DIFFERENCES BETWEEN THE LAWS AND REGULATIONS GOVERNING EPICEPT CORPORATION AND SWEDISH LAW

EpiCept Corporation ("***EpiCept***") is incorporated under the laws of the State of Delaware. EpiCept has applied for listing of its shares of common stock in the United States on the Nasdaq National Market and in Sweden on the O-list of the Stockholm Stock Exchange, under the symbol "EPCT".

At the time of the listing, EpiCept Corporation's authorized share capital will consist of: 55,000,000 shares of capital stock consisting of (i) 50,000,000 shares of common stock, par value $0.0001 per share (the "***Common Stock***") and (ii) 5,000,000 shares of preferred stock , $0.0001 par value per share (the "***Preferred Stock***").

*The following is a brief description of certain differences between, on the one hand, certain provisions of the Delaware General Corporation Law (the "**DGCL**") and certain provisions of EpiCept's certificate of incorporation (the "**Certificate**") and bylaws (the "**Bylaws**") to be in effect at the time of listing, and, on the other hand, Swedish law, principally the Swedish Companies Act (2005:551) (the "**Companies Act**"). The description is general in nature only and does not purport to cover every detail of such differences or all differences.*

Preferential rights of existing shareholders in new share issuances

Under the Swedish Companies Act, the issue of new shares is subject to the approval of the shareholders meeting. Furthermore, the directors may be authorized by resolution at the shareholders' meeting to issue new shares, and may also issue new shares subject to the subsequent approval of the shareholders' meeting. The basic rule under the Swedish Companies Act is that existing shareholders have preferential rights in connection with the new issue of shares, which generally entitle the shareholders to subscribe for cash (or by set-off of debt) for issues of shares of the same class of shares as they currently hold in proportion to their holdings. A resolution to depart from the shareholders' preferential rights in connection with a new issue requires the resolution to be supported by a majority of at least two-thirds of the votes cast and the shares represented at the shareholders' meeting.

With respect to EpiCept, Section 102(b)(3) of the DGCL provides that no shareholder shall have any preemptive right to subscribe to any or all additional issues of shares of a corporation or to any securities convertible into such shares unless, and except to the extent that, such right is expressly granted to a shareholder in a corporation's certificate of incorporation. EpiCept's Certificate does not provide for preemptive rights.

Formal requirements to change the Certificate and Bylaws

Under Swedish law, the memorandum of association (corresponding to a certificate of incorporation of a U.S. corporation) serves no practical purpose after the formation of the company. Thereafter, the governing document of the company is the articles of association. Under Swedish law, the articles of association may not be amended except through a resolution passed at a shareholders' meeting. Most resolutions to change the articles of association may under the Swedish Companies Act be passed by the affirmative vote of two-thirds of the votes cast and of the shares represented at the shareholders' meeting. For certain types of changes to the articles, however, a greater majority is required.

With respect to EpiCept, Section 242 of the DGCL provides that a Delaware corporation may amend its certificate of incorporation. Every amendment must be approved by a resolution adopted by the corporation's board of directors setting forth the amendment proposed, declaring its advisability and directing that the amendment be submitted to the shareholders for approval. In order for the amendment to be approved, a majority of the shareholders of each class entitled to vote for such amendment must vote in favor of the amendment. Most of the provisions of EpiCept's Certificate may be amended by the affirmative vote of a majority of the shareholders entitled to vote thereon. However, Article Five of the Certificate (relating to number, qualification, voting, meetings and removal and replacement of directors) may only be amended by the affirmative vote of at least 75% of the then outstanding shares of capital stock of EpiCept; unless such amendment has been approved by a majority of the board of directors who are not affiliated with or associated with any person or entity holding 10% or more of the voting power of the then outstanding capital stock of EpiCept in which case the typical majority would be required. In addition, Article Seventh (relating to the right of the board of directors to amend the Bylaws) of the Certificate requires a 75% vote for any amendment.

Section 109 of the DGCL provides that a corporation's bylaws may be amended by the shareholders. It also provides that a corporation may grant the board of directors the right to amend its bylaws in its certificate of incorporation. Article Seventh of EpiCept's Certificate grants the board of directors the ability to amend its Bylaws by majority vote. It also permits the Bylaws to be amended by at least 75% of the shareholders entitled to vote. EpiCept's By-laws also state that they may be altered, amended or repealed by the affirmative vote of a majority of the directors present at any regular or special meeting of the board of directors at which a quorum is present. They also state that, the affirmative vote of the holders of at least 75% of the shares of the capital stock of EpiCept issued and outstanding and entitled to vote shall be required to alter, amend or repeal any provision of these By-laws or to adopt new By-laws, unless such alteration, amendment or repeal has been approved by a majority of those directors of EpiCept who are not affiliated or associated with any person or entity holding 10% or more of the voting power of the outstanding capital stock of EpiCept.

Appointment and dismissal of directors and auditors

Under the Swedish Companies Act, the members of the board of directors shall, as a general rule, be elected by the shareholders' meeting. Normally, directors are appointed at the annual shareholders' meeting for a term until the end of the next annual meeting. Members of the board of directors are elected by a simple majority vote. There is no cumulative voting or any legal right of minority shareholders to appoint directors. In addition to the directors elected by the shareholders' meeting, Swedish law provides certain rights to the labor unions at larger companies to appoint employee board representatives. A director's term may terminate prematurely either by his or her own resignation or by dismissal by simple majority vote at a shareholders' meeting.

Under the Swedish Companies Act, the shareholders also appoint the auditors. The auditors are normally appointed for a period of four years but for their second term, it is possible for the shareholders' meeting to resolve that this term shall encompass three years only.

EpiCept's directors will be elected at the annual meeting of shareholders. Each director shall hold office for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, however, that each initial director in Class I shall serve for a term ending on the date of the annual meeting in 2006; each initial

director in Class II shall serve for a term ending on the date of the annual meeting in 2007; and each initial director in Class III shall serve for a term ending on the date of the annual meeting in 2008; and provided, further, that the term of each director shall be subject to the election and qualification of his or her successor and to his or her earlier death, resignation or removal. A quorum for such shareholder meeting shall consist of the holders of record of a majority of the issued and outstanding shares of capital stock of EpiCept entitled to vote for directors. The election of directors requires a plurality of the votes entitled to be cast by holders of shares represented in person or by proxy at a meeting.

The directors of EpiCept may not be removed without cause and may be removed for cause only by the affirmative vote of the holders of at least 75% of the shares of the capital stock of EpiCept issued and outstanding and entitled to vote generally in the election of directors cast at a meeting of the shareholders called for that purpose, notwithstanding the fact that a lesser percentage may be specified by law.

Vacancies on the board of directors of EpiCept may be filled by the affirmative vote of a majority of the remaining directors, although less than a quorum, or by a sole remaining director, or at a special meeting of the shareholders, by the holders of shares entitled to vote for the election of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of his or her successor and to his or her earlier death, resignation or removal.

There is nothing in the DGCL or EpiCept's Certificate or Bylaws that addresses the appointment and dismissal of EpiCept's auditors. EpiCept's board of directors and audit committee are entitled to appoint and dismiss its auditors.

Allocation of powers and liabilities between the shareholders and the board of directors, and between the board of directors and the management

Under the Swedish Companies Act, the shareholders' meeting is the supreme decision-making body of the company. The shareholders' meeting decides on the matters of principal importance for the corporation such as changes to the articles, share issuances, adoption of the annual accounts and appropriation of the profit and loss for the year, discharge from liability for the members of the board of directors and the managing director etc. The shareholders' meeting may further issue directives to the board in issues related to the management of the company and the board is obligated to obey any such directives that are lawful.

The board of directors is responsible for the organization of the company and the management of its affairs. Where a managing director has been appointed he or she shall be in charge of the day-to-day management of the company according to guidelines and structures laid down by the board. The managing director may also without first asking for the boards' authorization take steps which, with regard to the scope and nature of the company's operations, are unusual or of great importance if a resolution by the board cannot be awaited without considerable inconvenience to the company. In such case the board of directors shall be informed as soon as possible of the steps taken.

Section 141 of the DGCL provides that the business and affairs of every corporation is managed by or under the direction of a board of directors. Article Fifth of EpiCept's

Certificate and Article II of the Bylaws echoes this sentiment. Section 142 of the DGCL permits a corporation to have officers that are elected by the board of directors to carry on the day-to-day business of the corporation. The shareholders vote at shareholder meetings on matters of importance including certain amendments to the Certificate and Bylaws, election of directors, and sales of substantially all of the company's assets as required by the DGCL or as specified in the Certificate.

Minority protection rules

Under Swedish law, aside from the supermajority voting requirements for changes to the articles referred to above, there are also a number of additional minority rights under the Swedish Companies Act afforded to holders of at least 10 percent of the shares, such as:

- The right to require an extraordinary general meeting of shareholders to be held.
- The right to have a certain minimum dividend declared.
- The right to bring derivative actions against the board members and the managing director.
- The right to appoint an auditor who shall participate in the audit together with the other auditors, or for a special examination of the administration and the accounts of the company.

Other than certain supermajority voting requirements as provided for in EpiCept's Certificate or Bylaws (as described above), there are no corresponding provisions applicable to EpiCept.

Rules regarding merger, liquidation, dissolution or winding-up and bankruptcy

Mergers

Under the Swedish Companies Act, a formal corporate merger is in summary effected in the following manner. The boards of each company jointly prepare and sign a joint merger plan, to be signed by each board. The auditors of each company shall review the merger plan and issue a statement with respect to the plan. The merger plan must be submitted for registration to the Companies Registration Office within one month after the execution. If the documentation submitted to the Companies Registration Office is complete, the Companies Registration Office will register the merger plan and publicly announce the plan. The merger plan shall (unless an exception is applicable) be approved by the shareholders meetings in all companies that are to be merged and, if owners of at least five per cent of all shares in the surviving company so demand, also by the shareholders' meeting of that company. The merger is generally approved if supported by two-thirds of the votes cast and of the shares represented at the meeting. After the merger plan has become effective, the companies shall notify their known creditors of the intended merger and that the merger plan has been registered, and the surviving company shall at the earliest one month and at the latest two months after the public announcement of the registration of the merger plan apply to the Companies Registration Office for permission to effectuate the merger. Thereafter, the unknown creditors of the company shall be summoned and offered the opportunity to object to the merger. If no objection is raised within the relevant period afforded, permission shall be granted to consummate the merger.

Section 251 of the DGCL governs mergers and consolidations of Delaware corporations. The board of directors of a corporation must by majority vote adopt a resolution approving an agreement of merger and declaring its advisability. Section 251 also sets forth certain items that must be included in such an agreement. The agreement is then submitted to the shareholders of the corporation at an annual or special meeting for the purpose of voting on the agreement. The approval of a majority of the outstanding shares of the corporation entitled to vote thereon is necessary to approve the merger.

Liquidation

Voluntary liquidation of a Swedish company requires the shareholders' meeting to resolve, by simple majority, that the company shall be liquidated. Thereafter, the resolution must immediately be registered with the Swedish Companies Registration Office. Unless it has been resolved that the liquidation proceedings shall commence at a later date, the Companies Registry immediately upon registration of the resolution to liquidate the company appoints one or several liquidators, usually the ones nominated by the shareholders. As soon as the company has entered into liquidation and a liquidator has been appointed, the resigning board of directors and the managing director shall render accounts from the latest annual accounts up to the day the decision to liquidate was taken. Upon appointment, the liquidator summons the unknown creditors. As soon as possible thereafter, the liquidator shall realise the company's assets to the extent necessary for the liquidation and settle the debts of the company. When the date for stating claims, as set forth in the summons to unknown creditors, has expired and all known debts have been paid, the liquidator distributes the remaining assets to the shareholders. As soon as possible after the liquidator has completed his task, he must issue final accounts for the liquidation in its entirety and deliver it to the auditors. Within one month after receipt of the administration report, the auditors must issue a report on the final accounts and the administration of the company during its liquidation. After the auditors' report has been issued, the liquidator convenes a shareholders' meeting. When the liquidator has submitted the final accounts to the general meeting of the shareholders, the company is dissolved. This must immediately be notified for registration with the Companies Registry.

With respect to EpiCept, Section 275 of the DGCL provides that if the board of directors adopts a resolution (by majority vote) that in its judgment it is advisable that the corporation shall be dissolved, then notice shall be mailed to the shareholders and a meeting held for the shareholders to vote on such resolution. Approval of a majority of the outstanding shares of the corporation entitled to vote thereon is necessary for such dissolution to be approved. Upon the dissolution or liquidation of EpiCept, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of EpiCept available for distribution to its shareholders, subject to any preferential or other rights of any then outstanding Preferred Stock. There will be no issued and outstanding Preferred Stock at the time of listing.

Bankruptcy

A Swedish company which is insolvent (i.e., which cannot pay its debts when due and this incapacity is not merely temporary) shall, upon its own or a creditor's application, be declared bankrupt. A bankruptcy decision does not mean that the company is automatically dissolved. According to the Swedish Companies Act, during bankruptcy, the company shall be represented in its capacity as debtor by the board of directors and managing director or, in case of an insolvent liquidation, by the liquidators. The provisions in the Swedish Companies

Act regarding the right to resign, removal from office and appointments apply also during the bankruptcy proceedings.

Following the bankruptcy decision, however, the debtor may not control property belonging to the bankruptcy estate nor can he enter into obligations which could be claimed in the bankruptcy. As a general rule, a bankruptcy estate includes all property belonging to the debtor when the bankruptcy decision was made or that accrues to the debtor during the bankruptcy and that are such that they may be attached. Please note that there are exceptions to this general rule. Further, the bankruptcy estate includes property that can be brought into the estate by recovery.

The district court appoints an administrator. The administrator is obliged to look after the common rights and best interests of the creditors and to take all measures promoting an advantageous and expeditious winding-up of the estate. If the company is placed into bankruptcy and the proceedings are completed without any surplus, the company shall be deemed dissolved following the termination of the bankruptcy proceedings.

Except as described above under "Liquidation" none of the DGCL, the Certificate or the Bylaws address bankruptcy. Bankruptcies of United States corporations are governed by the United States Bankruptcy Code. Generally speaking, bankruptcies can be either voluntary (where the corporation or "debtor" files with the bankruptcy court for bankruptcy protection) or involuntary (where the "creditors" of a corporation file with the bankruptcy court for relief against the "debtor" corporation). Involuntary bankruptcies are typically allowed only when certain minimum thresholds have been met relating to both number of creditors and amount of debt.

Rules regarding public offers

Tender offers in Sweden are governed by the Rules regarding Public Offers (Sw. *Regler rörande offentliga erbjudanden om aktieförvärv*) (the "Rules") issued by the Swedish Industry and Commerce Stock Exchange Committee (Sw. *Näringslivets Börskommitté*) (the "Committee"). Under the Rules, a bidder who has decided to make a public offer must immediately publish a press release containing certain information. Under the Rules, an offer may only be made after the bidder has made preparations that indicate that the bidder is capable of implementing the offer. Following the public announcement of the offer, the bidder must prepare a prospectus regarding the tender offer without delay. The prospectus must be published not later than five weeks after the offer was made public and the bidder must publish a special press release in which the date of publication of the prospectus is indicated. If it is not possible to publish the prospectus within five weeks from the announcement of the offer, it is possible to apply for an extension of this time limit with the Securities Council. The acceptance period for the offer must be at least three weeks from the date of publication of either the prospectus or a notice of where the prospectus may be obtained. A bidder may reserve its right to extend the acceptance period and may as a result thereof extend the acceptance period on one or more occasions. There is no deadline beyond which the acceptance period cannot be extended. The board of directors must publish an opinion on the offer within a reasonable time prior to the end of the acceptance period. The statement by the board shall include the reasons for such opinion. The bidder shall, as soon as possible, after the close of the offer disclose the result of the offer. Settlement of the share acquisitions would normally be due within a week after the result of the offer has been announced.

Tender offers for equity securities in the United States are generally governed by the federal securities laws, in particular Sections 14(d) and 14(e) of the Securities Exchange Act of 1934. Tender offers involve the acquirer making an offer directly to the public shareholders of the company to acquire their shares through a tender offer. There are various rules and regulations relating to the conduct of a tender offer and the disclosures that need to make by both the target and the acquirer in connection therewith. In general, the acquirer is required, among other things, to make extensive disclosures with respect to the terms of the tender offer through the filing of a Schedule TO. Tender offers are required to be held open for twenty days from the date the offer was first published or sent to shareholders.

Rules regarding squeeze-out (redemption) of minority shares

Under the Swedish Companies Act, if a shareholder directly or indirectly owns more than nine-tenths of the shares in a Swedish company, the majority shareholder is entitled to redeem the remaining shares from the other shareholders of the subsidiary (the minority). Correspondingly, a person who owns shares that may be redeemed, has the right to have his shares redeemed by the majority shareholder.

Section 253 of the DGCL permits the owner of at least 90% of the issued and outstanding capital stock of a corporation to conduct a short-form merger to eliminate the remaining 10% of the shareholders. In a short-form merger, the merger is accomplished by the execution and filing of a certificate of ownership and merger setting forth the board of directors' resolution to merge. In addition, there is significant case law in the United States relating to majority shareholders' fiduciary obligations to minority shareholders in the event of a so-called "squeeze out merger."

RIGHTS TO PARTICIPATE IN MEETINGS OF THE STOCKHOLDERS

Annual meetings of the EpiCept shareholders are held on the date designated by the EpiCept board of directors. Written notice must be mailed to each shareholder entitled to vote not less than 10 but not more than 60 days before the day of the meeting. In general the presence in person or by proxy of the whole majority of the issued and outstanding shares entitled to vote at the annual meeting of the shareholders constitutes a quorum for the transaction of business at such meeting.

Special meetings of shareholders of EpiCept for the transaction of such business as may properly come before the meeting may be called by order of the Chairman of the board of directors, the Chief Executive Officer or the board of directors, and shall be held at such date and time, within or without the State of Delaware, as may be specified by such order.

In general most of the matters submitted to the shareholders require the affirmative vote of a majority of the votes entitled to be cast by holders of shares represented in person or by proxy at a meeting. At each meeting of shareholders, every shareholder shall be entitled to vote in person or by proxy appointed by instrument in writing, subscribed by such shareholder or by such shareholder's duly authorized attorney-in-fact (but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period), and, unless the Certificate provides otherwise, shall have one vote for each share of stock entitled to vote registered in the name of such shareholder on the books of EpiCept on the applicable record date fixed pursuant to the By-laws. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A shareholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of EpiCept a revocation of the proxy or a new proxy bearing a later date. At all elections of directors the voting may but need not be by ballot and a plurality of the votes cast there shall elect. Except as otherwise required by law, the Certificate or the Bylaws, any other action shall be authorized by a majority of the votes cast.