

Press release, March 22, 2007

Notice of Annual General Meeting in Orexo AB

The shareholders in Orexo AB (publ), reg no 556500-0600, are hereby summoned to the annual general meeting (the "Meeting"), to be held on Monday 23 April 2007, at 5.00 pm at Operaterrassen, Operahuset, Karl XII:s torg in Stockholm, Sweden.

Participation, etc

Shareholders, who wish to participate in the Meeting, must be recorded in the share register maintained by VPC AB (the Swedish Central Securities Depository) on Tuesday 17 April 2007, and must notify the Company of their intention to participate in the Meeting not later than 4 pm on Wednesday 18 April 2007 in writing to Orexo AB, P.O. Box 303, 751 05 Uppsala, Sweden. Such notification can also be made by telephone +46 (0) 18 780 88 00, by telefax +46 (0) 18 780 88 88, or by e-mail malena.stenson@orexo.se. The notification shall set forth the name, address, telephone number (daytime), personal/corporate identity number, the number of shares held and, when applicable, information about representatives and assistants.

Nominee shares

Shareholders whose shares have been registered in the name of a nominee through the trust department of a bank or similar institution must temporarily re-register their shares in their own names in the shareholders' register maintained by VPC AB to be entitled to participate in the Meeting. Shareholders must inform their nominee of such re-registration well before Tuesday 17 April 2006, when such re-registration must have been executed.

Proxy, etc

Shareholders represented by proxy shall issue a written and dated power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate for the legal entity shall be appended. The power of attorney and the registration certificate may not be older than one year. The power of attorney in original and, when applicable, the registration certificate, should be submitted to the company by mail at the address indicated above well before the Meeting.

Proposed agenda

1. Opening of the meeting.
2. Election of chairman of the meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons who shall approve the minutes of the meeting.
6. Determination of whether the meeting has been duly convened.
7. Presentation of the annual report and the auditor's report as well as the consolidated financial statements and the auditor's report on the consolidated financial statements.
8. Speech by the managing director.
9. Presentation of the work performed by the board of directors and its committees.
10. Resolution regarding adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet.
11. Resolution regarding allocation of the company's result pursuant to the adopted balance sheet.
12. Resolution regarding discharge from liability of the members of the board of directors and the managing director.
13. Determination of the number of members and deputy members of the board of directors.

14. Determination of fees for the members of the board of directors and the auditors.
15. Election of chairman and other members of the board of directors.
16. Approval of the board of director's proposal regarding guidelines for remuneration for the management.
17. Proposal regarding authorisation for the board of directors to resolve to issue new shares.
18. Proposal regarding authorisation for the board of directors to resolve to issue new shares with payment in kind.
19. Proposal regarding the adoption of the employee stock option plan 2007/2017 and the issuance of warrants to subscribe for new shares, and approval of disposal of the warrants issued under the employee stock option plan.
20. Closing of the meeting.

Proposal regarding chairman of the Meeting, the number of members of the board of directors, fees for the members of the board of directors and the auditor as well as election of chairman and other members of the board of directors (items 2, 13, 14 and 15)

The nomination committee of Orexo AB, which consists of Håkan Åström (chairman of the board of directors), Per Samuelsson (HealthCap), Thomas Halvorsen (Fjärde AP-fonden), and Thomas Ehlin (Nordea Fonder), together representing approximately 50 per cent of the votes for all shares in the company, proposes:

- that Johan Cederlund from Advokatfirman Vinge is elected chairman of the Meeting (item 2),
- that the board of directors shall consist of eight board members with no deputy members (item 13),
- that the fees to the board of directors shall amount to SEK 1,850,000 to be allocated as follows: SEK 500,000 to the chairman, SEK 300,000 to Hans-Peter Hasler, SEK 150,000 to each of the other board members who are not employed by the company, and in total SEK 300,000 to be equally allocated to the members of the remuneration, product development and auditing committee for the work performed in these committees, and that the fees to the auditor shall be paid against approved accounts (item 14), and
- that the members of the board of directors Monica Caneman, Johan Christenson, Hans-Peter Hasler, Zsolt Lavoitha, Staffan Lindstrand, John Sjögren and Kjell Strandberg are re-elected and that the Håkan Åström is re-elected chairman of the board of directors (item 15).

The shareholders are informed that the annual general meeting 2004 elected Öhrlings PricewaterhouseCoopers AB as the auditor of the company with Leonard Daun as the auditor in charge for the time until the end of the annual general meeting 2008.

Allocation of the company's result (item 11)

The board of directors and the managing director propose that the accumulated loss of the company is carried forward.

Proposal regarding guidelines for remuneration for the management (item 16)

The board of directors proposes that the Meeting resolves to approve the board of director's proposal regarding guidelines for remuneration for the management as set forth below. The proposal is in all material respects in line with earlier applied guidelines for remuneration for the management of the company. "Management" refers to the managing director and the other members of the management group, which in addition to the managing director, consists of six persons. The board of directors has appointed a remuneration committee to prepare matters regarding remuneration and other terms of employment of the management.

Orexo shall offer a total remuneration in line with the market conditions to enable the company to recruit and retain competent personnel. The remuneration to the management shall consist of fixed salary, variable remuneration, long-term incentive programs, pension and other customary benefits. The remuneration is based on the commitment and performance of the individual in relation to individual objectives and joint objectives for the company, which have been determined in advance. The individual performance is evaluated continuously.

The fixed salary is in general reviewed on a yearly basis and shall be based on the qualitative performance of the individual. The fixed salary of the managing director and the management shall be in line with the market conditions. The variable remuneration shall take into consideration the level of responsibility and influence of the individual. The size of the variable remuneration is based on the percentage of set goals met by the individual. The variable remuneration shall amount to not more than 30 per cent of the fixed salary for the managing director and not more than 20 per cent of the fixed salary for the other members of the management. The board of directors shall in addition have the possibility, when considered appropriate and in its sole discretion, to allocate variable remuneration in the form of bonus to the management.

Orexo has adopted long-term incentive programs intended to promote the company's long-term interest by motivating and rewarding *inter alia* the management of the company. The long-term incentive programs consist of warrants and employee stock options. The board of directors proposes that the Meeting, in addition to the existing long-term incentive programs, resolves to adopt the employee stock option program 2007/2017. The board of directors' proposal regarding adoption of the employee stock option program 2007/2017 is described in more detail in item 19 below.

The management are entitled to benefits under defined pension contribution plans, which are lower than the premium level of the plan for supplementary pensions for salaried employees. The employment agreement of the managing director may be terminated by the company with twelve months notice. The managing director may terminate the employment agreement with immediate effect in the event of a substantial breach by the company under the employment agreement or if a third party acquires more than 50 per cent of the shares in Orexo and the managing director is not appointed managing director in the merged or sold company. The employment agreements of the other members of the management are subject to termination with a notice period of three to twelve months. The managing director is entitled to a redundancy payment of SEK 4,500,000 if the managing director terminates his employment in accordance with the above. There are no agreements on redundancy payment for the management other than as described above.

The board of directors may, in special circumstances and for specific individuals, decide to deviate from the guidelines.

Proposal regarding authorisation for the board of directors to resolve to issue new shares (item 17)

The board of directors proposes that the Meeting resolves to authorise the board of directors for the time until the end of the next annual general meeting, to resolve to issue, on one or several occasions and with or without preferential rights for the shareholders, not more than 1,380,000 new shares, provided however that such issue must not result in the company's share capital exceeding the maximum allowed share capital as set forth in the articles of association. The number of new shares that the board of directors resolves to issue in accordance with this authorisation and the authorisation in item 18 below, which the board of directors proposes that the Meeting resolves upon, may not amount to more than 1,380,000 new shares, in the aggregate.

Proposal regarding authorisation for the board of directors to resolve to issue new shares with payment in kind (item 18)

The board of directors proposes that the Meeting resolves to authorise the board of directors for the time until the end of the next annual general meeting, to resolve to issue, on one or several occasions, not more than 1,380,000 new shares with payment in kind, provided however that such issue must not result in the company's share capital exceeding the maximum allowed share capital as set forth in the articles of association. The number of new shares that the board of directors resolves to issue in accordance with this authorisation and the authorisation in item 17 above, which the board of directors proposes that the Meeting resolves upon, may not amount to more than 1,380,000 new shares, in the aggregate.

Proposal regarding the adoption of the employee stock option plan 2007/2017 and the issuance of warrants to subscribe for new shares, and approval of disposal of the warrants issued under the employee stock option plan 2007/2017 (item 19)

A. Employee stock option plan 2007/2017

The board of directors proposes that the Meeting resolves to adopt Orexo's employee stock option plan 2007/2017. Employee stock options (call options) with the right to acquire not more than 472,000 shares in the company may be issued under the plan. Each employee stock option may be exercised to acquire one share in the company for payment of an exercise price corresponding to the market value of Orexo's shares at the time of allocation.

The employee stock options can be allocated to persons in Sweden or other countries, who at the time of allocation are employed on a permanent basis by, or are working as consultants for, companies in the Orexo group, and who at such time have not given or been given notice of termination of the employment or the consulting assignment. Allocation of employee stock options can also be made to persons who commence such employment or consultant assignment after the initial allocation. The board of directors shall resolve upon the allocation of employee stock options and the allocation shall be made within four categories. Category 1 includes the managing director in Orexo with an allocation of not more than 30,000 employee stock options. Category 2 includes persons in the management with an allocation of not more than 20,000 employee stock options per person. Category 3 includes group managers with an allocation of not more than 8,000 employee stock options per person. Category 4 includes researchers and other employees with an allocation of not more than 3,000 employee stock options per person. The board of directors shall in addition have the possibility to allocate not more than 100,000 additional employee stock options, in the aggregate, to consultants, newly recruited employees, new consultants and other employees who have made exceptional contributions. The performance, position within and contribution to the Orexo group of the employee or the consultant shall be considered when allocating employee stock options. Members of the board appointed by the shareholders' meeting shall not receive any employee stock options. The employee stock options shall not be transferable.

The right to acquire new shares under the employee stock options shall for each employee be exercisable with 1/3 of the employee stock options allocated to such holder as from the date falling one year from the date of the allocation (the “anniversary date”), and an additional 1/3 as from each of the two subsequent anniversary dates, provided that the holder at such dates is still employed within the Orexo group, and has not been given notice of termination for other reasons than redundancy. The board of directors shall have the right, but not the obligation, on an individual basis and for the employee stock options allocated to persons in the management group (including the managing director), to resolve that certain performance related conditions have to be fulfilled for the holder of such employee stock options to be entitled to exercise the employee stock options.

The right to acquire new shares under the employee stock options shall for each consultant be exercisable with 1/12 of the employee stock options allocated to such holder, as from the date falling one month from the allocation (the “monthly date”), and an additional 1/12 as from each of the eleven subsequent monthly dates.

The employee stock options shall be issued free of charge and the holders will be taxed, as income from employment, for the difference between the market value of Orexo’s share at the time of exercise and the exercise price of the employee stock option. The Orexo group shall be responsible for and shall pay social security charges in relation thereto.

To secure that the company can meet its obligations to the holders of employee stock options at the time of exercise, it is proposed that the Meeting resolves to issue 433,975 warrants with the right to subscribe for new shares to the wholly-owned subsidiary Pharmacall AB. These warrants, together with warrants issued earlier by the company, shall be used to secure that the company can fulfil its obligations to the holders of employee stock options at the time of exercise.

B. Issue of warrants with the right to subscribe for new shares

The board of directors proposes that the Company shall issue 433,975 warrants with the right to subscribe for new shares, whereby the company’s share capital may increase with not more than SEK 173,590, corresponding to approximately 2.9 per cent of the share capital and votes. The total number of outstanding warrants corresponds to approximately 7.4 per cent of the share capital and votes in Orexo on a fully diluted basis.

Only the wholly-owned subsidiary Pharmacall AB shall have the right to subscribe for the warrants with the right and obligation to dispose of the warrants in accordance with below. The warrants shall be issued free of charge. Subscription for new shares, in accordance with the terms and conditions for the warrants, can be made from and including the time of the registration of the warrants with the Swedish Companies Registration Office up to and including 31 December 2017. The subscription price for the warrants (i.e. the amount payable by Pharmacall AB upon exercise of the warrants) shall be SEK four (4).

C. Approval of disposal of the warrants

The board of directors proposes that the Meeting approves that Pharmacall AB disposes of the warrants to meet the company’s obligations according to the employee stock options issued under the employee stock option plan.

The reasons for adopting Orexo’s employee stock option plan 2007/2017, and the reasons for the deviation from the shareholders’ preferential rights, are that the board of directors considers it important to be able to keep and recruit qualified employees to the group and that the current and future employees and important consultants of the group are given the opportunity to become owners of the company. The board of directors is of the opinion that this strengthens the interest for Orexo’s business and also stimulates company loyalty in the

future. As the employee stock option plan is intended to be an incentive for the employees in, or other persons of importance for, the Orexo group, it is expected to have a positive effect on the future development of the group and thereby be valuable for the shareholders.

Chapter 16 regarding certain directed issues etc. of the Swedish Companies Act applies to the resolution in accordance with the proposal and thus the resolution requires support of shareholders representing not less than nine tenths of the votes cast as well as the shares represented at the Meeting.

The annual report and the auditor's report as well as the board of director's complete proposals regarding to items 16, 17, 18 and 19 above will be held available at the company's office at Kungsgatan 109, Kungshörnet, in Uppsala and at the company's web site not later than on 5 April 2007, and will be sent to those shareholders who so request and who inform the company of their postal address. Documents relating to the proposal under item 19 above will be sent automatically to shareholders who notify the company of their participation in the Meeting.

Uppsala, March 2007

Orexo AB
The board of directors