

# Notice of Annual General Meeting of Orexo

**The shareholders in Orexo AB (publ) are summoned to the annual general meeting, to be held on Wednesday 11 April 2012, at 4.00 pm in Orexos facilities at Virdings allé 32A, in Uppsala, Sweden.**

## *Participation, etc*

Shareholders who wish to participate in the meeting must be recorded in the share register maintained by Euroclear Sweden AB on Tuesday 3 April 2012, and notify Orexo of their intention to attend the meeting not later than on Tuesday 3 April 2012 by post to Orexo AB, P.O. Box 303, SE-751 05 Uppsala, Sweden, by telephone +46 (0) 18 780 88 00, by telefax +46 (0) 18 780 88 88, or by e-mail to [beata.augenblick@orexo.com](mailto:beata.augenblick@orexo.com).

The notification shall set forth the name, personal/corporate identity number, the number of shares held, telephone number (daytime) and, where applicable, number of assistants (not more than two) that the shareholder intends to bring to the meeting. Shareholders to be represented by proxy should submit a power of attorney (original document) and a certificate of registration or equivalent together with the notification of attendance. A proxy form is available at [www.orexo.com](http://www.orexo.com).

Shareholders whose shares are registered in the name of a nominee/custodian must temporarily re-register their shares in their own names to be entitled to participate in the meeting. Shareholders must inform their nominee/custodian of such re-registration well before Tuesday 3 April 2012 by which date such re-registration must have been executed.

There are 29,865,495 shares and votes outstanding in Orexo. The company holds no treasury shares.

## *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. Speech by the chief executive officer.
8. 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.
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 and the chief executive officer.
13. Determination of the number of board members, deputy board members, auditors and deputy auditors.
14. Determination of fees for the board members and the auditor.
15. Election of board members, chairman of the board and auditor.
16. The board's proposal regarding resolution on guidelines for remuneration to the management.
17. Resolution regarding nomination committee.
18. The board's proposal regarding resolution on authorization for the board of directors to resolve on issue of new shares against payment in kind.

19. The board's proposal regarding resolution on extension of the latest time for making an offer to participate in the company's performance-based, long-term incentive program 2011/2021.
20. Closing of the meeting.

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

The nomination committee of Orexo, which consists of Håkan Åström (chairman of the board), Ulrik Spork (Novo A/S and chairman of the nomination committee), Björn Odlander (HealthCap), Claus Berner Møller (Arbejdsmarkedets Tillaegspension) och Ulrica Slåne (Tredje AP-fonden), proposes:

- that the chairman of the board, Håkan Åström, is elected chairman of the meeting (item 2),
- that the board of directors shall consist of six board members with no deputy members (item 13),
- that the number of auditors shall be one with no deputy auditors (item 13),
- that the fees to the board of directors shall amount to SEK 1,650,000 to be allocated as follows: SEK 600,000 to the chairman, SEK 300,000 to Raymond Hill, SEK 150,000 to each of the other board members, and in total SEK 150,000 to be allocated to the members of the audit committee so that the chairman of the committee receives SEK 100,000 and SEK 50,000 are allocated between the other members of the committee, that fees to the auditor shall be paid against approved accounts, and that fees to the board members may, if agreed with Orexo, be invoiced by a company, in which case the invoiced fee shall be determined so that it is cost neutral for Orexo (item 14),
- that the ordinary board members Raymond Hill, Staffan Lindstrand and Michael Shalmi are re-elected and that Scott Myers, Martin Nicklasson and Kristina Schauman are elected new board members, all for the period up until the end of the next annual general meeting (item 15),
- that Martin Nicklasson is elected as chairman of the board (item 15), and
- that PricewaterhouseCoopers AB is re-elected as auditor for the period up until the end of the next annual general meeting (item 15).

A presentation of the persons proposed by the nomination committee to be elected board members are available at [www.orexo.se](http://www.orexo.se). Håkan Åström, Bengt Samuelsson and Kjell Strandberg have declined to be proposed for re-election.

***Allocation of the company's result (item 11)***

The board of directors and the chief executive officer propose that there shall be no dividend for 2011 and that the results of the company shall be carried forward.

***The board's proposal regarding resolution on guidelines for remuneration to the management (item 16)***

The board of directors proposes that the meeting resolves to approve the board of directors' proposal regarding guidelines for remuneration for the management as set forth below, to be applied up until the end of the annual general meeting to be held 2013. The proposal is generally in line with earlier applied guidelines for remuneration for the management of the company. "Management" refers to the chief executive officer and the other members of the management group, which in addition to the chief executive officer, 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 chief executive officer and 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 chief executive officer 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 40 per cent of the fixed salary for the chief executive officer and not more than 30 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 to the management.

Orexo has adopted share based incentive programs intended to promote the company's long-term interest by motivating and rewarding, *inter alia*, the management of the company.

The chief executive officer and the other members of the management are entitled to benefits under defined contribution pension plans. The pension premiums to be paid by the company amount to 20 per cent of the chief executive officer's monthly base salary and the pension premiums for the other members of the management amount to between 20 and 25 per cent of the fixed yearly salary. The employment agreement of the chief executive officer may be terminated by six months' notice. The employment agreements of the other members of the management are subject to a notice period of three to twelve months. The chief executive officer is entitled to a severance payment equivalent to twelve times his respective monthly base salary. Severance payment due to dismissal by the company for other members of the management amounts to between zero and twelve monthly base salaries.

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

In 2011, a deviation from the guidelines was made in connection with the board's resolution to enter into employment contracts with new members of management, which in some cases exceed the maximum level of variable remuneration set by the 2011 annual general meeting. The deviations have been made in accordance with the possibility to deviate, in individual cases where there are specific reasons, from the guidelines for remuneration to the management as adopted by the 2011 annual general meeting.

#### ***Resolution regarding nomination committee (item 17)***

The board of directors proposes that the meeting resolves that the company shall have a nomination committee consisting of a representative of each of the four largest shareholders, based on the number of votes held, together with the chairman of the board. If any of the four largest shareholders declines to appoint a member to the nomination committee, additional shareholders are, by order of size, to be offered appointment until four members are appointed. The names of the members of the nomination committee and the names of the shareholders they represent shall be made public not later than six months before the annual general meeting and be based on shareholding statistics provided by Euroclear Sweden AB per the last banking day in August 2012. Unless the members of the nomination committee agree otherwise, the member representing the largest shareholder, based on the number of votes held, shall be appointed chairman of the nomination committee. If a shareholder representative no longer represents the owner or leaves the nomination committee before its work is completed, the shareholder shall be entitled to appoint a new member of the nomination committee. A shareholder who has appointed a member of the nomination committee has the right to remove such member and appoint a new member of the nomination committee. In the event a shareholder that has appointed a member is no longer one of the four largest shareholders, based on the number of votes held, the appointed member shall resign and be replaced by a new member in accordance with the above

procedure. Unless special circumstances apply, no changes should be made in the composition of the nomination committee as a result of minor changes in voting rights or changes in voting rights which occur later than two months before the annual general meeting. Changes in the composition of the nomination committee shall be made public as soon as possible.

The nomination committee shall prepare and submit proposals to the general meeting on: chairman of the meeting, board members, chairman of the board, board fees to each of the board members and the chairman as well as remuneration for committee work, if any, fees to the company's auditor, and, when applicable, proposal regarding election of new auditor. Further, the nomination committee shall prepare and propose principles for the composition of the nomination committee to the general meeting 2013. The nomination committee shall be entitled to charge the company with costs for consultants and other expenses necessary for the nomination committee to carry out its duties.

***The board's proposal regarding resolution on authorization for the board of directors to resolve on issue of new shares against payment in kind (item 18)***

The board of directors proposes that the annual general meeting authorize the board of directors, up until the next annual general meeting on one or several occasions, to issue new shares against payment in kind. However, such issue must never result in the company's issued share capital or number of shares in the company, at any time, increasing by more than a total of 10 per cent, or cause the company's share capital to exceed the maximum allowed share capital according to the articles of association.

***The board's proposal regarding resolution on extension of the latest time for making an offer to participate in the company's performance-based, long-term incentive program 2011/2021 (item 19)***

The board of directors proposes that the latest time for making an offer to participate in the company's performance-based, long-term incentive program 2011/2021 (allocation) is extended to 31 December 2013. The purpose of the extension is to give the board sufficient time to allocate and to re-allocate, as applicable, options (performance shares) to eligible employees, including new recruitments, in an orderly fashion as envisaged in the original resolutions of 16 February 2011 and 7 April 2011.

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The shareholders are reminded of their right to request information in accordance with Chapter 7 Section 32 of the Swedish Companies Act. The annual report and all other documents, including the nomination committees' motivated statement and the auditor's report pursuant to Chapter 8 Section 54 of the Companies Act, are available in the company's office at Virdings allé 32 A, in Uppsala and at [www.orexo.se](http://www.orexo.se) no later than three weeks before the meeting and will be sent to shareholders who so request and who inform the company of their postal address. This notice is a translation of a Swedish notice and in case of any deviations between the both language versions, the Swedish version shall prevail.

Uppsala, March 2012  
**Orexo AB (publ)**  
*The board of directors*