

## Notice of Annual General Meeting in Aerocrine AB

The Annual General Meeting in Aerocrine AB (publ) is held on Thursday May 5, 2011, 5.00 p.m. CET at the offices of Mannheimer Swartling Advokatbyrå, Norrlandsgatan 21 in Stockholm.

### Right to attend and notice of attendance

Shareholders who wish to attend the Meeting must be recorded in the share register, maintained by Euroclear Sweden AB on Friday April 29, 2011 and notify the company of their intention to attend by no later than Friday April 29, 2011, preferably before 3.00 p.m. CET. Notice of attendance is made in writing to Aerocrine AB, Sundbybergsvägen 9, 171 21 Solna, Sweden, or by phone +46-8-629 07 80, or by fax +46-8-629 07 81, or by e-mail [info@aerocrine.com](mailto:info@aerocrine.com). The notice of attendance shall include name, personal or corporate ID number, address and phone number. The same dates, addresses, etc. apply for notifying the company of any accompanying advisors. Powers of attorneys, certificates of incorporation and other documents of authorization must be presented at the Meeting, but can preferably be sent to the company in connection with the notice of attendance. Power of attorneys must be presented in original and shall not be older than one year, provided that the power of attorney does not state a longer period of validity (maximum 5 years). A proxy form is available on the company's website, [www.aerocrine.se](http://www.aerocrine.se), and may also be ordered from the company at the above address.

Shareholders whose shares are registered in the name of a nominee must, in order to be entitled to attend the Meeting, request that the nominee re-register their shares in the name of the shareholder, so that the shareholder is recorded in the share register on Friday April 29, 2011. Such registration may be temporary.

### Proposed agenda

1. Opening of the Meeting
2. Election of the Chairman of the Meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons approving the minutes
6. Determination of whether the Meeting has been duly convened
7. Presentation of the annual report and the auditors' report, the consolidated accounts and the auditors' report on the consolidated accounts as well as the auditors' statement on whether the guidelines for remuneration to senior management, effective from the most recent Annual General Meeting, has been complied with
8. Presentations by the Chairman of the Board and the CEO
9. Resolutions with respect to
  - (a) adoption of the income statement and the balance sheet, the consolidated income statement and the consolidated balance sheet
  - (b) appropriation of the company's profit or loss in accordance with the approved balance sheet
  - (c) discharge from liability towards the company for the Board members and the CEO
10. Resolution on the number of Board members
11. Resolution on fees payable to the Board
12. Election of Board members and the Chairman of the Board
13. Resolution on instructions for the Nomination Committee
14. Resolution on guidelines for salary and other remuneration to senior management
15. Resolution on amendments to the Articles of Association
16. Resolution on authorization for the Board of Directors to resolve on new share issues and to issue convertible bonds and share option rights
17. Closing of the Meeting

# Aerocrine

## **The Board of Directors' resolution proposals**

### Appropriation of the company's profit or loss in accordance with the approved balance sheet (item 9 b)

The Board of Directors and the CEO propose that no dividend is paid and that the year's loss be carried forward.

### Resolution on guidelines for salary and other remuneration to senior management (item 14)

The Board of Directors proposes that the Annual General Meeting resolves on guidelines for determination of salary and other remuneration to the CEO and other members of the senior management, principally entailing the following. Remuneration to the senior management shall consist of fixed salary, variable salary, other benefits and pension benefits. The aggregate remuneration shall be in line with market conditions and be competitive as well as related to position, performance, responsibility and authority. The variable salary shall consist of bonus and be based on predetermined and well defined objectives. The variable salary shall have a cap and never exceed the fixed salary, nor shall it entitle to pension benefits. Dismissal and severance pay shall in aggregate not exceed twelve months for the executives. Employment agreements should not include provisions on severance pay. Pension benefits shall either be benefit- or contribution-defined, or a combination thereof. In addition, share-based or share price-based incentive programs may be resolved upon from time to time. The Board of Directors shall be entitled to deviate from the guidelines, provided that there are particular reasons for such deviation in an individual case.

### Resolution on amendments to the Articles of Association (item 15)

The Board of Directors proposes that the Annual General Meeting resolves to amend the Articles of Association, to the effect that (i) the share capital limits in § 4 be changed from the present *not less than SEK 15,800,000 and not more than SEK 63,200,000*, to *not less than SEK 50,000,000 and not more than SEK 200,000,000*, and (ii) the limits relating to the number of shares in § 5 be changed from the present *not less than SEK 31,600,000 and not more than SEK 126,400,000*, to *not less than SEK 100,000,000 and not more than SEK 400,000,000*.

#### *Majority requirements*

A valid resolution on amendments to the Articles of Association requires that the proposal be approved by shareholders representing at least two thirds of both the votes cast and the shares represented at the Meeting.

### Resolution on authorization for the Board of Directors to resolve on new share issues and to issue convertible bonds and share option rights (item 16)

The Board of Directors proposes that the Annual General Meeting authorizes the Board to resolve – at one or several occasions and for the time period until the next Annual General Meeting – to increase the company's share capital by new share issues and to issue warrants and convertible bonds, to the extent that it corresponds to a dilution of not more than 10 percent of the number of shares outstanding at the date of this notice, after full exercise of the hereby proposed authorization. New share issues, as well as issues of warrants and convertible bonds, may be made with or without deviation from the shareholders' preferential rights and with or without provisions for contribution in kind, set-off or other conditions. Pursuant to Chapter 16 of the Swedish Companies Act, the Board of Directors may not by virtue of this authorization resolve on issues to Board members in group companies, employees, etc. The purpose of the authorization is to increase the financial flexibility of the company and the acting scope of the Board. Should the Board of Directors resolve on an issue with deviation from the shareholder's preferential rights, the reason shall be to enable external raising of capital (through new owners of strategic importance for the company or otherwise) for the financing of the company's business, commercialization and development of the company's products and intellectual property rights and/or acquisitions of other companies or businesses. Upon such deviation from the shareholders' preferential rights, the basis for the issue price shall be market conditions.

#### *Majority requirements*

A valid resolution on authorization requires that the proposal be approved by shareholders representing at least two thirds of both the votes cast as well as the shares represented at the Meeting.

# Aerocrine

## **The Nomination Committee's proposals**

The Nomination Committee in respect of the 2011 Annual General Meeting consists, in addition to the Chairman of the Board (Anders Williamsson), of Thomas Eklund (Investor) chairman, Ulrik Spork (Novo A/S), Björn Odlander (HealthCap) and Lars Gatenbeck (Life Equity). The Nomination Committee proposes the following.

Chairman of the Meeting (item 2): Attorney-at-law Klaes Edhall.

Number of Board members (item 10): Eight Board members, with no deputy members.

Fees payable to Board members elected by the Meeting (item 11): To the Chairman of the Board: SEK 250,000; to each of the other Board members: SEK 75,000 (unchanged). To members of committees: The chairman of the Audit Committee: SEK 25,000; to each of the other members of the Audit Committee: SEK 12,500; to the chairman of the Remuneration Committee: SEK 25,000; to each of the other members of the Remuneration Committee: SEK 12,500 (unchanged).

Board members (item 12): Re-election of Anders Williamsson, Scott A. Beardsley, Lars Gustafsson, Staffan Lindstrand, Yvonne Mårtensson and Karl Swartling. Chairman of the Board: re-election of Anders Williamsson. Election of new Board members: Rolf Classon and Dennie Kane. Magnus Lundberg has declined re-election.

### *Rolf Classon*

Rolf Classon (born 1945) holds a Master's degree in Political Sciences from the University of Gothenburg. He has extensive experience from senior positions within the pharmaceutical and MedTech industries, including in Pharmacia, Bayer Diagnostics and as CEO of Bayer Healthcare. He has also been a divisional general manager in Swedish Match and is currently chairman of the Board of Hill-Rom Corp. (NYSE), Auxilium Pharmaceuticals (NASD), Tecan Group (Zurich Stock Exchange) and Promotheus Laboratories.

### *Dennie Kane*

Dennie Kane (born 1953) holds a degree in Business Administration from the Kalamazoo College, Michigan, USA. He has over 30 years experience from sales and marketing of pharmaceuticals and diagnostics, including nearly 20 years focused on allergy and asthma. He has led the US sales and marketing efforts supporting the growth of allergy testing for Phadia AB (formerly Pharmacia Diagnostics), and worked to build the disease management business and expand the usage of pharmacoconomics for The Upjohn Company. Dennie Kane is currently Board director in Armune Bioscience Inc.

Instructions for the Nomination Committee (item 13): The Nomination Committee shall consist of representatives from the four largest shareholders by voting powers (grouped by owner) and the Chairman of the Board, whom shall also convene the Nomination Committee for its first meeting. The Nomination Committee will thereafter elect its chairman, whom may not be the Chairman of the Board. Should a member resign from the Nomination Committee before its work is finalized, an alternate member may, if the Nomination Committee finds it suitable, represent the same shareholder or, if such shareholder is no longer one of the larger shareholders, the next following qualified shareholder. Should the ownership otherwise materially change before the work of the Nomination Committee is finalized, alterations may, if the Nomination Committee so decides, be made in the composition of the Nomination Committee in a way deemed appropriate by the Nomination Committee. The composition of the Nomination Committee in respect of the 2012 Annual General Meeting shall be based on the share register maintained by Euroclear Sweden AB as per August 31, 2011. Information on the Nomination Committee's composition shall be published on the company's web page immediately following the appointment of the Nomination Committee, however by no later than six months prior to the Annual General Meeting. The members of the Nomination Committee shall not be remunerated. Any expenses in conjunction with the Nomination Committee's work shall be borne by the company. The mandate of the Nomination Committee shall last until the next Nomination Committee's composition is made public.

## **Documents etc.**

Financial reports, auditor's reports and an auditor's statement as well as the Board of Directors' complete proposals in accordance with the above will be available at the company and on the

# Aerocrine

company's web site, [www.aerocrine.se](http://www.aerocrine.se), by no later than April 14, 2011, and will also be sent upon request to shareholders who provide their postal address. The documents will also be available at the Meeting.

Upon request by a shareholder and where the Board of Directors believes that it can be done without significant harm to the company, the Board of Directors and the CEO shall at the Meeting provide information on circumstances which may affect the assessment of a matter on the agenda, circumstances which may affect the assessment of the company's or a subsidiary's financial situation and the company's relation to other group companies.

There are 102.247.513 shares and votes in the company as at the issuance of this notice.

Solna in April, 2011

**Aerocrine AB (publ)**  
*The Board of Directors*

**For further information, please contact:**

Paul de Potocki, CEO, phone +46 (0)8 629 07 80

**About Aerocrine**

Aerocrine AB is a medical technology company focused on the improved management and care of patients with inflammatory airway diseases. As the pioneer and leader in the technology to monitor and manage airway inflammation, Aerocrine markets NIOX® Flex and NIOX MINO®. Both products enable fast and reliable management of airway inflammation and may therefore play a critical role in more effective diagnosis, treatment and follow-up of patients with inflammatory airway diseases such as asthma. Aerocrine is based in Sweden with subsidiaries in the US, Germany and the UK. Aerocrine shares were listed on the Stockholm Stock Exchange on 15 June 2007.

Aerocrine AB (publ) is required to disclose the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08:00 a.m. on April 5, 2011.
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