attorney-in-fact

As authorized attorney-in-fact

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SCHEDULE A

DIRECTORS AND EXECUTIVE OFFICERS OF
A. L. INDUSTRIER AS

DIRECTORS

<TABLE>

<CAPTION>

NAME	PRINCIPAL OCCUPATION EMPLOYER	ADDRESS
-----	-----	-----
<S> Anne Karin Braten	<C> Production Advisor Alpharma AS	<C> Ovenbakken 12A 1361 Osteras Norway
Bjorn Joldal	Former Pharmacist Retired	Tollefslokka 9 1386 Asker Norway
Jannik Lindbaek	Chairman Den norske Bank ASA	Melkeveien 7 0779 Oslo Norway
Einar Andreas Sissener	Working Chairman Thor Dahl AS	Moe Gard 3215 Sandefjord Norway

</TABLE>

EXECUTIVE OFFICERS

<TABLE>

<CAPTION>

NAME	OFFICE WITH INDUSTRIER	ADDRESS
-----	-----	-----
<S> Sverre Bjertnes	<C> General Manager, Managing Director	<C> Bjornslettveien 2 0382 Oslo Norway
Einar Wilhelm Sissener	Chairman of the Board	Thomas Heftyes Gate 36 0264 Oslo Norway

</TABLE>

USD 73,000,000

LOAN FACILITY AGREEMENT

between

AS WANGS FABRIK
as Borrower

and

THE BANKS AND FINANCIAL INSTITUTIONS NAMED HEREIN
as Banks

and

DEN NORSKE BANK ASA
as Agent

DATED 29 December 1998

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EXHIBIT 1
BANK COMMITMENTS

EXHIBIT 2
FORM OF DRAWDOWN NOTICE

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This Loan Facility Agreement (the "AGREEMENT") is made on 29 December 1998
between:

- (1) AS WANGS FABRIK of Harbitzalleen 3, 0212 Oslo (the "BORROWER"); and
- (2) THE BANKS AND FINANCIAL INSTITUTIONS LISTED IN EXHIBIT 1 HERETO (the "BANKS"); and
- (3) DEN NORSKE BANK ASA of Stranden 21, 0250 Oslo, Norway
Foretaksregisteret NO 810 506 482 (The Register of Business

1. DEFINITIONS

1.1 As used in this Agreement and in any documents delivered pursuant hereto, the following expressions shall have the following meanings respectively:

"ACQUISITION AGREEMENT" means "Avtale om overdragelse av konvertible lan" dated 22 December 1998 between AL Industrier AS as seller and the Borrower as buyer of USD 67,850,000 principle amount of convertible subordinated notes in Alpharma Inc.;

"AGGREGATE LOAN FACILITIES" means the aggregate of (i) the AL-Loan and (ii) the Commitment;

"AL-LOAN" means the revolving credit facility of up to NOK 166,000,000 granted by the Agent to the Security Provider in accordance with Loan Facility Agreement dated 25 March 1998 as amended;

"BANKING DAY" means a day upon which banks are open for transactions contemplated by this Agreement in (a) Oslo, New York and London, and (b) additionally in relation to payments hereunder the place for provision of funds or due payment;

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"COMMITMENT" means USD 73,000,000 (as the same may be reduced from time to time in compliance with Clause 2.5);

"DRAWDOWN DATE" means a date upon which a Drawing is advanced to the Borrower;

"DRAWING" means an advance to the Borrower in an amount of not less than USD 1,000,000 of the Commitment;

"EVENT OF DEFAULT"	means any of the events specified in Clause 13;
"FACILITY"	means the loan facility, the terms and conditions of which are set out in this Agreement;
"FINAL MATURITY DATE"	means 31 August 2001;
"INTEREST PAYMENT DATE"	means the last day of each Interest Period;
"INTEREST PERIOD"	means a period calculated in accordance with the provisions of Clause 5.1 or Clause 12.2;
"LIBOR"	(London Interbank Offered Rate) means the rate per annum determined by the Agent as the rate at which the Agent, in accordance with its usual practice, is offering comparable lendings in the relevant eurocurrency for the relevant Interest Period in the London Interbank Eurocurrency Market at or about 11:00 a.m. London time on the Quotation Date;
"LOAN"	means the aggregate principal amount of the Commitment for the time being advanced and outstanding hereunder;
"MARGIN"	means (i) if Value Adjusted Equity is five times the Aggregate Loan Facilities or more: 0,80 per cent per annum, and (ii) if Value Adjusted Equity is three times the Aggregate Loan Facilities or more but less than five times the Aggregate Loan Facilities: 1,20 per cent per annum, and (iii) if Value Adjusted Equity is twice the Aggregate Loan Facilities or more but less than three times the Aggregate Loan Facilities: 2,0 per cent per annum, provided

	<p>always that the applicable margin as calculated under either at (i), (ii) or (iii) above shall be set in advance for the whole calendar quarter which commences immediately subsequent to the expiry of the present calendar quarter during which the current figures of Value Adjusted Equity are presented to the Agent;</p>
"MONTH(S) "	<p>means a period calculated from any specified day to and including the day numerically corresponding to such specified day (or, if such specified day is the last day or if there shall be no day numerically corresponding to such specified day, the last day) in the relevant subsequent calendar month;</p>
"NOK"	<p>means the lawful currency of Norway;</p>
"NOTE PURCHASE AGREEMENT"	<p>means the agreement entered into on 5 March 1998 between Alpharma Inc. as seller and AL Industrier AS as buyer of up to USD 68,000,000 principle amount of convertible subordinated notes in Alpharma Inc.;</p>
"QUOTATION DATE"	<p>means in relation to any Interest Period for which an interest rate is to be determined hereunder (a) the day on which quotations would ordinarily be given in the London Interbank Eurocurrency Market for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that Interest Period, or (b) if</p>

such earlier day is not a Banking Day the preceding Banking Day;

"SECURITY DOCUMENTS"

means the documents listed in Clause 8.3;

"SECURITY PROVIDER"

means AL Industrier AS, the holder of inter alia the total number of shares in Dynal AS being pledged as security for the Loan hereunder and for the AL-Loan;

"TAXES"

means any taxes, levies, duties, charges, fees, deductions and withholdings levied or imposed by any governmental or other taxing authority whatsoever;

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"TERM DATE"

means 31 July 2001;

"USD"

means the lawful currency of the United States of America; and

"VALUE ADJUSTED EQUITY"

means, in respect of the Security Provider, the aggregate value at any time of

(i) yearly (on a 12 months rolling basis) profit from operations less royalty to shareholders in Nopal AS multiplied by 10, and

(ii) yearly (on a 12 months rolling basis) profit from operations after research and development in Dynal AS multiplied by 20, the sum of which shall be further multiplied by the Security Provider's ownership interest (expressed in per cent) in Dynal AS, provided always that if and when Dynal AS becomes listed on any stock exchange, Dynal AS'

total consolidated stock value multiplied by the Security Provider's ownership interest (expressed in per cent) in the same shall comprise the value applicable under this sub-clause (ii), and

(iii) the aggregate number of class B shares in Alpharma Inc. owned by the Borrower and by the Security Provider together, multiplied by the listed value on the New York Stock Exchange of one class A share in Alpharma Inc., and

(iv) the total number of class B notes issued by Alpharma Inc. owned by the Borrower, multiplied by the face value (or if class A notes are listed on the New York Stock Exchange, the listed value) of one class A note, provided always that (a) if the listed value on the New York Stock Exchange of one class A share in Alpharma Inc. is below USD 9,50 or (b) if value adjusted equity in Alpharma Inc. (defined as the total number of class A shares and class B shares outstanding at any time multiplied by the listed value on the New York Stock Exchange of one class A share in Alpharma Inc.) is less than USD 243,000,000, the applicable value to

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be calculated under this sub-clause (iv) shall be zero.

2. THE LOAN FACILITY

2.1 The Banks shall take part in the Facility on a several basis with the respective participations in the Commitment as listed

in Exhibit 1 hereto.

- 2.2 No Bank shall have the amount of its participation increased or reduced as a result of the failure of any other Bank to provide the amount of its participation.
- 2.3 Upon satisfaction of the conditions set out in Clause 4 the Banks shall make the Commitment available to the Borrower during the period from the date hereof up to and including the Term Date.
- 2.4 Up to the Term Date this Borrower may utilize the Facility on a revolving credit basis, such that any amount repaid prior to the Term Date may be redrawn by the Borrower, subject to the terms and conditions of this Agreement. Not more than 4 Drawings may be outstanding under the Law at any given time. The aggregate of the Drawings shall at any time not exceed the Commitment.
- 2.5 The Borrower may cancel any undrawn amount under the Commitment in whole or in part by giving 10 Banking Days irrevocable prior written notice of such amount to the Agent. Any amounts cancelled may not be subsequently drawn.

3. PURPOSE

- 3.1 The Borrower shall apply the Commitment in financing the purchase of USD 67,850,000 principal amount of convertible subordinated notes issued by Alpharma Inc. from AL Industrier AS in accordance with the terms of the Acquisition Agreement.

4. CONDITIONS PRECEDENT

- 4.1 A Drawing may be made on any Banking Day during the period from the date hereof up to and including the Term Date, provided:
- (a) the Agent shall have received not less than 5 Banking Days prior to the first proposed Drawdown Date the following in form and content satisfactory to it:
 - (i) a counterpart of this Agreement duly signed on behalf of the Borrower;
 - (ii) a company certificate evidencing that the Borrower is duly registered as a limited company and a copy of its articles of

association;

- (iii) a copy of the resolution of the board of directors of (a) the Borrower approving the execution and performance by the Borrower of this Agreement and the relevant Security Documents and specifying the persons authorized to sign this Agreement and such Security Documents on its behalf, and (b) the Security Provider approving the execution and performance by the Security Provider of the relevant Security Documents and specifying the persons authorized to sign such Security Documents on its behalf;
- (iv) the Security Documents;
- (v) a copy of the Acquisition Agreement;
- (vi) legal opinions(s) from such counsel in such jurisdictions as the Agent may reasonably have requested addressing questions or circumstances of relevance to this Facility;
- (vii) a copy of any consent necessary from governmental or other authorities for the execution of and performance under this Agreement by the Borrower;

(b) the Agent shall have received not later than 12:00 noon Oslo time on the third Banking Day prior to each proposed Drawdown Date an irrevocable written drawdown notice, substantially in the form of Exhibit 2 attached hereto;

(c) the Agent shall not have received notice from any Bank prior to 11:00 a.m. London time on the Quotation Date prior to the Drawdown Date that it is unable to obtain deposits in USD in the London Interbank Eurocurrency Market in a sum necessary to fund its participation in the Loan.

4.2 The Agent may, in its discretion, (i) extend the period for delivery of any of the documents referred to above on such conditions as it thinks fit, and (ii) require any copy document to be certified as a true copy.

4.3 The Agent shall promptly notify each Bank of any notice received pursuant to Clause 4.1 (b) or (c) and of compliance with Clause 4.1 (a), and shall promptly notify the Borrower of any notice received pursuant to Clause 4.1 (c).

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5. INTEREST

- 5.1 Each Interest Period shall begin on the Drawdown Date or, as the case may be, on the Interest Payment Date in respect of the preceding Interest Period and shall end on such date 1, 3, 6 or 12 months thereafter as the Borrower may elect, or such other period as agreed between the Borrower and the Agent, subject to availability, by not less than 3 Banking Days' written notice to the Agent, provided that:
- (a) if any Interest Period would otherwise end on a day which is not a Banking Day it would be extended to end on the succeeding Banking Day unless it would thereby end in a new calendar month in which event it shall be shortened to end on the preceding Banking Day;
 - (b) subject to paragraph (c) below if no election is made by the Borrower in respect of any Interest Period the length of such Interest Period shall be 3 months;
 - (c) the availability of 1 month Interest Periods shall be limited to 3 for each twelve month period after the first Drawdown Date.
- 5.2 The Borrower shall pay interest on the Loan or the relevant part thereof in arrears on each Interest Payment Date and additionally in the case of an Interest Period exceeding 6 months duration at six-monthly intervals during such Interest Period at the annual rate which is conclusively certified by the Agent to be the aggregate of the applicable Margin and LIBOR.
- 5.3 The Agent shall give notice to the Borrower and each Bank of each interest rate fixed on the Quotation Date for the relevant Interest Period, which notice shall, in the absence of manifest error, be conclusive.

6. REPAYMENT

- 6.1 Each Drawing advanced and outstanding under the Agreement shall be due and repayable on its respective Interest Payment Date.
- 6.2 The Borrower shall repay the Loan in full on the earlier of

the date on which the conversion of the notes described in the Note Purchase Agreement takes place and the Final Maturity Date.

7. DENOMINATION AND CALCULATIONS

7.1 For the purpose of calculation of the applicable Margin payable under Clause 5.2 hereof, all relevant figures shall be denominated as follows:

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- (a) Aggregate Loan Facilities shall mean the aggregate of (i) the USD equivalent of the AL-Loan on the date of calculation and (ii) the Commitment (as the same may be reduced from time to time in compliance with Clause 2.5);
- (b) all amounts of Value Adjusted Equity as expressed in NOK shall be converted to USD, based on the applicable exchange rate between NOK and USD on the date of calculation.

8. REPRESENTATIONS, UNDERTAKINGS AND SECURITY

8.1 The Borrower represents to the Agent and the Banks that:

- (a) it is duly formed and validly existing under the laws of Norway and has the power and has obtained all necessary consents for the execution and performance of this Agreement and the Security Documents to which it is a party;
- (b) this Agreement constitutes and those of the Security Documents to which it is a party upon execution will constitute valid, binding and enforceable obligations of the Borrower, and the execution and performance of this Agreement and such Security Documents do not and will not contravene any applicable law, order, regulation or restriction of any kind, including contractual restrictions, binding on the Borrower;
- (c) it is not in default under any other agreement to which it is a party, nor is it in default in respect of any financial commitment or obligation.

8.2 The Borrower undertakes to the Agent and the Banks that so long as any amount is outstanding hereunder:

- (a) it will promptly inform the Agent on behalf of the Banks of any occurrence of which it becomes aware which in its reasonable opinion might adversely effect its ability to perform its obligations hereunder or under any Security Document or constitute an Event of Default;
- (b) it will deliver to the Agent for distribution to the Banks copies of (i) the annual audited accounts of itself, the Security Provider and Alharma Inc. not later than 120 days after the end of each's respective financial year (ii) the unaudited quarterly reports of the same including balance sheets, profit and loss statements and calculations of Value Adjusted Equity within 60 days after the end of each calendar quarter and (iii) such other financial information as the Agent may reasonably request;
- (c) It will not make any further borrowings or enter into any guarantee liabilities exceeding in aggregate NOK 5,000,000 or the equivalent in

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other currency(ies) without the prior written consent of the Agent on behalf of the Majority Banks;

- (d) it will not create, incur or allow to exist over any of its assets any further mortgage, charge, pledge or lien other than those mentioned in Clause 8.3 or, as the case may be, use any existing security as aforesaid (which may be released following repayment in part or in full of the liabilities so secured) to secure any other (new) financial obligation, without the prior written consent of the Bank;
- (e) it will, in the case of a sale of the whole or any part of its shares in (or as the case may be convertible subordinated notes Issued by) Alharma Inc., simultaneously with such sale, apply all proceeds of such sale in repayment of the Loan, and the Commitment shall be deemed to be cancelled in part or in full in accordance with Clause 2.5 above and be reduced accordingly;
- (f) it will, in the case of any redemption or repurchase

by Alharma Inc. of the convertible subordinated notes issued by Alharma Inc., simultaneously with such redemption or repurchase, apply all amounts received by it pursuant to such redemption or repurchase in repayment of the Loan, and the Commitment shall be deemed to be cancelled in part or in full in accordance with Clause 2.5 above and be reduced accordingly.

8.3 The Loan, and all amounts outstanding hereunder, shall be secured by the following in form and content satisfactory to the Agent:

- (a) a pledge over the total number of shares in Dynal AS executed by the Security Provider and generally deposited with the Agent in accordance with a declaration of pledge (pantsettelseserklæring);
- (b) a pledge over the Borrower's 4,740,500 shares of class B stock in Alharma Inc.; and
- (c) a pledge over the Borrower's 49,9 per cent of the aggregate convertible subordinated notes issued by Alharma Inc.

In the event of an early repayment in part of the Loan and partly cancellation of the Commitment as set out in Clause 8.2 (e) and (f) above, the Borrower and the Banks shall negotiate to agree upon a reduction of the value of the security listed in (a), (b) and (c) above proportionally to the amount of the early repayment and cancellation which has taken place. A sale of pledged shares in Dynal AS as described in Clause 8.3 (a) shall give the Borrower and the Security Provider an exclusive right to have released such shares from the security.

9. USD UNAVAILABILITY

9.1 In the event that on any Quotation Date the Banks are unable to obtain deposits in USD in the London Interbank Eurocurrency Market to fund a Drawing or the Loan, the Agent shall forthwith notify the Borrower and until such notice is withdrawn the obligations of the Banks to advance any Drawing shall be suspended. The Banks shall endeavor to fund the Loan with USD from such other sources as may be available to them and in such event the rate of interest payable on such amount shall be the aggregate of the Margin and such rate as the

Banks may from time to time certify as being the cost to them of funds in USD.

9.2 In the event that the Banks are unable to fund such amount from alternative sources, the Agent shall forthwith notify the Borrower and the Borrower shall repay such amount on the earlier of the next following Interest Payment Date and the date falling 5 Banking Days after receipt of such notice. In the event that the Banks are able to fund such amount from alternative sources but the Borrower considers the interest rate so determined to be too high, it may prepay such amount on giving the Agent not less than 7 Banking Days' irrevocable written notice.

If at any time when the Banks are funding the Loan from alternative sources the Agent determines that USD deposits are available to them in the London Interbank Eurocurrency Market the Agent shall forthwith notify the Borrower and the rate of interest payable on such amount for the period from the expiry of the then current period for funding from alternative sources to the expiry of the then current Interest Period determined under Clause 5.1 shall be the aggregate of the Margin and such rate as the Agent may certify as the rate at which the Banks are able to obtain deposits for such period as aforesaid.

10. CHANGES IN CIRCUMSTANCES

- 10.1 If by reason of: (i) changes in any existing law, rule or regulation, or (ii) the adoption of any new law, rule or regulation, or (iii) any change in the interpretation or administration of (i) or (ii) above by any governmental authority, or (iv) compliance with any directive or request from any governmental authority (whether or not having the force of law):
- (a) any of the Banks incurs a cost as a result of its having entered into this Agreement and/or performing its obligations hereunder; or
 - (b) there is an increase in the cost to any of the Banks of maintaining or funding its portion of the Commitment, the Loan or any advances hereunder; or
 - (c) any of the Banks becomes liable for any new taxes (other than on net income) calculated by reference to the Commitment or the Loan; or

- (d) any of the Banks becomes subject to any new or modified capital adequacy or similar requirements which will have the effect of increasing the amount of capital required or expected to be maintained by such Bank based on such Bank's obligations hereunder; or
- (e) any of the Banks' effective return hereunder is reduced in any other manner;

then any such cost, liability or reduction of return as referred to in the preceding paragraphs (a)-(e) shall be payable by the Borrower upon request by the Agent either in the form of an increased margin or in the form of an indemnification. The relevant Bank shall via the Agent give the Borrower notice within a reasonable time of its intention to claim compensation under this Clause 10.1 and shall specify the form and amount of such compensation. The relevant Bank's determination of the amount of compensation to be made under this Clause 10.1 shall, absent manifest error, be conclusive. The Borrower shall be entitled to prepay such Bank's portion of the Loan at any time following receipt of notice from the Agent as aforesaid on giving not less than 7 Banking Days' irrevocable written notice. In such event the Borrower shall nevertheless compensate such Bank for such requested indemnification for the period from its receipt of notice from the Agent up to and including the date of prepayment.

10.2 In the event that it shall be unlawful for any Bank to make available its portion of the Commitment or maintain or fund its portion of the Loan hereunder then such Bank's obligations shall terminate and all amounts owing by the Borrower to such Bank shall become due and payable on demand by such Bank through the Agent.

11. FEES AND EXPENSES

11.1 The Borrower shall pay to the Agent:

- (a) for the account of the Banks, a commitment fee in respect of the undrawn part of the Commitment for the period from the date hereof (for each Bank from the date when such Bank was committed, as the case may be) up to and including the earlier of the date on which the Commitment is fully utilized and the Term Date, equal to 50 per cent of the applicable Margin at such time calculated on the daily average undrawn amount of the Commitment, such fee to be computed in USD and shall be paid quarterly in arrears commencing on the date hereof and finally on the day of such

period as aforesaid;

- (b) upon demand, all expenses (including internal and external legal and collateral fees of the Agent) incurred by the Agent in connection with the preparation, execution or termination of this Agreement and any other documents delivered pursuant to this Agreement or incurred by the Agent

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and the Banks in connection with the preservation or enforcement of any rights hereunder and thereunder.

- 11.2 The obligations of the Borrower in Clause 11.1(b) above shall survive the Final Maturity Date.

12. PAYMENTS

- 12.1 In the event that the date on which a payment is due to be made hereunder is not a Banking Day, such date of payment shall be the following Banking Day unless it would thereby fall in a new calendar month in which event it shall be the preceding Banking Day.
- 12.2 In the event that any payment to be made hereunder by the Borrower to any Bank is not received by the Agent on the due date therefor, interest will be charged by such Bank from the due date until the date that payment is received at a rate which is equal to the aggregate of (i) the applicable Margin, (ii) a default funding charge of 3% per annum and (iii) the rate at which deposits from one Banking Day to the next in an amount approximately equal to the defaulted amount due to such Bank are offered to such Bank in the London Interbank Eurocurrency Market at approximately 11:00 am London time on the due date for payment and on each succeeding Banking Day until payment in full of the amount due is received by such Bank; provided that if the Agent determines that such default may be reasonably expected to continue unremedied for a period exceeding one week then it may require by notice to the Borrower that the funding cost shall be determined by reference to the rate at which deposits are offered as aforesaid for periods of such length (not exceeding three months) as it may designate. Interest charged under this Clause 12.2 shall be payable on demand and unless so paid shall be added to the defaulted amount at the end of each month following the due date for payment of such amount.
- 12.3 All payments to be made by the Borrower hereunder shall be made without set-off or counterclaim.

12.4 All payments to be made by the Borrower hereunder shall be made free and clear of and without deduction for or on account of any present or future Taxes of any nature now or hereafter imposed unless the Borrower is compelled by law to make payment subject to any such Taxes. In that event the Borrower shall (i) pay to the Agent for account of the Banks such additional amounts as may be necessary to ensure that the Banks receive a net amount equal to that which they would have received had such payment not been made subject to any Taxes, and (ii) deliver to the Agent within 10 Banking Days of any request by it an official receipt in respect of the payment of any Taxes so deducted.

12.5 If any amount of principal is, for any reason whatsoever, repaid on a day other than the last day of the then current Interest Period relating to such amount, the

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Borrower shall pay to the Agent for account of the Banks on request such amount as may be necessary to compensate the Banks for any loss or premium or penalty incurred by them in respect of the liquidation or re-employment of funds borrowed for the purpose of maintaining the amount repaid.

12.6 If the Agent pays any amount to a Bank or the Borrower which has not but ought to have been paid to it by the Borrower or a Bank (as the case may be) then unless such amount as paid within 3 Banking Days of the due date such Bank or the Borrower (as the case may be) shall refund such amount to the Agent on demand. At the time such amount is paid or refunded the person paying the same shall also pay interest to the Agent on such amount at such rate per annum as reflects the cost to the Agent of funding such amount during the period from that time when such amount ought to have been paid to the time when such amount was actually paid, provided, however, that this shall not reduce the obligations of the Borrower according to Clause 12.2 above.

12.7 Interest, commitment fee and any other payments hereunder of an annual nature shall accrue from day to day and be calculated on the actual number of days elapsed and on the basis of a 360 day year.

13. EVENTS OF DEFAULT

13.1 The obligations of the Banks hereunder shall terminate

forthwith and any amount outstanding shall become immediately due and payable together with interest thereon and the Banks may exchange all or part of any outstanding amounts hereunder to NOK or enforce their rights under this Agreement and the Security Documents in the manner and order they deem appropriate, if any of the following events occurs and the Agent, upon the instruction of the Banks, gives notice to their Borrower:

- (a) if the Borrower falls to pay any sum due hereunder on the due date and, to the extent such failure is caused by any technical or administrative error, within 3 Banking Days of the due date; or
- (b) if the Borrower defaults in the due performance or observance of any term or covenant contained herein or in any Security Document and such default continues unremedied for a period of 10 Banking Days after the Agent has given to the Borrower notice of such default; or
- (c) if any material representation made by the Borrower in this Agreement or in any notice, certificate or statement delivered or made pursuant hereto proves to have been inaccurate or misleading when made, or
- (d) if any indebtedness in respect of borrowed money or guarantee liabilities of the Borrower is not paid when due or becomes due prior to the specified payment date by reason of default; or

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- (e) if a distress or other execution is levied upon or against any substantial part of the assets of the Borrower and is not discharged within 30 days: or
- (f) if the Borrower is unable or admits in writing its inability to pay its lawful debts as they mature, or makes a general assignment for the benefit of its creditors; or
- (g) if any proceedings are commenced in or any order or judgement is given by any court for the liquidation, winding-up or reorganisation of the Borrower or for the appointment of a receiver, trustee or liquidator of the Borrower or all or any part of its assets (save for the purpose of amalgamation or

reorganisation not involving insolvency the terms of which have received the prior written approval of the Agent on behalf of the Banks); or

- (h) if the Borrower ceases or threatens to cease to carry on its business or disposes or threatens to dispose of a substantial part of its assets or the same are seized or appropriated for any reason; or
- (i) if any Security Document ceases to be in full force and effect; or
- (j) if any consent required for the performance by the Borrower of its obligations hereunder is revoked or is otherwise modified in a manner unacceptable to the Agent; or
- (k) if there is any material, in the opinion of the Banks, change of ownership in the Borrower or in the Security Provider without the prior written approval of the Agent on behalf of the Banks; or
- (l) if Value Adjusted Equity is or becomes less than twice the Aggregate Loan Facilities any time hereunder, provided that all relevant figures shall be determined in accordance with Clause 7.1 hereof;
- (m) if a situation arises which, in the opinion of the Banks, will prevent fulfilment by the Borrower of its obligations hereunder.

13.2 Clause 13.1 (d) - (i) shall also apply with respect to the Security Provider.

14. TRANSFER

14.1 Any Bank may upon prior written consent from the Borrower transfer all or part of its participation in the Facility to any other bank or financial institution by giving not less than 10 Banking Days' prior written notice to the Agent, which shall promptly notify the Borrower. In event of transfer references herein to such Bank shall be construed as references to its transferee or transferees to the extent necessary.

- 15.1 Each Bank authorises the Agent to take such action on its behalf and to exercise such powers as are specifically delegated to it by the terms hereof together with all such powers as are reasonably incidental thereto. The relationship between the Agent and each Bank is that of agent and principal only, and nothing herein shall (nor shall it be construed so as to) constitute the Agent a trustee for any Bank or impose on it any duties or obligations other than those for which express provision is made herein.
- 15.2 Except as expressly provided herein the Agent shall distribute promptly to the Banks all sums received from the Borrower rateably in proportion to the amount of each Bank's participation in the Facility.
- 15.3 The Agent will promptly advise each bank of any notice received by it from the Borrower hereunder. The Agent shall not be under any obligation towards any Bank to ascertain or enquire as to the performance or observance of any of the terms or conditions hereof or of the Security Documents to be performed or observed by any other party hereto or thereto.
- 15.4 Each Bank shall indemnify, to the extent not reimbursed by the Borrower, the Agent rateably according to the amount of its participation in the Facility against any loss, expense (including legal fees) or liability (except such as results from the Agent's own gross negligence or wilful misconduct), which the Agent may suffer or incur in connection with the implementation, administration or enforcement of this Agreement or any Security Document.
- 15.5 In performing its duties and exercising its powers hereunder the Agent will be entitled to rely on (i) any communication believed by it to be genuine and to have been sent or signed by the person by whom it purports to have been sent and signed and (ii) the opinions and statements of any professional advisers selected by it in connection herewith and shall not be liable to any other party hereto for any consequence of any such reliance.
- 15.6 The Agent takes no responsibility for the truth of any representations made herein nor for the adequacy or enforceability of this Agreement and neither the Agent (except in the case of gross negligence or willful misconduct) nor any of its directors, officers or employees shall be liable for any action taken or omitted by it or any of them.
- 15.7 Notwithstanding the agency hereinbefore constituted the Agent may without liability to account make loans to, accept deposits from and generally engage in any kind of banking or

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15.8 Each Bank acknowledges that it has taken and will take such independent action and make such investigations as it deems necessary to inform itself as to the financial condition and affairs of the Borrower.

16. NOTICES AND TIME

16.1 Every notice under this Agreement shall be in writing and may be given or made by letter or telefax. Communications hereunder shall be addressed as follows:

- (a) if to the Agent, at P.O. Box 1171 Sentrum, N-0107 Oslo, Norway, telefax no. 22 48 10 46 Attention: Credit Administration;
- (b) if to the Borrower, at P.O. Box 158 Skoyen, 0212 Oslo telefax no. 22 52 91 50 Attention: Sverre Bjertnes
- (c) if to the Banks at their respective addresses listed in Exhibit 1 hereto:

or to such other address as one party may hereafter notify to the other parties.

16.2 Communications sent by letter or telefax shall be effective upon receipt. Any communication by telefax from the Borrower to the Agent shall be confirmed by letter if so requested by the Agent.

16.3 No failure or delay on the part of the Agent or the Banks to exercise any power or right under this Agreement or the Security Documents shall operate as a waiver thereof or of any other power or right. The remedies provided herein are cumulative and are not exclusive of any remedies provided by law.

17. GOVERNING LAW AND JURISDICTION

17.1 This Agreement shall be governed by and construed in accordance with Norwegian law.

17.2 The Borrower hereby irrevocably submits to the non-exclusive

jurisdiction of the Norwegian courts, the venue to be elected by the Agent.

The Borrower:
AS WANGS FABRIK

By: /s/ E.W. Sissener /s/ Sverre Bjertnes

Name in Block letters: E.W. Sissener Sverre Bjertnes

Title: Board Members

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The Banks:
p.p. DEN NORSKE BANK ASA

By:

Name in Block letters:

Title:

The Agent:
p.p. DEN NORSKE BANK ASA

By:

Name in Block letters:

Title:

THIS NOVATION AND AMENDMENT AGREEMENT IS MADE ON 28 DECEMBER 2000.

BETWEEN

- (1) AS WANGS FABRIK of Harbitzalleen 3, 0212 Oslo (the "ORIGINAL BORROWER");
- (2) AL CHEMY AS of Harbitzalleen 3, 0212 Oslo (the "NEW BORROWER");
- (3) Certain banks and financial institutions (the "BANKS"); and
- (4) DEN NORSKE BANK ASA of Stranden 21, 0021 Oslo (the "AGENT")

WHEREAS

- (A) By a loan facility agreement dated 29 December 1998 (the "Agreement") between the Original Borrower, the Banks and the Agent, the Banks agreed to make revolving advances available to the Original Borrower in the aggregate amount of up to USD 73,000,000 upon the terms and conditions set out therein;
- (B) The New Borrower has been supplied with a copy of the Agreement;
- (C) It has been agreed between the parties hereto that the Original Borrower should transfer to the New Borrower all of its rights and obligations under the Agreement on the terms and conditions contained herein;
- (D) It has been agreed between the New Borrower, the Banks and the Agent that certain changes should be made to the Agreement.

NOW THEREFORE IT IS HEREBY

Upon receipt by the Agent of

- (i) copies of any consent necessary from governmental or other authorities for the execution and performance by the New Borrower of this novation and amendment agreement and the Agreement;
- (ii) a copy of the resolution of the Board of Directors of the New Borrower approving the execution and performance by the New Borrower of this novation and amendment agreement and the Agreement;
- (iii) company certificate ("firmaattest") of the New Borrower and a copy of its articles of association ("vedtekter");

- (iv) a confirmation from the Security Provider to the effect that the pledge of its shares in Dynal AS remains in full force and effect irrespective of the novation set out in this novation and amendment agreement; and
- (v) an unconditional and irrevocable guarantee from AS Wangs Fabrik together with a copy of the resolution of the Board of Directors approving its execution and performance of the guarantee and copies of its company certificate ("firmaattest") and articles of association ("vedtekter")

AGREED AS FOLLOWS:

1. DEFINITIONS

- 1.1 Words and phrases defined in the Agreement and used herein shall, unless the context otherwise provides, have the same meaning herein and in the recitals hereto.

2. NOVATION

- 2.1 With effect from _____ 2000:

- (a) the Agent and the Banks hereby releases the Original Borrower from all the obligations to be performed and the liabilities assumed by it in its capacity as borrower under the Agreement;
- (b) the Original Borrower hereby releases the Agent and the Banks from all obligations to be performed and the liabilities assumed by them towards the Original Borrower in their capacity as agent and lenders respectively under the Agreement;
- (c) the New Borrower hereby assumes liabilities and agrees to perform obligations to the Agent and the Banks in their capacity as agent and lenders respectively, identical to those from which the Original Borrower is released pursuant to paragraph (a) above.

3. AMENDMENTS

- 3.1 All references to the Original Borrower as the Borrower under the Agreement shall be substituted by reference to the New Borrower.
- 3.2 The New Borrower, the Banks and the Agent have agreed to the following changes to the Agreement:

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(a) In Clause 8.3 sub-clauses (b) and (c) shall be deleted and a new sub-clause (b) shall be inserted which shall read:

"an unconditional and irrevocable guarantee from AS Wangs Fabrik".

4. RESPONSIBILITY

4.1 The Agent makes no representation, warranty and assumes no responsibility with respect to the due execution, validity, sufficiency or enforceability of the Agreement or any document relating thereto or for the performance or observance by the New Borrower or of any other party of any of its obligations under the Agreement or any documents relating thereto and all such conditions and warranties, express or implied by law or otherwise, are hereby excluded.

4.2 Neither the Banks nor the Agent shall be under any obligation to make any payment to the New Borrower.

5. BENEFIT OF TRANSFER

5.1 This novation and amendment agreement shall be binding and shall enure to the benefit of each of the parties hereto and their respective successors and assigns.

6. FEES AND EXPENSES

6.1 Expenses incurred in connection with the novation and amendment agreement or any of the Security Documents shall be for the account of the Borrower.

7. NOTICES

7.1 Any notice, request, demand or other communication to be given or made hereunder shall be in writing (either by telefax or letter) addressed to the party concerned at its address specified above and shall be effective upon receipt by such party.

8. LAW

8.1 This novation and amendment agreement shall be governed by and construed in accordance with the laws of Norway.

AS WITNESS the hands of the duly authorised officers of the partes hereto the day and year first above written.

The Original Borrower:

AS WANGS FABRIK

By: /s/ E.W. Sissener

The New Borrower:

AL CHEMY AS

By: /s/ E.W. Sissener

The Banks:

p.p. DEN NORSKE BANK ASA

By:

The Agent:

p.p. DEN NORSKE BANK ASA

By:

ALPHARMA INC.
ONE EXECUTIVE DRIVE
FORT LEE, NEW JERSEY 07024

July 11, 2001

A. L. Industrier AS
Harbitzalleen 3
Postboks 158 Skoyen
N-0212 Oslo 2, Norway

Gentlemen:

This letter agreement between A. L. Industrier AS ("ALI") and Alpharma Inc. ("ALO") will confirm our following agreement regarding (i) 5 3/4% series B subordinated convertible note due 2005 in the principal amount of \$67,850,000 which ALI holds (the "B Note") and (ii) the proposed purchase of the oral pharmaceutical business of F.H. Faulding & Co Limited ("Faulding") by ALO previously disclosed to ALI and known as Project FIG II (the "FIG II Acquisition"):

1. Except as set forth below, ALI agrees that upon not less than five (5) days written notice, ALI (or one of its subsidiaries) will deliver to ALO the B Note in exchange (the "Exchange") for (i) 2,372,897 shares (such number of shares being the number of shares that ALI would be entitled to upon a conversion of the B Note pursuant to its terms) of fully paid and non-assessable Class B common stock of ALO ("Class B Common Stock") and (ii) the agreement of ALO to pay to ALI (or such subsidiaries) a payment equal to the amount of interest equal to the greater of (x) the interest accrued through the date of the Exchange on the B Note or (y) that interest which would accrue on the B Note from April 1, 2001 through October 1, 2001 (less any accrued interest with respect to such period otherwise paid with respect to the B Note).
2. It is understood that the Exchange is being done to provide equity financing for the FIG II Acquisition, and is contingent upon Mayne Health Logistics Pty Limited ("BidCo") closing the Offer Period (as defined in the Put and Call Option Agreement by and among ALO, Oral Pharmaceuticals Acquisition Corp., Mayne Nickless Limited ("Mayne") and BidCo (the "Put and Call Option Agreement")) after it becomes entitled to proceed to compulsory acquisition as contemplated by clause 2.5 of the

acquisition by Mayne of 100% of Faulding's outstanding capital stock. In the event that the Put and Call Option Agreement terminates prior to the Offer Closing, this agreement shall terminate and be of no further effect.

3. Nothing in this agreement shall preclude or affect any decision by ALO calling for redemption of all of the 5 3/4% Subordinated Convertible Notes due 2005 convertible into Class A common stock (the "A Notes") at any time in accordance with the terms of the A Notes.
4. If, at any time prior to the Offer Closing, ALO calls all of the A Notes for redemption and the holders of a majority of the A Notes elect to receive cash, it is agreed that upon the Exchange, ALI (or its appropriate subsidiaries) shall receive, in addition to the amount described in paragraph 1, an amount equal to 3.286% of the face amount of the B Note.
5. If, at any time prior to the Offer Closing, ALO calls all of the A Notes for redemption and the holders of a majority of the A Notes elect to convert the A Notes into Class A common stock, it is agreed that ALI (or its appropriate subsidiaries) shall remain obligated to effect the Exchange pursuant to paragraph 1 above, but ALO shall not be obligated to pay to ALI (or its appropriate subsidiaries), and ALI (or such subsidiaries) shall not be entitled to receive, any payments pursuant to clause (ii) of paragraph 1 above.
6. If, at any time prior to the Offer Closing, ALO, pursuant to an offer to the holders of all of the A Notes, makes a payment to the holders of a majority of the A Notes to induce the conversion of the A Notes into Class A common stock, it is agreed that upon the Exchange, ALI (or its appropriate subsidiaries) shall receive a payment which is equal to that received by the holders of the A Notes (on a pro rata basis based upon the relative face value of the converted A Notes with the B Note).
7. If ALO makes an offer to enter into any of the transactions contemplated by paragraphs 4 through 6 above to less than all of the holders of the A Notes (and such transaction occurs prior to the Offer Closing), it is agreed that upon the Exchange, ALI (or its appropriate subsidiary) shall receive payments in an aggregate amount equal to, (i) the amount that is determined by multiplying (a) the amount that ALI (or such subsidiary) would have received pursuant to paragraph 4, 5, or 6 above if such offer had been made to the holders of all of

the A Notes, by (b) the percentage represented by the value of the A Notes which accepted such offer in relation to the total value of A Notes outstanding, plus (ii) the amount that is determined by multiplying (x) the amount that ALI (or such subsidiary) would have received pursuant to paragraph 1 above, by (y) the percentage represented by the value of the A Notes which did not receive or did not accept such offer in relation to the total value of A Notes outstanding.

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8. Both ALI (or its appropriate subsidiary) and ALO shall execute such documents, deliver such certificates and take such other actions as are necessary and appropriate to effect the transactions contemplated hereby.

Yours truly,

ALPHARMA INC.

By: _____

Acknowledged and agreed:

A. L. INDUSTRIER AS

By: _____

By: _____

By: _____