

English convenience translation of the authoritative German version.

Invitation to the Annual General Meeting of Shareholders

Tuesday, April 4, 2017, 10:30 a.m.

Hotel Ramada Plaza, Hall Geneva (3rd floor), Messeplatz 12, 4058 Basel, Switzerland

Agenda (Overview)

- 1. Approval of the Annual Financial Statements and the Consolidated Financial Statements 2016**
- 2. Appropriation of the Annual Results**
- 3. Consultative Vote on the 2016 Compensation Report**
- 4. Discharge of the Members of the Board of Directors and of the Executive Management from Liability for the Financial Year 2016**
- 5. Amendments to the Articles of Incorporation with respect to the Conditional Capital**
- 6. Elections of the Members of the Board of Directors and of the Chairman of the Board**
- 7. Elections of the Members of the Compensation Committee**
- 8. Approval of the Compensation of the Members of the Board of Directors**
- 9. Approval of the Compensation of the Members of the Executive Management**
- 10. Re-election of the Auditors**
- 11. Election of the Independent Proxy**

Agenda, Motions and Explanations

1. Approval of the Annual Financial Statements and the Consolidated Financial Statements 2016

Motion

The Board of Directors (**Board**) proposes to approve the Annual Financial Statements and the Consolidated Financial Statements for 2016.

2. Appropriation of the Annual Results

Motion

The Board proposes to carry forward the annual loss for 2016 of CHF 894,664 to the new account.

Explanations

The net annual loss for 2016 amounted to CHF 894,664. The loss carry forward of the previous financial years amounts to CHF 5,556,524. After appropriation of the annual loss, the total loss carry forward will amount to CHF 6,451,188.

In CHF	2016	2015
Loss carry forward of previous financial years	-5,556,524	-2,592,681
Annual loss	-894,664	-2,963,843
Total loss carry forward	-6,451,188	-5,556,524

3. Consultative Vote on the 2016 Compensation Report

Motion

The Board proposes to approve the 2016 Compensation Report in a non-binding consultative vote.

Explanations

*The 2016 Compensation Report covers the fundamentals of the compensation for the members of the Board and of the Executive Management as well as the compensation paid to them during the financial year 2016. In line with Article 25 of the Articles of Incorporation and the recommendations of the Swiss Code of Best Practice for Corporate Governance, the Board submits the 2016 Compensation Report to the annual general meeting of shareholders (**AGM**) for a non-binding consultative vote.*

4. Discharge of the Members of the Board of Directors and of the Executive Management from Liability for the Financial Year 2016

Motions

(a) Discharge of the Members of the Board of Directors

The Board proposes to grant discharge to the members of the Board for their activities during the financial year 2016.

(b) Discharge of the Members of the Executive Management

The Board proposes to grant discharge to the members of the Executive Management for their activities during the financial year 2016.

5. Amendments to the Articles of Incorporation with respect to the Conditional Capital

Motions

(a) Conditional Capital for Employee Participations

The Board proposes to increase the conditional capital for employee participations from CHF 532,941 by CHF 167,059 to CHF 700,000 by an amendment to Article 3b of the Articles of Incorporation as per the separate enclosure.

(b) Conditional Capital for Financings

The Board proposes to increase the conditional capital for financings from currently CHF 650,000 by CHF 280,000 to CHF 930,000 by an amendment to Article 3c of the Articles of Incorporation as per the separate enclosure.

Explanations

(a) Increase of the Conditional Capital for Employee Participations

According to the Articles of Incorporation dated May 11, 2016, the conditional capital for employee participations amounts to CHF 550,000 and allows for the issuance of up to 550,000 shares at a nominal value of CHF 1 each. In 2016, 17,059 shares have been issued out of such conditional capital as a result of the exercise of stock options. Prior to the AGM, the Board will update the Articles of Incorporation accordingly. As a result, at the time of the AGM, the conditional capital for employee participations will amount to CHF 532,941 and will allow for the issuance of up to 532,941 shares. As per January 1, 2017, 313,365 stock options convertible 1:1 into 313,365 Santhera shares and 56,581 Share Appreciation Rights (SAR), which may be converted into a maximum of 56,581 Santhera shares depending on the share performance, were outstanding. For the financial year 2016, the Board plans to issue a total of approx. 270,000 SAR convertible into a maximum of approx. 270,000 shares.

To be able to offer competitive employee participations to the members of the Board and of the Executive Management as well as other employees in the future, the Board proposes to increase the conditional capital for employee participations from CHF 532,941 (approx. 8.5% of the share capital) to CHF 700,000 (approx. 11.2% of the share capital).

(b) Increase of the Conditional Capital for Financings

On February 10, 2017, the Company issued a convertible bond in the amount of CHF 60 million. The bond is convertible into 694,440 Santhera shares and, in case of an adjustment of the conversion price (the so-called "reset option"), into up to 925,920 Santhera shares. The current conditional capital for financings (Art. 3c of the Articles of Incorporation) only allows for the issuance of up to 650,000 shares. To enable the Company to deliver shares under the convertible bond issued solely out of such conditional capital, the Board proposes to increase the conditional capital for financings from CHF 650,000 by CHF 280,000 to CHF 930,000 (approx. 14.8% of the share capital).

In the event that the AGM does not approve such increase of the conditional capital, the Company will issue 275,920 treasury shares out of its authorized capital for potential delivery under the convertible bond, which would entail disadvantages.

6. Elections of the Members of the Board of Directors and of the Chairman of the Board

Motions

(a) Re-election of Martin Gertsch as Member of the Board

The Board proposes to re-elect Martin Gertsch as a member of the Board until the end of the 2018 AGM.

(b) Election of Philipp Gutzwiller as Member of the Board

The Board proposes to elect Philipp Gutzwiller as a member of the Board until the end of the 2018 AGM.

(c) Election of Thomas Meier as Member of the Board

The Board proposes to elect Thomas Meier as a member of the Board until the end of the 2018 AGM.

(d) Election of Elmar Schnee as Member of the Board

The Board proposes to elect Elmar Schnee as a member of the Board until the end of the 2018 AGM.

(e) Election of Patrick Vink as Member of the Board

The Board proposes to elect Patrick Vink as a member of the Board until the end of the 2018 AGM.

(f) Election of Elmar Schnee as Chairman of the Board

The Board proposes to elect Elmar Schnee as chairman of the Board until the end of the 2018 AGM.

Explanations

The members and the chairman of the Board will have to be elected individually. The terms of office of Martin Gertsch and Jürg Ambühl expire at the end of this year's AGM. Martin Gertsch is standing for re-election, while Jürg Ambühl no longer stands for re-election.

Furthermore, the Board has decided to increase the number of Board members and has nominated Philipp Gutzwiller, Thomas Meier, Elmar Schnee and Patrick Vink for election to the Board. Elmar Schnee is nominated for election as chairman of the Board.

Martin Gertsch became a member of the Board in 2006 and has been its chairman since 2013. He has long-time experience as a board member and a financial expert and has vast experience in the pharmaceutical industry. It is intended that Martin Gertsch will be appointed vice chairman of the Board. Additional biographical information is available in the 2016 Corporate Governance Report and at <http://www.santhera.com/about-overview/#board-of-directors>.

Philipp Gutzwiller is Global Head Healthcare at Lloyds Banking Group plc in London. He has accumulated over 15 years of experience as a banker to the broader healthcare industry, advising corporate and private equity clients on the assessment, financing and execution of acquisitions and capital market transactions. He started his career at Roche as a finance controller and later worked as an executive in Roche's corporate mergers and acquisitions team.

Thomas Meier was appointed Chief Executive Officer of Santhera in October 2011, having served for 7 years as Chief Scientific Officer for the Company. Thomas Meier was the founder and CEO of MyoContract, a Basel-based research company focused on orphan neuromuscular diseases. In 2004, Thomas Meier played a key role in the merger with Graffinity Pharmaceuticals (Heidelberg, Germany) forming today's Santhera. Thomas Meier received his PhD in biology from the University of Basel in 1992 and subsequently joined the University of Colorado Health Sciences Center, Denver, CO, USA. He has a distinguished scientific track record and has written several important publications in the field of neuromuscular research.

Elmar Schnee is Chief Operating Officer of MindMaze, a neuro-technology company spun off from the Swiss Federal Institute of Technology in Lausanne (EPFL). Prior to that, he was Chairman, CEO and board member of Cardiorientis in Zug, Switzerland. Previously, he was a General Partner and member of the Executive Board of Merck KGaA, responsible for its worldwide pharmaceutical business. He also led the major restructuring of the business including the acquisition and integration of Serono. Prior to Merck, Elmar Schnee held senior roles as managing director and in marketing, licensing, strategy and business development with UCB Pharma, Sanofi-Synthelabo, Migliara Kaplan and Fisons. He currently serves on the board of directors of listed Jazz Pharmaceuticals and Stallergenes Greer as well as of several privately held life science companies.

Patrick Vink, MD, has been an advisor to Santhera's Board since 2016. He has over 25 years of life science industry experience. In his latest assignment, he was employed as Chief Operating Officer at Cubist Pharmaceuticals, overseeing all worldwide commercial and technical operations as well as global alliance management. Previously, Patrick Vink held several senior management positions with Mylan Inc., Novartis Generics/Sandoz, Biogen and Sanofi-Synthelabo. He currently is chairman of privately held NMD Pharma and Acacia Pharma and a member of the board of directors of listed Concordia International Corp. and several privately held life science companies.

7. Elections of the Members of the Compensation Committee

Motions

(a) Election of Elmar Schnee as Member of the Compensation Committee

The Board proposes to elect Elmar Schnee as a member of the Compensation Committee until the end of the 2018 AGM.

(b) Election of Patrick Vink as Member of the Compensation Committee

The Board proposes to elect Patrick Vink as a member of the Compensation Committee until the end of the 2018 AGM.

Explanations

The members of the Compensation Committee will have to be elected individually. Only members of the Board are eligible. It is intended that Patrick Vink will be appointed chairman of the Compensation Committee.

8. Approval of the Compensation of the Members of the Board of Directors

Motion

The Board proposes to approve a maximum total amount of fixed compensation of the Board of CHF 1,001,000 until the 2018 AGM.

Explanations

The maximum total fixed compensation of the Board is expected to consist of:

- *a fixed annual cash fee in the maximum amount of CHF 500,500, including employer's social security contributions; and*
- *an annual grant of Share Appreciation Rights (SAR) with a maximum market value of CHF 500,500, including employer's social security contributions. The number of SAR to be granted to the members of the Board will be calculated on the first trading day at grant on the basis of this amount, applying the Hull-White model.*

Including social security contributions, the compensation of the chairman of the Board is expected to amount to CHF 286,000, the compensation of the vice chairman of the Board to CHF 242,000 and the compensation of the other members of the Board to CHF 198,000 each. The CEO of the Company, Thomas Meier, will not receive additional compensation for his Board membership. The chairman of the Audit Committee is expected to receive an additional amount of CHF 33,000; and the chairman of the Compensation Committee an additional CHF 22,000. The members of the Audit Committee and of the Compensation Committee are expected to receive an additional amount of CHF 11,000 each.

The table below sets out the approved maximum compensation for the Board for the period from the 2016 AGM to the 2017 AGM, the estimated actual compensation for the same period and the proposed maximum compensation for the period from the 2017 AGM to the 2018 AGM. The expected total compensation and allocations for the period of the 2016 AGM to the 2017 AGM amounts to CHF 480,441. This amount is lower than the maximum compensation amount approved by the 2016 AGM of CHF 484,000.

	Approved May 12, 2016 – April 4, 2017 (AGM)	Remunerated (estimation) May 12, 2016 – April 4, 2017 (AGM)	Proposal for April 5, 2017 – 2018 AGM
Fixed cash compensation* (CHF)	242,000	239,388	500,500
Stock options / Stock Appreciation Rights* (CHF)	242,000	241,053	500,500
Total (CHF)	484,000	480,441	1,001,000

* including employer's social security contributions

The compensation per member of the Board for the period from the 2016 AGM to the 2017 AGM corresponds to CHF 240,220, and the proposed total amount of CHF 1,001,000 for corresponds to CHF 250,250 per member.

9. Approval of the Compensation of the Members of the Executive Management

Motions

(a) Fixed Compensation of the Members of the Executive Management for 2018

The Board proposes to approve a maximum total amount of fixed compensation of the members of the Executive Management for the period from January 1, 2018 to December 31, 2018 of CHF 3,200,000.

(b) Variable Compensation of the Members of the Executive Management for 2016

The Board proposes to approve a maximum total amount of variable compensation of the members of the Executive Management for the period from January 1, 2016 to December 31, 2016 of CHF 2,400,000.

Explanations

According to Art. 25 of the Articles of Incorporation, the maximum total amount of fixed compensation for the Executive Management is to be approved for the following year, i.e., for the period from January 1 to December 31, 2018. In addition, the Board has to submit the variable compensation of the Executive Management of the preceding year, i.e., the period from January 1 to December 31, 2016, for approval.

(a) Fixed Compensation of the Members of the Executive Management for 2018

The fixed compensation for the Executive Management includes the base salary, the employer's social security contributions and contributions to the Company's pension fund. The estimated social security and pension fund contributions amount to approximately 27% of the base salary in aggregate.

At the 2016 AGM, the shareholders approved an amount of CHF 2,450,000 as fixed compensation for the Executive Management for 2016. The actual compensation of the members of the Executive Management who already worked for Santhera on January 1, 2016 amounted to CHF 2,316,158. As per September 6, 2016, Todd Bazemore was appointed as a member of the Executive Management. His fixed compensation in 2016 amounted to CHF 862,833, comprising a CHF 136,611 base salary and SAR with an aggregate value of CHF 726,222. According to Art. 26 of the Articles of Incorporation ("Additional Amount"), the Company may pay compensation of up to 50% of the total compensation last approved by the AGM to joining or internally promoted members of the Executive Management in case the total amount already approved does not suffice. Therefore, for 2016 the additional amount was CHF 1,225,000. Out of this amount, CHF 728,991 were used for the fixed compensation of Todd Bazemore.

The maximum total amount of fixed compensation 2017 for the members of the Executive Management, amounting to CHF 2,600,000, was already approved by the 2016 AGM. At that time, the Executive Management had six members. Currently, the Executive Management has seven members due to the hiring of Todd Bazemore (as per September 6, 2016) and of Kristina Sjöblom Nygren (as per January 1, 2017) as well as the retirement of Nicholas Coppard (as per January 31, 2017). Most of the fixed compensation for Kristina Sjöblom Nygren is expected to be paid using the additional amount for 2017. As a result of the extension of the Executive Management to seven members, the Board proposes a maximum total amount of fixed compensation of CHF 3,200,000 for 2018.

(b) Variable Compensation of the Members of the Executive Management for 2016

The proposed maximum total amount of variable compensation of the members of the Executive Management for the period from January 1 to December 31, 2016, of CHF 2,400,000 is based on an average overall target achievement of 70% and consists of an amount of CHF 495,000 for the payment of a cash bonus and of an amount of CHF 1,905,000 for the allocation of Share Appreciation Rights.

The maximum amount for the payment of a cash bonus of CHF 495,000 (including CHF 100,000 for pension fund and social security contributions and further charges) would also cover the pro rata bonus (for January 2017) of Nicholas Coppard, who has left Santhera at the end of January 2017, in the maximum amount of CHF 7,500.

The proposed maximum aggregate amount of CHF 1,905,000 for the allocation of Share Appreciation Rights to the Executive Management corresponds to an allocation of 85,416 SAR using the Hull-White model as per January 1, 2017 and shall provide a positive incentive to ensure the long-term motivation and retention of Santhera's employees.

10. Re-election of Auditors

Motion

The Board proposes to re-elect Ernst & Young AG, Basel, as auditors for another one-year term until the end of the 2018 AGM.

Explanations

According to Article 22 para. 2 of the Articles of Incorporation, the general meeting of shareholders shall elect the auditors for a term until the next AGM.

11. Election of the Independent Proxy

Motion

The Board proposes to re-elect Dr. Balthasar Settelen, Basel, as independent proxy until the end of the 2018 AGM.

Explanations

According to Article 13a of the Articles of Incorporation, the independent proxy is elected annually for a term until the end of the next AGM.

Liestal, March 9, 2017

For the Board of Directors

Martin Gertsch

Chairman

Organizational Remarks

Documents

The Company's 2016 Annual Report is available for inspection at the Company's registered domicile at Hammerstrasse 49, 4410 Liestal, Switzerland. It can also be downloaded from Santhera's website (www.santhera.com/reports). Shareholders who wish to receive a printed copy of the Annual Report (in English) are kindly requested to tick the corresponding box on the reply form.

Admission cards/voting materials

Shareholders registered in the share register with the right to vote as of **March 27**, 2017, at 5:00 p.m. CEST, will receive the invitation and – upon request – the admission card and the voting materials. Shareholders selling their shares before the AGM will not be entitled to participate in the AGM.

Book closure period

The Company's share register will close on **March 27**, 2017, at 5:00 p.m. CEST, and will reopen on **April 5**, 2017, at 7:00 a.m. CEST.

Powers of attorney

Shareholders may give proxy to the independent proxy (*unabhängiger Stimmrechtsvertreter*), **Dr. Balthasar Settelen**, attorney-at-law, Centralbahnstrasse 7, Postfach 206, 4010 Basel, Switzerland, or to another shareholder entitled to vote. Proxy may be given by completing and returning the registration form for the admission card and voting material or by filling in the respective proxy form on the admission card. In the absence of specific instructions given to the independent proxy, the proxy form will provide that the independent proxy will be deemed to be instructed to vote in favor of the proposals of the Board.

Electronic remote votes by proxy and voting instructions to the independent proxy (Netvote)

Shareholders may vote and give instructions to the independent proxy electronically via www.netvote.ch/santhera. The required login information will be sent to shareholders together with the written documents for the Annual General Meeting. Any changes to the electronically transferred instructions will be possible until Saturday, **April 1**, 2017, 11:59 pm (CEST).

If you would like to receive the invitation to the general meeting of shareholders by e-mail in the future, you can select electronically the option "select dispatch method" on www.netvote.ch. The login details are printed on the enclosed reply form. You may change the dispatch method on www.netvote.ch at any time.

Venue

Hotel Ramada Plaza, Hall Geneva (3rd floor), Messeplatz 12, 4058 Basel, is located about 15 minutes from Basel SBB railway station and about a half an hour from Basel Airport (EuroAirport).

Admission

On the day of the meeting, the admission desk will be open from 10:00 a.m. CEST. The language of the meeting will be German.

Proposed Amendments to the Articles of Incorporation (convenience translation from the German original)

Article 3b (current)	Article 3b (proposed changes)
<p>Conditional Share Capital for Employee Participations</p> <p><i>The share capital may be increased through the issuance of up to 532,941 registered shares, to be fully paid up with a nominal value of CHF 1.-- each, by up to CHF 532,941.-- through the direct or indirect issuance of shares, options or respective subscription rights to employees and/or members of the Board of Directors of the Company and its affiliates.</i></p> <p><i>The preemptive rights as well as the advance subscription rights of the shareholders of the Company are excluded upon the issue of shares, options or subscription rights in respect thereof.</i></p> <p><i>The issue of shares, options or subscription rights in respect thereof is conducted according to one or more participation schemes and/or regulations to be issued by the Board of Directors and taking into consideration Article 4 of the Articles of Association.</i></p> <p><i>The new shares directly or indirectly acquired by employees or members of the Board of Directors of the Company or its affiliates as part of an employee participation program and any following transfer of such shares shall be subject to the restrictions of Article 5 of the Articles of Association.</i></p>	<p>Conditional Share Capital for Employee Participations</p> <p><i>The share capital may be increased through the issuance of up to 700,000 registered shares, to be fully paid up with a nominal value of CHF 1.-- each, by up to CHF 700,000.-- through the direct or indirect issuance of shares, options or respective subscription rights to employees and/or members of the Board of Directors of the Company and its affiliates.</i></p> <p><i>The preemptive rights as well as the advance subscription rights of the shareholders of the Company are excluded upon the issue of shares, options or subscription rights in respect thereof.</i></p> <p><i>The issue of shares, options or subscription rights in respect thereof is conducted according to one or more participation schemes and/or regulations to be issued by the Board of Directors and taking into consideration Article 4 of the Articles of Association.</i></p> <p><i>The new shares directly or indirectly acquired by employees or members of the Board of Directors of the Company or its affiliates as part of an employee participation program and any following transfer of such shares shall be subject to the restrictions of Article 5 of the Articles of Association.</i></p>

Article 3c (current)	Article 3c (proposed changes)
<p>Conditional Share Capital for Financings, Mergers and Acquisitions</p> <p><i>The share capital of the Company may be increased by up to CHF 650,000.-- through the issuance of up to 650,000 registered shares, to be fully paid up with a nominal value of CHF 1.-- each, through the exercise or mandatory exercise of options and/or conversion rights granted in connection with bonds, similar debt instruments, notes or other securities or contractual obligations by or of Santhera Pharmaceuticals Holding AG or one of its affiliates, and/or through the exercise of options rights issued by Santhera Pharmaceuticals Holding AG or one of its affiliates (hereinafter collectively, the Financial Instruments). The preemptive rights of the shareholders shall be excluded in connection with the issuance of shares upon the exercise of any Financial Instrument. The respective holders of the Financial Instruments are entitled to subscribe the new shares. The conditions of the Financial Instruments shall be determined by the Board of Directors. The acquisition of registered shares through the exercise of Financial Instruments and the following transfer of the registered shares shall be subject to the transfer restrictions set forth in Article 5 of the articles of association.</i></p> <p><i>The Board of Directors shall be authorized to restrict or withdraw the advance subscription rights of the shareholders in connection with the issuance of Financial Instruments,</i></p> <p>(1) <i>if the issuance of the Financial Instruments is for purposes of financing or refinancing the acquisition of businesses, parts thereof or participations, cooperations or investments or if it occurs in national or international financial markets (including through private placements);</i></p>	<p>Conditional Share Capital for Financings, Mergers and Acquisitions</p> <p><i>The share capital of the Company may be increased by up to CHF 930,000.-- through the issuance of up to 930,000 registered shares, to be fully paid up with a nominal value of CHF 1.-- each, through the exercise or mandatory exercise of options and/or conversion rights granted in connection with bonds, similar debt instruments, notes or other securities or contractual obligations by or of Santhera Pharmaceuticals Holding AG or one of its affiliates, and/or through the exercise of options rights issued by Santhera Pharmaceuticals Holding AG or one of its affiliates (hereinafter collectively, the Financial Instruments). The preemptive rights of the shareholders shall be excluded in connection with the issuance of shares upon the exercise of any Financial Instrument. The respective holders of the Financial Instruments are entitled to subscribe the new shares. The conditions of the Financial Instruments shall be determined by the Board of Directors. The acquisition of registered shares through the exercise of Financial Instruments and the following transfer of the registered shares shall be subject to the transfer restrictions set forth in Article 5 of the articles of association.</i></p> <p><i>The Board of Directors shall be authorized to restrict or withdraw the advance subscription rights of the shareholders in connection with the issuance of Financial Instruments,</i></p> <p>(1) <i>if the issuance of the Financial Instruments is for purposes of financing or refinancing the acquisition of businesses, parts thereof or participations, cooperations or investments or if it occurs in national or international financial markets (including through private placements);</i></p>

<p>(2) <i>for purposes of a firm underwriting of the Financial Instruments by a bank or a bank consortium followed by a public offer;</i></p> <p>(3) <i>in order to flexibly raise equity capital by a share placement that could only be achieved with difficulty or on significantly less favorable terms if the advance subscription rights of shareholders were maintained.</i></p> <p><i>If the advance subscription rights are excluded through a resolution by the Board of Directors, the following shall apply: (i) the Financial Instruments' issue shall be made at the prevailing market conditions (including the standard dilution protection provisions in accordance with market practice), and (ii) the issue of the new shares shall be made pursuant to the relevant conversion or vesting conditions. Conversion or option rights may be exercised during a maximum 10-year period from the date of the respective issue.</i></p>	<p>(2) <i>for purposes of a firm underwriting of the Financial Instruments by a bank or a bank consortium followed by a public offer;</i></p> <p>(3) <i>in order to flexibly raise equity capital by a share placement that could only be achieved with difficulty or on significantly less favorable terms if the advance subscription rights of shareholders were maintained.</i></p> <p><i>If the advance subscription rights are excluded through a resolution by the Board of Directors, the following shall apply: (i) the Financial Instruments' issue shall be made at the prevailing market conditions (including the standard dilution protection provisions in accordance with market practice), and (ii) the issue of the new shares shall be made pursuant to the relevant conversion or vesting conditions. Conversion or option rights may be exercised during a maximum 10-year period from the date of the respective issue.</i></p>
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