

## PRESS RELEASE

Stockholm, 27 May 2015



### **Notice of annual general meeting in Swedish Orphan Biovitrum AB (publ)**

The shareholders in Swedish Orphan Biovitrum AB (publ), Reg. No. 556038-9321, are hereby summoned to the annual general meeting (the “Meeting”), to be held on Tuesday 30 June 2015 at 2.00 p.m. in Wallenbergsalen at Kungliga Ingenjörsvetenskapsakademien (IVA), Grev Turegatan 16, Stockholm, Sweden.

#### ***Participation, etc.***

Shareholders who wish to attend the Meeting must be recorded in the share register maintained by Euroclear Sweden AB (the Swedish Central Securities Depository) on Wednesday 24 June 2015, and must notify the company of their intention to participate in the Meeting not later than on Wednesday 24 June 2015 at Swedish Orphan Biovitrum’s web site [www.sobi.com](http://www.sobi.com), by mail to Swedish Orphan Biovitrum AB (publ), “Annual General Meeting”, SE-112 76 Stockholm, Sweden or by phone no. +46 8 697 34 27. 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.

As per the day of this notice there are 270,785,950 shares outstanding in the company. 270,389,770 shares are common shares representing one vote each and 396,180 shares are series C shares representing one tenth vote each. The total number of votes is accordingly 270,429,388. The company holds 3,547,032 own common shares and 396,180 own series C shares, which cannot be represented at the general meeting.

#### ***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, in order to be able to participate in the Meeting, re-register their shares in their own names in the shareholders’ register maintained by Euroclear Sweden AB as per Wednesday 24 June 2015. Shareholders who wish to re-register their shares in their own name should inform their nominee of such re-registration well in advance of such date. Such registration may be temporary.

#### ***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 is valid for one year from the issue thereof or such longer period of time stated in the power of attorney, however not more than five years. A registration certificate shall evidence the circumstances prevailing at the day of the Meeting and should not be older than one year at the time of the Meeting.

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

#### **Swedish Orphan Biovitrum AB**

Postal address SE-112 76 Stockholm, Sweden

Phone: +46 8 697 20 00 Fax +46 8 697 20 00 [www.sobi.com](http://www.sobi.com)

the company's web site, [www.sobi.com](http://www.sobi.com), and will also be sent to shareholders who so request and who inform the company of their postal address.

***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 several persons to verify the minutes.
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 accounts and the auditor's report for the group.
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 appropriation of the company's profit or loss in accordance with the adopted balance sheet.
12. Resolution regarding discharge of the members of the Board of Directors and the managing director from liability.
13. Determination of fees to be paid to the members of the Board of Directors and to the auditor.
14. Determination of the number of directors and deputy directors and auditors and deputy auditors.
15. Election of the chairman, the members of the Board of Directors and the auditor.
16. Resolution regarding guidelines for remuneration for the management.
17. Resolution regarding the implementation of a long-term incentive program in accordance with (A) and hedging arrangements in respect thereof in accordance with (B) or (C).
18. Resolution regarding transfer of own shares.
19. Closing of the Meeting.

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

The nomination committee of Swedish Orphan Biovitrum AB (publ), which consists of Bo Jesper Hansen (chairman of the Board of Directors), Petra Hedengran, chairman (Investor), Anders Oscarsson (AMF) and Lennart Francke (Swedbank Robur Fonder) proposes:

- that Eva Hägg from Mannheimer Swartling Advokatbyrå is elected chairman of the Meeting,
- that fees to be paid to the Board of Directors should total SEK 2,805,000 to be allocated with SEK 335,000 to each board member except for the chairman of the Board of Directors who shall not receive any fee for his board assignment, nor any fee for his committee work, that fees for work in the audit committee should be SEK 100,000 to the chairman and SEK 60,000 to each other member of such committee, that fees for work in the compensation & benefit committee should be SEK 60,000 to the chairman and SEK 30,000 to each other member of such committee and that fees for work in the science committee should be SEK 60,000 to the chairman and SEK 30,000 to each other member of such committee,
- that, in addition to the fees proposed above, for each physical meeting of the Board of Directors held in Sweden, a meeting fee of SEK 10,000 is paid to the members of the Board of Directors that reside in Europe outside the Nordic countries and a meeting fee of SEK 20,000 is paid to the members of the Board of Directors that reside outside Europe,
- that the fees to the auditor should be paid in accordance with normal standards and approved invoice,
- that eight ordinary board members without deputies should be appointed,
- that one auditor without any deputy auditor should be appointed,
- that the ordinary members of the Board of Directors Adine Grate Axén, Annette Clancy, Matthew Gantz, Bo Jesper Hansen, Lennart Johansson, Helena Saxon, Hans GCP Schikan and Hans Wigzell should be re-elected as members of the Board of Directors, and that Bo Jesper Hansen should be re-elected chairman of the Board of Directors, and
- that Ernst & Young be elected auditor of the company until the end of the annual general meeting 2016.

*The nomination committee recommends the elected board members to build their own holdings of shares in the company*

The nomination committee recommends the Board of Directors of Swedish Orphan Biovitrum to establish a shareholding policy pursuant to which the members of the Board of Directors, who do not already have such holding, are expected to, over a five year period, acquire an ownership in Swedish Orphan Biovitrum shares with a market value which is expected to correspond to at least one year board remuneration, before taxes, excluding remuneration for committee work.

***Proposal regarding appropriation of the company's profit or loss in accordance with the adopted balance sheet (item 11)***

The Board of Directors proposes that the company's retained profits are carried forward.

***Proposal regarding guidelines for remuneration for the Management (item 16)***

The Board of Directors proposes that the annual general meeting resolves on principles for remuneration to Management as set forth below which shall apply until the annual general meeting 2016. The Management is defined as the managing director of Swedish Orphan Biovitrum and the executives who report to him and are members of the senior management, as well as members of the Board of Directors if employment or consulting agreements are entered into.

*Objective*

The objective is to ensure that the company can attract and retain the best people in order to support the vision and strategy of the company. Remuneration to the Management should be built on a total remuneration approach. The position of total remuneration should be market competitive without being leading relative to competitors in each local market. The market comparisons should be made against a set of peer group companies with comparable sizes, industries and complexity. The remuneration principles should enable international hiring and should support diversity within the Management. The remuneration may consist of the following components:

- A, Fixed Base Pay
- B, Variable Pay – so-called Short Term Incentives
- C, Long Term Incentives
- D, Pensions
- E, Other Benefits

To the extent a member of the Board of Directors carries out work for the company or for another group company, in addition to the board work, consulting fees and/or other remuneration for such work may be payable.

#### *Fixed Base Pay*

The fixed base pay of the Management should be based on competence, responsibility and performance. The company uses an international evaluation system in order to evaluate the scope and responsibility of the position.

#### *Variable Pay*

The annual Short Term Incentive plan is based on the achievement of annual performance objectives (corporate, departmental and individual). No payment will be made unless these objectives are achieved. The annual performance objectives are defined in advance by the Compensation & Benefits Committee and approved by the Board of Directors.

These objectives are determined for the promotion of the company's long-term development, value creation and financial growth and shall be designed in a way that does not encourage an excessive risk-taking. The Short Term Incentives may not amount to more than 50% of the annual gross salary for the managing director and not more than 40% of the fixed annual salary for the other members of the management (pension may occasionally be included as a basis for calculating Short Term Incentives).

#### *Long Term Incentives*

Swedish Orphan Biovitrum can introduce long-term incentive programs for all or some of its employees. The objectives of such a program should be to align the employees' interests with those of the shareholders, to create a long-term commitment to Swedish Orphan Biovitrum, to be a tool to retain and attract executives and top talents, to offer participants to take part in Swedish Orphan Biovitrum's long-term success and value creation, and to contribute to a competitive total remuneration.

For more information on Swedish Orphan Biovitrum's current incentive programs, see Swedish Orphan Biovitrum's annual report 2014 note 12.

#### *Pensions*

The Swedish Orphan Biovitrum preferred pension plan design is defined contribution. If the operating environment requires the establishment of a defined benefit pension plan by law or other regulations, such a plan may be established. The defined benefit level should in such cases be limited to the mandatory level.

### *Other Benefits*

Fixed salary during notice periods and severance pay, including payments for any restrictions on competition, shall in total not exceed an amount equivalent to the fixed base pay for two years. In addition to this restriction, the total severance payment shall be limited to the existing monthly salary for the remaining months up to the age of 65.

Additional compensation may also be paid out in extraordinary circumstances, provided that such arrangement is made for management recruitment or retention purposes and is agreed on an individual basis. Such extraordinary arrangements may for example include a one-time cash payment, a support package including relocation and tax filing support, retention bonus or severance payment in case of a change of control, or similar.

### *Deviation from the guidelines*

The Board of Directors may resolve to deviate from the guidelines if the Board of Directors, in an individual case, is of the opinion that there are special circumstances justifying that.

### ***Proposal regarding the implementation of a long-term incentive program in accordance with (A) and hedging arrangements in respect thereof in accordance with (B) or (C) (item 17)***

#### ***Background***

The Board of Directors of Swedish Orphan Biovitrum AB (publ) ("**Sobi**") proposes that the annual general meeting 2015 resolves on the implementation of a long-term incentive program (the "**Program**"). The proposed Program gives all present and future permanent employees of the Sobi Group the opportunity of becoming shareholders in Sobi. It is proposed that the Program should be divided into three parts: (I) one part directed to the CEO of Sobi (the "**CEO Program**"), (II) one part directed to executives and directors, excluding the CEO, (the "**Executive Program**") and (III) one part directed to all other employees (the "**All Employee Program**"). Save for the CEO, employees based in the U.S. will not be offered to participate in the Program.

The overall purpose of the Program is to closely align the employees' interests with those of the shareholders and to create a long-term commitment to Sobi. The CEO Program allows the CEO to invest in Sobi so as to demonstrate his long-term commitment and belief in Sobi. The Executive Program provides Sobi with a crucial component of a competitive total remuneration package with which to attract and retain executives who are critical to Sobi's long-term success. The purpose of the All Employee Program is to create commitment and motivation for the entire permanent workforce of the Sobi Group. For these reasons the Board of Directors considers that having recurring long-term incentive programs is a vital and important part of Sobi's total remuneration package.

The Board of Directors of Sobi has evaluated the long-term incentive program approved by the 2014 annual general meeting and has concluded that both the Executive Program and the All Employee Program broadly satisfy the intended purposes, but that they nonetheless may be improved by some adjustments in order to further align the interests of the employees' with those of the shareholders, align the structure with market practice and increase the number of participants.

Similarly to the incentive program approved by the 2014 annual meeting, the Program shall be inspiring, achievable, easy to understand, cost effective to administrate, easy to communicate and in line with market practice. Following implementation of the Program, the Board of Directors intends to carry out an evaluation thereof in order to systematically analyse the achieved results in relation to the aims outlined above. The aim of the evaluation will be to determine whether the Program satisfies its purposes, and this will also include the review of the outcome and the costs for the Program.

#### **A. Implementation of the Program**

The Board of Directors proposes that the annual general meeting 2015 resolves on the implementation of the Program in accordance with the principal terms and conditions set out below.

##### **I. Terms and conditions applying to the CEO Program**

- (a) The CEO Program is proposed to be open to one participant; the CEO.
- (b) The CEO Program will require the CEO to make investments of his own in common shares in Sobi on Nasdaq Stockholm ("**CEO Investment Shares**") for an amount of 4 MSEK. The CEO Investment Shares will be subject to a 3 year lock-up period starting on the date the CEO was notified by Sobi of his admission to the CEO Program (the "**Lock-up Period**"). Sobi must notify the CEO of his admission to the CEO Program no later than on 31 December 2015.
- (c) The CEO will, depending on the share price development of the Sobi common share, after the expiration of the Lock-up Period, have the possibility to be allotted common shares in Sobi free of charge ("**CEO Performance Shares**"), from Sobi or from a designated third party. The CEO may be allotted no more than 400,000 CEO Performance Shares. In order for any allotment of CEO Performance Shares to take place the share price of the Sobi common share, adjusted for any dividend payments<sup>1</sup>, must increase with more than 20%. For maximum allotment of CEO Performance

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<sup>1</sup> So-called Total Shareholder Return.

Shares to take place, the share price of the Sobi common share, adjusted for any dividend payments,<sup>2</sup> must increase with at least 100%. If the share price increase, adjusted for any dividend payments,<sup>3</sup> is between 20% and 100% the CEO will receive a linear allotment of CEO Performance Shares. The calculation of the share price development shall be based on a comparison of the volume-weighted average price paid for the Sobi common share on Nasdaq Stockholm, adjusted for any dividend payments,<sup>4</sup> during a period of 10 trading days immediately prior to the start of the Lock-up Period and the volume-weighted average price paid for the Sobi common share on Nasdaq Stockholm, adjusted for any dividend payments,<sup>5</sup> during the last 10 trading days of the Lock-up Period.

- (d) The CEO must purchase CEO Investment Shares in connection with the start of the Lock-up Period.
- (e) CEO Performance Shares may be allotted only after the expiration of the Lock-up Period, unless the Board of Directors of Sobi resolves otherwise.
- (f) In order for the CEO to be allotted CEO Performance Shares it is a condition that, with certain specific exemptions, he has been permanently employed within the Sobi Group for the duration of the whole Lock-up Period and that he, until the expiration of this Lock-up Period, has retained the CEO Investment Shares purchased. Any disposal of CEO Investment Shares prior to the expiration of the Lock-up Period will result in a proportionally reduced number of CEO Performance Shares being allotted.
- (g) If significant changes in the Sobi Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allotment of CEO Performance Shares under the Program become unreasonable, the Board of Directors shall be entitled to make adjustments to the Program, including, among other things, be entitled to resolve on a reduced allotment of CEO Performance Shares, or that no CEO Performance Shares shall be allotted at all.

## ***II. Terms and conditions applying to the Executive Program***

- (a) The Executive Program is proposed to be open to no more than 212 permanent employees of the Sobi Group, whereof no more than 180 permanent employees on director level of the Sobi Group (“**Band D**”), no more than 20 permanent employees on vice president level of the Sobi Group (“**Band C**”) and

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<sup>2</sup> See footnote 3.

<sup>3</sup> See footnote 3.

<sup>4</sup> See footnote 3.

<sup>5</sup> See footnote 3.

no more than 12 permanent employees who are members of the executive leadership team of the Sobi Group (excluding the CEO) (“**ELT**”).

- (b) The Executive Program will require participants in Band D and Band C and ELT members to make investments of their own in common shares in Sobi on Nasdaq Stockholm (“**Executive Investment Shares**”). For each Executive Investment Share, participants in Band D and Band C and ELT members will have the possibility to be allotted 1 common share in Sobi free of charge (“**Executive Matching Share**”), from Sobi or from a designated third party. The Executive Matching Shares will be allotted after the expiration of a 3 year lock-up period, starting on the date the participants in Band D and Band C and the ELT members were notified by Sobi of their admission to the Executive Program (the “**Lock-up Period**”). Sobi must notify the participants in Band D and Band C and the ELT members of their admission to the Executive Program no later than on 31 December 2015.
- (c) Moreover, participants in Band D and Band C and ELT members will, depending on the share price development of the Sobi common share, after the expiration of the Lock-up Period have the possibility to be allotted additional common shares in Sobi free of charge (“**Executive Performance Shares**”), from Sobi or from a designated third party. Participants in Band D may be allotted no more than 5 Executive Performance Shares, participants in Band C no more than 13 Executive Performance Shares and ELT members no more than 14 Executive Performance Shares, for each Executive Investment Share. In order for any allotment of Executive Performance Shares to take place the share price of the Sobi common share, adjusted for any dividend payments,<sup>6</sup> must increase with more than 15%. For maximum allotment of Executive Performance Shares to take place, the share price of the Sobi common share, adjusted for any dividend payments,<sup>7</sup> must increase with at least 75%. If the share price increase, adjusted for any dividend payments,<sup>8</sup> is between 15% and 75% the program participants will receive a linear allotment of Executive Performance Shares. The calculation of the share price development shall be based on a comparison of the volume-weighted average price paid for the Sobi common share on Nasdaq Stockholm, adjusted for any dividend payments,<sup>9</sup> during a period of 10 trading days immediately prior to the start of the Lock-up Period and the volume-weighted average price paid for the Sobi common share on Nasdaq Stockholm, adjusted for any dividend payments,<sup>10</sup> during the last 10 trading days of the Lock-up Period.

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<sup>6</sup> See footnote 3.

<sup>7</sup> See footnote 3.

<sup>8</sup> See footnote 3.

<sup>9</sup> See footnote 3.

<sup>10</sup> See footnote 3.

- (d) The maximum number of Executive Investment Shares each program participant may invest in depends on if he/she participates in the Executive Program as participant in Band D or Band C or as ELT member and the respective gross annual average salary in 2015 for each such category. Executive Investment Shares may be acquired by participants in Band D and Band C for an amount corresponding to no more than 5% of the gross annual average fixed salary for the participants in Band D and Band C, respectively, in 2015, and by ELT members for an amount corresponding to no more than 6% of the gross annual average fixed salary for the ELT members in 2015.
- (e) Program participants must purchase Executive Investment Shares in connection with the start of the Lock-up Period.
- (f) Executive Matching Shares and Executive Performance Shares may normally be allotted only after the expiration of the Lock-up Period, unless the Board of Directors of Sobi in an individual case resolves otherwise.
- (g) In order for a program participant to be allotted Executive Matching Shares and Executive Performance Shares it is a condition that, with certain specific exemptions, he/she has been permanently employed within the Sobi Group for the duration of the whole Lock-up Period and that the participant, until the expiration of this Lock-up Period, has retained the Executive Investment Shares purchased. Any disposal of Executive Investment Shares prior to the expiration of the Lock-up Period will result in a proportionally reduced number of Executive Matching Shares and Executive Performance Shares being allotted.
- (h) If significant changes in the Sobi Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allotment of Executive Performance Shares under the Program become unreasonable, the Board of Directors shall be entitled to make adjustments to the Program, including, among other things, be entitled to resolve on a reduced allotment of Executive Performance Shares, or that no Executive Performance Shares shall be allotted at all.

### **III. Terms and conditions applying to the All Employee Program**

- (a) The All Employee Program is proposed to be open to approximately 470 permanent employees of the Sobi Group ("**Employees**").
- (b) The All Employee Program will require Employees to make investments of their own in common shares in Sobi on Nasdaq Stockholm ("**Employee Investment Shares**"). For each Employee Investment

Share, the Employees will have the possibility to be allotted 2 common shares in Sobi free of charge (“**Employee Matching Shares**”), from Sobi or from a designated third party. The Employee Matching Shares will be allotted after the expiration of a 3 year lock-up period, starting on the date the Employees were notified by Sobi of their admission to the All Employee Program (the “**Lock-up Period**”). Sobi must notify the Employees of their admission to the All Employee Program no later than on 31 December 2015.

- (c) The maximum number of Employee Investment Shares each Employee may invest in depends on the gross annual average fixed salary for Employees in 2015. Employee Investment Shares may be acquired for an amount corresponding to no more than 2.5% of the gross annual average fixed salary for Employees in 2015.
- (d) Program participants must purchase Employee Investment Shares in connection with the start of the Lock-up Period.
- (e) Employee Matching Shares may be allotted only after the expiration of the Lock-up Period, unless the Board of Directors of Sobi in an individual case resolves otherwise.
- (f) In order for a program participant to be allotted Employee Matching Shares it is a condition that, with certain specific exemptions, he/she has been permanently employed within the Sobi Group for the duration of the whole Lock-up Period and that the participant, until the expiration of this Lock-up Period, has retained the Employee Investment Shares purchased. Any disposal of Employee Investment Shares prior to the expiration of the Lock-up Period will result in a proportionally reduced number of Employee Matching Shares being allotted.

#### ***IV. Terms and conditions applying to the CEO Program, the Executive Program and the All Employee Program***

- (a) The Board of Directors shall be authorised to establish the detailed terms and conditions for the Program. The Board of Directors may, in that regard, make necessary adjustments to satisfy certain regulations or market conditions outside Sweden.
- (b) Participation in the Program presupposes that such participation is legally possible in the various jurisdictions concerned and that the administrative costs and financial efforts are reasonable in the opinion of the Board of Directors.

- (c) The Program shall comprise no more than 2,120,269 common shares in Sobi, of which 400,000 constitute CEO Performance Shares, 133,127 constitute Executive Matching Shares, 955,027 constitute Executive Performance Shares and 142,822 constitute Employee Matching Shares. The remaining 489,293 common shares in Sobi are such shares that may be transferred by Sobi in order to cover the cash flow effects associated with the Program, primarily social security charges.
  - (d) The number of Executive Matching Shares, Employee Matching Shares, CEO Performance Shares and Executive Performance Shares will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.
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#### *Costs for the Program etc.*

The costs for the Program, which are charged in the profit and loss account, are calculated according to the accounting standard IFRS 2 and distributed on a linear basis over the vesting period. The calculation has been made based on the following assumptions: (i) a market price of the Sobi common share of SEK 90, (ii) no dividend is paid by Sobi during the Program and (iii) an assessment of future volatility in respect of the Sobi common share. In total, this can lead to maximum costs for the Program of approximately SEK 64.1 million, excluding social security costs. The costs for social security charges are calculated to approximately SEK 19.7 million assuming an annual share price increase of 10% during the Lock-up Period. In addition to what is set forth above, the maximum costs for the Program have been based on a share price of SEK 90 at the time of the program participant's own investment that the Program comprises approximately 683 participants, that each program participant makes a maximum investment and based on historical employee turnover for the group of 5%. If the share price increases from SEK 90 with 10% until the implementation of the Program the effect on costs would only be marginal as the number of Executive and Employee Matching Shares and CEO and Executive Performance Shares would be reduced correspondingly. Also in case of a decrease in the share price the effect on costs would be marginal. The expected annual costs, including social security charges, corresponds to approximately 4% of Sobi's total employee costs.

If the Program had been implemented in 2014, if the company had had costs in accordance with the example in the preceding paragraph, and Executive and Employee Matching Shares and CEO and Executive Performance Shares had been allotted in 2014 in accordance with the assumptions in the sample calculation, which among other things assumes an annual share price increase of 10% during the Lock-up Period, the earnings per share for the financial year 2014 had decreased by SEK 0.07 to SEK -1.08 and the shareholders' equity per share for the financial year 2014 had decreased by SEK 0.12 to SEK 16.58.

### *Dilution*

Upon full allotment of Executive and Employee Matching Shares and CEO and Executive Performance Shares, the number of shares under the Program amounts to 1,630,976 common shares in Sobi, corresponding to a dilution effect of approximately 0.60% of the share capital and the votes. Aggregated with the 489,293 shares that may be transferred in order to cover the cash flow effects associated with the Program, primarily social security charges, the maximum dilution effect of the Program amounts to 0.78%. If all outstanding long-term incentive programs are included in the calculation, then the corresponding maximum level of dilution amounts to 1.81%.

### *Hedging arrangements*

The Board of Directors has considered different methods for transfer of shares under the Program, in order to implement the Program in a cost-effective and flexible manner. The Board of Directors has found the most cost-effective alternative to be, and thus proposes that the annual general meeting as a main alternative resolves on (i) a directed issue of redeemable and convertible series C shares and (ii) an authorisation for the Board of Directors to resolve on the repurchase of all issued redeemable and convertible series C shares. Following conversion to common shares in Sobi, the shares are intended to be transferred to program participants as well as transferred on a regulated market in order to cover the cash flow effects associated with the Program, primarily social security charges. For this purpose, the Board of Directors further proposes that the annual general meeting resolves (iii) on transfers of own common shares free of charge to program participants. As further described in item B. (iii) below, the Board of Directors proposes that shares acquired for the purpose of securing Sobi's obligations under previous share programs also may be transferred under the Program. The detailed conditions for the Board of Directors' main alternative are set out in item B. below. Since the Program, in principle, is not expected to give rise to any initial social security payments for the Sobi Group, the Board of Directors has decided not to propose to the annual general meeting 2015 to resolve on transfers of own common shares on a regulated market in order to cover such payments. However, prior to the transfers of common shares to program participants, the Board of Directors intends to propose to the annual general meeting 2018 that transfers be made of own common shares on a regulated market in order to cover such costs.

Should the majority required under item B. below not be reached, the Board of Directors proposes that Sobi shall be able to enter into an equity swap agreement with a third party, in accordance with item C. below.

### *Preparations of the proposal*

The Compensation & Benefits Committee of Sobi has prepared guidelines for the proposed Program. These guidelines have been presented for and adopted by the Board of Directors.

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***Hedging arrangements in respect of the Program***

***B. Directed issue of redeemable and convertible series C shares, authorisation for the Board of Directors to resolve to repurchase all issued redeemable and convertible series C shares and transfers of own common shares to Program participants***

(i) Resolution on a directed issue of redeemable and convertible series C shares

Increase of Sobi's share capital by no more than SEK 570,271 through an issue of no more than 1,036,856 series C shares in Sobi.

The issue shall be effected on the following terms.

- (a) The new shares shall – with deviation from the shareholders' preferential right to subscribe for shares – be subscribed for only by an external party who has been informed in advance.
- (b) The price to be paid for each new share shall correspond to the quotient value of the share at the time of the subscription of the shares.<sup>11</sup>
- (c) The new shares shall be subscribed for during the period 30 June – 15 September 2015, with a right for the Board of Directors to extend the subscription period. Oversubscription is not permitted.
- (d) Payment for shares subscribed for shall be effected at subscription of the shares.
- (e) The new shares shall entitle to dividends from and including the financial year 2015.
- (f) The new shares will be subject to restrictions as set forth in Chapter 4, Section 6 (conversion provision) and Chapter 20, Section 31 (redemption provision) in the Swedish Companies Act (SFS 2005:551).

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<sup>11</sup> The quotient value of the share as per the day of this notice is approximately SEK 0.55.

(ii) Authorisation for the Board of Directors to decide on a repurchase of all issued redeemable and convertible series C shares

Authorisation for the Board of Directors to decide on a repurchase of all issued redeemable and convertible series C shares in Sobi on the following terms.

- (a) Repurchase may be made through a public offer directed to all owners of series C shares in Sobi.
- (b) The authorisation is valid and may be exercised on one or several occasions until the annual general meeting 2016.
- (c) The number of series C shares permitted to be repurchased shall amount to no more than 1,036,856.
- (d) Repurchase of shares shall be made at a lowest price per share of 100% and a highest price of 105% of the quotient value, applicable at the time of the subscription of shares according to section B.(i) above.
- (e) Payment for shares repurchased shall be made in cash.
- (f) The Board of Directors shall be authorized to establish additional terms for the repurchase.
- (g) Repurchase shall also include a so-called interim share, designated by Euroclear Sweden AB as a "paid subscription share" (Sw. BTA) relating to a series C share.

The repurchase of own shares is an integrated part of the hedging arrangements for the Program. The reason for the proposed possibility to repurchase own shares is that Sobi shall be able to fulfil its obligations pursuant to the Program in a cost-effective manner.

(iii) Resolution on transfers of own common shares to Program participants

Series C shares have been issued and repurchased by Sobi under previous share programs for the purpose of securing Sobi's obligations under such programs. Those shares either have been or will be converted to common shares. Full allotment of shares will not take place under these programs and, accordingly, all shares will not be required to secure the obligations under such programs. The Board of Directors proposes that 1,083,413 common shares, which are no longer required to secure the obligations of Sobi under previous share programs, together with the shares issued and repurchased in accordance with items B.(i) and B.(ii) above, following conversion to common shares, may be transferred under the Program.

Transfers of Sobi's own common shares to Program participants may be made on the following terms.

- (a) Transfers may be made only of common shares in Sobi, whereby a maximum of 1,630,976 common shares in Sobi (corresponding to 400,000 CEO Performance Shares, 133,127 Executive Matching Shares, 955,027 Executive Performance Shares, and 142,822 Employee Matching Shares) may be transferred free of charge to Program participants.
- (b) Right to purchase common shares in Sobi free of charge shall – with deviation from the shareholders' preferential rights – be granted to such persons within the Sobi Group who are participants in the Program.
- (c) Transfers of common shares in Sobi shall be made free of charge at the time and on the other terms that the Program participants are entitled to be allotted shares.
- (d) The number of common shares in Sobi that may be transferred under the Program will be subject to recalculation as a result of intervening bonus issues, splits, rights issues and/or other similar corporate events.

**C. *Equity swap agreement with a third party***

Should the majority required under item B. above not be reached, the Board of Directors proposes that the annual general meeting resolves that the expected financial exposure of the Program shall be hedged by Sobi being able to enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer common shares in Sobi to the program participants.

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*Conditions*

The annual general meeting's resolution on the implementation of the Program according to item A. above is conditional upon the meeting either resolving in accordance with the Board of Directors' proposal under item B. above or in accordance with the Board of Directors' proposal under item C. above.

*Majority requirements*

The annual general meeting's resolution according to item A. above requires a simple majority among the votes cast. A valid resolution under item B. above requires that shareholders representing not less than nine-tenths of the votes cast as well as of the shares represented at the meeting approve the resolution. A valid resolution under item C. above requires a simple majority among the votes cast.

*The reason for the deviation from the shareholders' preferential rights etc.*

The issue, repurchase and transfer of shares in Sobi form part for the accomplishment of the proposed Program. Therefore, and in light of the above, the Board of Directors considers it to be advantageous for Sobi and the shareholders that the Program participants are offered to become shareholders in Sobi.

For the purpose of minimizing Sobi's costs for the Program, the subscription price has been set at the quotient value of the share.

*Previous incentive programs in Sobi*

For a description of the company's other long-term incentive programs, reference is made to the company's annual report for 2014, note 12, and the company's web site, [www.sobi.com](http://www.sobi.com). In addition to the programs described there, no other long-term incentive programs have been implemented in Sobi.

*Authorisation for the CEO*

The Board of Directors proposes that the CEO shall be authorized to make the minor adjustments to the above resolution regarding the directed issue of redeemable and convertible series C shares in connection with the registration thereof with the Swedish Companies Registration Office and Euroclear Sweden AB.

***Proposal regarding transfer of own shares (item 18)***

The Board of Directors proposes that the annual general meeting resolves that not more than 193,233 common shares may, prior to the annual general meeting 2016, be transferred for the purpose of covering certain payments, primarily social security charges that may occur in relation to the Share Program 2012. Transfer of shares shall be effected on Nasdaq Stockholm at a price within the, at each time, prevailing price interval for the share. The number of shares that may be transferred shall be subject to recalculation in the event of an intervening bonus issue, split, rights issue and/or other similar events.

*Majority requirements, etc.*

The purpose of the Board of Directors' proposal to transfer shares is to secure for future cash flow effects due to payments of social security costs connected with the Share Program 2012. A valid resolution requires approval of shareholders representing at least two-thirds of the votes cast as well as the shares represented at the general meeting.

### ***Additional information***

Information regarding all board members proposed to the Board of Directors of Swedish Orphan Biovitrum AB as well as the nomination committee's proposal and motivated opinion are available on the company's web site. The annual report, the audit report and other documents will be held available at the company's office at Tomtebodavägen 23A, in Solna and at the company's web site, [www.sobi.com](http://www.sobi.com), not later than from Tuesday 9 June 2015, and will be sent without charge to those shareholders who so request and who inform the company of their postal address.

### ***Information at the annual general meeting***

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation or the company's relation to other companies within the group. Shareholders may submit questions in advance by sending them to Swedish Orphan Biovitrum AB (publ), "Annual General Meeting", SE-112 76 Stockholm or by email: [communication@sobi.com](mailto:communication@sobi.com).

Stockholm in May 2015

**Swedish Orphan Biovitrum AB (publ)**

The Board of Directors

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### **About Sobi**

Sobi is an international specialty healthcare company dedicated to rare diseases. Our mission is to develop and deliver innovative therapies and services to improve the lives of patients. The product portfolio is primarily focused on Haemophilia, Inflammation and Genetic diseases. We also market a portfolio of specialty and rare disease products for partner companies across Europe, the Middle East, North Africa and Russia. Sobi is a pioneer in biotechnology with world-class capabilities in protein biochemistry and biologics manufacturing. In 2014, Sobi had total revenues of SEK 2.6 billion (USD 380 M) and about 600 employees. The share (STO: SOBI) is listed on NASDAQ OMX Stockholm. More information is available at [www.sobi.com](http://www.sobi.com).

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