

# Notice of Annual General Meeting of Orexo

**The shareholders in Orexo AB (publ) are summoned to the annual general meeting, to be held on Tuesday 15 April 2014, at 4.00 pm in Orexo's 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 Wednesday 9 April 2014, and notify Orexo of their intention to attend the meeting not later than on Wednesday 9 April 2014 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 Wednesday 9 April 2014 by which date such re-registration must have been executed.

There are 32,925,908 shares and votes outstanding in Orexo. The company holds 1,121,124 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. Resolution regarding authorization for the board of directors to resolve to issue new shares.
19. Resolution regarding authorization for the board of directors to resolve to repurchase and transfer of own shares.
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 Martin Nicklasson (chairman of the board), Ulrik Spork (Novo A/S and chairman of the nomination committee), Björn Odlander (HealthCap) and Claus Berner Møller (Arbejdsmarkedets Tillaegspension), proposes:

- that the chairman of the board, Martin Nicklasson, is elected chairman of the meeting (item 2),
- that the board of directors shall consist of five 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 1,400,000 to be allocated as follows: SEK 600,000 to the chairman, and SEK 150,000 to each of the other board members, and in total SEK 200,000 to be allocated to the members of the audit committee so that the chairman of the committee receives SEK 150,000 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, Martin Nicklasson, Kristina Schauman and Michael Shalmi are re-elected, for the period up until the end of the next annual general meeting. Scott Myers has declined re-election (item 15),
- that Martin Nicklasson is re-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).

***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 2013 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 annual general meeting resolve to approve the board of directors' proposal concerning principles and guidelines for the remuneration of the company's management in accordance with what is stated below, to apply until the annual

general meeting 2015. The board's proposal principally conforms to guidelines previously applied to the remuneration of the company's management. "Management" refers to the chief executive officer and the other members of the management group, which in addition to the chief executive officer comprises seven persons. The board has appointed a Remuneration Committee to draw up proposals regarding remuneration and other terms of employment for the management.

Orexo shall offer terms of employment that are in line with market rates so that the company can recruit and retain skilled personnel. Remuneration to the management shall comprise a fixed salary, variable remuneration, long-term incentive programs, pensions and other customary benefits. Remuneration is based on the individual's commitment and performance in relation to previously established goals, individual goals and goals for the entire company. Individual performance is continuously evaluated.

Fixed salary is generally reviewed on an annual 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 market conditions. Variable remuneration shall take into account the individual's level of responsibility and degree of influence. The size of variable remuneration is based on the percentage of set goals met by the individual. Variable remuneration shall amount to no more than 40 percent of the fixed salary of the chief executive officer and 30 percent of the fixed salary for the other members of the management. Furthermore, the board of directors shall have the option of allocating further variable non-recurring remuneration to the management when the board deems it to be appropriate.

Orexo has adopted share-based incentive programs intended to promote the company's long-term interests by motivating and rewarding the management of the company, among others.

The chief executive officer and the other members of the management are covered by defined-contribution pension plans. The pension premiums paid by the company amount to not more than 20 percent of the chief executive officer's monthly salary, while premiums for the other members of the management amount to between 20 and 25 percent of fixed annual salary. The employment agreement with the chief executive officer may be terminated with six months' notice. Employment agreements with the other members of the management may be terminated with notice of between three and 12 months. The chief executive officer is entitled to severance pay equivalent to six months' salary if employment is terminated by the company. The other members of the management are entitled to severance pay equivalent to between zero and 12 months' salary if employment is terminated by the company. The board is entitled, if it assesses that this is warranted in an individual case, to assign company work to a board member over and above the board assignment, in which case the board member may be granted reasonable remuneration.

#### ***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 2014. 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 2015. 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.

***Resolution regarding authorization for the board of directors to resolve to issue new shares (item 18)***

The Board of Directors proposes that the Meeting authorizes the Board of Directors to resolve to issue of new shares on one or several occasions until the next annual general meeting, with or without preferential rights for the shareholders, against cash payment or against payment through set-off or in kind, or otherwise on special conditions. However, such issue of shares must never result in the company's issued share capital or the number of shares in the company at any time, being increased by more than a total of 10 per cent. The purpose of the authorization is to enable the Board to make corporate acquisitions, product acquisitions or to enter into collaboration agreements, or to raise working capital or broaden the shareholder base.

***Resolution regarding authorization for the board of directors to resolve to repurchase and transfer of own shares (item 19)***

The Board of Directors proposes that the Meeting authorizes the Board of Directors to resolve to repurchase, on one or several occasions until the next annual general meeting, as many own shares as may be purchased without the company's holding at any time exceeding 10 per cent of the total number of shares in the company. The shares shall be purchased on NASDAQ OMX Stockholm and only at a price per share within the price range applicable, i.e. the range between the highest purchase price and the lowest selling price.

The Board of Directors also proposes that the Meeting authorizes the Board of Directors to resolve, on one or several occasions until the next annual general meeting, to transfer (sell)

own shares. Transfers may be carried out on NASDAQ OMX Stockholm at a price within the price range applicable, i.e. the range between the highest purchase price and the lowest selling price. Transfers may also be made in other ways, with or without preferential rights for the shareholders, against cash payment or against payment through set-off or in kind, or otherwise on special conditions. Upon such transfers, the price shall be established so that it is not below market terms. However, a discount to the stock market price may apply, in line with market practice. Transfers of own shares may be made of up to such number of shares as is held by the Company at the time of the Board of Director's resolution regarding the transfer.

The purpose of the authorization to repurchase own shares is to promote efficient capital usage in the company and to provide flexibility as regards the company's possibilities to distribute capital to its shareholders. The purpose of the authorization to transfer own shares is to enable the Board to make corporate acquisitions, product acquisitions or enter into collaboration agreements, or to raise working capital or broaden the shareholder base or for use in the context of the company's incentive plans.

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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 at 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 2014  
**Orexo AB (publ)**  
*The board of directors*