

Notice of Extraordinary Shareholders' Meeting in Orexo

The shareholders in Orexo AB (publ) are hereby summoned to the extraordinary shareholders' meeting, to be held on Wednesday 16 February 2011, at 16.00 CET at Summit Hitechbuilding, Sveavägen 9-11.

Participation, etc

Shareholders, who wish to participate in the meeting, must be recorded in the share register maintained by Euroclear Sweden AB on Thursday 10 February 2011,

and must notify Orexo not later than 16.00 CET on Thursday 10 February 2011 in writing to Orexo AB, P.O. Box 303, SE-751 05 Uppsala, Sweden, or by telephone +46 (0) 18 780 88 00, or by telefax +46 (0) 18 780 88 88, or by e-mail beata.augenblick@orexo.com. 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.

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 Euroclear Sweden AB to be entitled to participate in the meeting. Shareholders must inform their nominee of such re-registration well before Thursday 10 February 2011, when such re-registration must have been executed.

There are 23,403,752 shares and votes outstanding in Orexo. The company holds no own shares.

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, or similar, for the legal entity shall be appended. The power of attorney and the registration certificate may not be older than one year, however that the power of attorney may be valid for up to five years from the issue thereof if explicitly stated. 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. A proxy form is held available at the company's website www.orexo.com and will also be sent to shareholders who so request.

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. Proposal regarding the adoption of the performance-based, long-term incentive program 2011/2021 including an issue of warrants with right to subscribe for new shares and approval of disposal of the warrants under the performance-based, long-term incentive program
8. Closing of the meeting.

The board of directors' proposal to the shareholders' meeting regarding adoption of the performance-based, long-term incentive program 2011/2021 including an issue of warrants with right to subscribe for new shares and approval of disposal of the warrants under the performance-based, long-term incentive program (item 7)

A. Incentive program 2011/2021

The board of directors proposes that the meeting resolves to adopt Orexo's performance-based, long-term incentive program 2011/2021 (the "**Share Program**"). Performance shares, with the right to acquire not more than 1,540,000 shares in Orexo, may be issued under the Share Program ("**Performance Shares**"). Each Performance Share shall give the right to acquire one (1) share in Orexo for payment of an exercise price corresponding to 100 per cent of the volume weighted average price for the Orexo share during the ten trading days immediately prior to the allocation.

The Performance Shares shall be allocated to senior executives of Orexo. No Performance Shares shall be capable of being exercised following the 10th anniversary of the date of the shareholders' meeting adopting the Share Program. The board of directors shall resolve upon the allocation of Performance Shares and the allocation shall be made within three categories. Category 1 includes the Chief Executive Officer in Orexo with an allocation of not more than 500,000 Performance Shares. Category 2 includes senior managers, with an aggregate allocation of not more than 750,000 Performance Shares in such category. Category 3 includes other key employees, with an aggregate allocation of not more than 200,000 Performance Shares in such category. In addition, the board of directors shall have the possibility to allocate not more than 90,000 additional Performance Shares in total to employees in any of the above categories who have made exceptional contributions. The performance, position within and contribution to the Orexo group of the employee shall be considered when allocating Performance Shares. Members of the board of directors appointed by the shareholders' meeting shall not receive any Performance Shares. An offer to participate in the Share Program shall be made prior to the annual shareholders' meeting to be held in 2011.

The right to acquire new shares through exercise of the Performance Shares shall, for each employee, be subject to vesting criteria. Of all Performance Shares allocated to a participant under the Share Program, 50 per cent of the Performance Shares shall be vested according to time and internal operational criteria ("**Time-vested Performance Shares**") and 50 per cent shall be vested according to share price performance and relative share performance ("**Share Price-vested Performance Shares**").

(i) Time-vested Performance Shares

As set forth above, Time-vested Performance Shares shall be vested according to time and internal operational criteria. The internal operational criteria shall be resolved by the board of directors at the time of allocation of Performance Shares to the participants under the Share

Program, and thereafter prior to each of the respective reporting periods (as defined below), on an individual basis and be connected to financial performance of Orexo and its subsidiaries (revenue, profitability, etc.) and to R&D and other operational targets (achieved milestones, etc.) (the “**Internal Operational Criteria**”). Time-vested Performance Shares shall, for each employee, be exercisable with 1/5 of the Time-vested Performance Shares allocated to such holder as from the date falling one year from the date of the allocation (the “**anniversary date**”) provided that (i) 80 per cent of the Internal Operational Criteria have been met in the twelve months reported by Orexo up until such anniversary date (“**reporting period**”), and an additional 1/5 as from each of the four subsequent anniversary dates, provided that 80 per cent of the Internal Operational Criteria have been met in the respective reporting periods up until such anniversary dates, respectively, and provided that (ii) the holder at such dates is still employed within the Orexo group or that the employment has expired in circumstances where the holder is a Good Leaver (as defined below). However, if the employment is terminated (irrespective of which party that terminates the employment) in circumstances where the holder is not a Good Leaver, no Performance Shares shall be exercisable by the employee, whether or not previously vested, and any and all Performance Shares held by such employee shall immediately become void upon notice of termination. In the event of termination (irrespective of which party that terminates the employment) in circumstances where the holder is a Good Leaver, the exercise period shall (except in connection with subparagraphs (b) and (c) below in the definition of Good Leaver) be 30 days as from the expiry of the employment, after which period all Performance Shares shall become void unless exercised during such 30-day period.

“**Good Leaver**” means any leaver who leaves by reason of: (a) retirement at normal retirement age with the agreement of the board of directors; (b) death; (c) permanent illness or incapacity (other than due to drug or alcohol dependency) or disability; (d) the employment being terminated (irrespective of which party that terminates the employment) otherwise than by Orexo For Cause (as defined below); or (e) by any other reason where the board of directors determines in its discretion that a leaver is a Good Leaver. “**For Cause**” means material breach of terms of employment, fraud, gross or serious misconduct or any other similar circumstances that justify the termination of a person’s employment without notice.

(ii) Share Price-vested Performance Shares

The Share Price-vested Performance Shares shall, for each employee, be exercisable depending on (i) the fulfillment of both of the performance criteria as set forth below (the “**Performance Criteria**”) and provided that (ii) the holder at such date is still employed within the Orexo group or that the employment has expired in circumstances where the holder is a Good Leaver. However, if the employment is terminated (irrespective of which party that terminates the employment) in circumstances where the holder is not a Good Leaver, no Performance Shares shall be exercisable by the employee, whether or not previously vested, and any and all Performance Shares held by such employee shall immediately become void upon notice of termination. In the event of termination (irrespective of which party that terminates the employment) in circumstances where the holder is a Good Leaver, the exercise period shall (except in connection with subparagraphs (b) and (c) above in the definition of Good Leaver) be 30 days as from the expiry of the employment, after which period all Performance Shares shall become void unless exercised during such 30-day period.

The Performance Criteria shall be measured on the basis of the quoted volume weighted average price for the Orexo share on NASDAQ OMX Stockholm during the twenty trading

days immediately prior to each assessment (the “**Share Price**”). When calculating the increase in the Share Price, a comparison shall be made with the volume weighted average price for the Orexo share during the ten trading days immediately prior to the allocation.

Performance criterion 1

For any vesting of Share Price-vested Performance Shares to occur, the increase in the Share Price shall correspond to the amounts set forth below. The increase in the Share Price as set forth below shall not be calculated for a period exceeding five years, meaning that the Share Price must have been achieved within a continuous five year period.

Increase in Share Price	Vesting percentage of Share Price-vested Performance Shares (also conditional upon the fulfillment of Performance Criterion 2 below)
> 60 per cent (or Share Price of SEK 64 *)	33 per cent
> 100 per cent (or Share Price of SEK 80*)	66 per cent
> 150 per cent (or Share Price of SEK 100*)	100 per cent

These categories correspond to a five year average return performance of approximately 10 per cent per annum, 15 per cent annum and 20 per cent per annum respectively.

* Example based on a starting Share Price of SEK 40.9, which corresponds to the closing share price for the Orexo share on NASDAQ OMX Stockholm on 4 January 2011.

Performance criterion 2

In addition to satisfaction of Performance Criterion 1, for any vesting to occur, the Share Price shall have outperformed the NASDAQ OMX Stockholm Biotechnology PI Index for a 90-day period immediately prior to such day when Performance Criterion 1 above is satisfied. The determination of satisfaction of Performance Criterion 2 shall be made continuously as long as Performance Criterion 1 is satisfied, where the above-mentioned 90-day period shall be the period immediately prior to each such determination.

The Performance Shares shall be issued free of charge and the holders will be taxed, as income, for the difference between the market value of Orexo’s share at the time of the exercise and the exercise price of the Performance Shares. The Orexo group shall be responsible for and shall pay social security charges (*Sw. arbetsgivaravgifter*) in relation thereto.

In order to secure that the company can meet its obligations to the participants in the Share Program at the time of exercise of the Performance Shares, it is proposed that the shareholders’ meeting resolves to issue not more than 1,540,000 warrants with the right to subscribe for new shares to the wholly-owned subsidiary Pharmacall AB. These warrants shall be used to secure that the company can fulfill its obligation to the participants in the Share Program at the time of exercise.

The board shall have the possibility to decide that Performance Shares shall be deemed not having vested to the extent vesting has occurred on the basis of manifestly misstated information.

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

The board of directors proposes that the Company shall issue not more than 1,540,000 warrants with the right to subscribe for new shares, whereby the company's share capital may be increased with not more than SEK 616,000, corresponding to, assuming that all warrants are exercised for subscription of new shares, approximately 5.8 per cent of the share capital and votes in Orexo.

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 for Pharmacall AB. 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 2021. The subscription price for the warrants (i.e. the amount payable upon exercise of the warrants) shall be SEK 0.4.

C. Approval of disposal of the warrants

The board of directors proposes that the shareholders' meeting approves that Pharmacall AB disposes of the warrants to meet the company's obligations according to the Performance Shares issued under the Share Program.

The reasons for adopting Orexo's Share Program 2011/2021, and the reasons for the deviation from the shareholders' pre-emption rights to participate in the issue of warrants, are that the board of directors finds it important to attract, incentivize and retain qualified employees to the group and that the current and future senior executives are given the opportunity to become owners of Orexo. 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 Share Program is intended to be an incentive for the employees in the Orexo group, it is assessed to positively influence 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 shareholders are reminded of their right to request information in accordance with Chapter 7 Section 32 of the Swedish Companies Act.

Documents according to Chapter 14 Section 8 of the Swedish Companies Act and the complete proposal regarding item 7 above will be held available at the company's office at Virdings allé 32 A, in Uppsala and at the company's website not later than on 26 January 2011, and will be sent free of charge to shareholders who notify the company of their participation in the meeting. 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, January 2011

Orexo AB

The board of directors