

English translation of the legally binding German version.

Invitation to the Annual General Meeting of the Shareholders

Monday, May 11, 2015, 10.30 am, Stadtcasino, Hans Huber Saal, Steinenberg 14, 4051 Basel, Switzerland

Agenda Items

- 1. Approval of the Annual Report, the Annual Financial Statements, the Consolidated Financial Statements for 2014; Acknowledgment of the Reports of the Auditors**
- 2. Appropriation of the Results**
- 3. Consultative Vote on the 2014 Compensation Report**
- 4. Discharge of the Members of the Board of Directors and of the Executive Management from Liability for the Financial Year 2014**
- 5. Amendments to the Articles of Incorporation with respect to authorized and conditional capital**
- 6. Amendments to the Articles of Incorporation as a consequence of the Ordinance against Excessive Compensation at Public Corporations (OaEC)**
- 7. Other Amendments to the Articles of Incorporation**
- 8. Compensation of the Members of the Board of Directors and of Executive Management**
- 9. Re-elections of the Members of the Board of Directors and election of Chairman of the Board**
- 10. Re-elections of the Members of the Compensation Committee**
- 11. Re-election of Auditors**
- 12. Re-election of Independent Proxy**

Agenda, Motions and Explanations

1. Approval of the Annual Report, the Annual Financial Statements, the Consolidated Financial Statements for 2014; Acknowledgment of the Reports of the Auditors

Motion

The Board of Directors (**Board**) proposes to approve the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements for 2014.

2. Appropriation of the Results

Motion

The BoD proposes to carry forward the loss for 2014 of CHF 1,089,895 to new account.

Explanations

The net loss for 2014 amounted to CHF 1,089,895. The loss carry forward of the previous period amounts to CHF 1,502,786. If the shareholders approve the BoD's motion, the entire loss would amount to CHF 2,592,681.

3. Consultative Vote on the 2014 Compensation Report

Motion

The BoD proposes to approve the Compensation Report for 2014 in a consultative vote.

Explanations

The votes on amendments to the Articles of Incorporation that provide for a consultative vote on compensation report will be held at this annual shareholders' meeting. However, the Board proposes to already hold a consultative vote on the said report for 2014.

4. Discharge of the Members of the Board of Directors and of the Executive Management from Liability for the Financial Year 2014

Motion

The Board proposes to grant discharge to the members of the Board and of the Management for the financial year 2014 in a single vote.

5. Amendments to the Articles of Incorporation with respect to authorized and conditional capital

Motions

(a) Authorized Capital

The BoD proposes to extend the period of the authorized capital in an unchanged amount of CHF 1,500,000 by two years until May 10, 2017 and other amendments to Article 3a Paragraphs 1 and 3 of the Articles of Incorporation as per the separate enclosure.

(b) Conditional Capital for Employee Participation

The BoD proposes

- Increase of conditional capital for employee participation by CHF 195,971 to CHF 800,000;
- Other amendments to Article 3b of the Articles of Incorporation

as per the separate enclosure.

(c) Conditional Capital for Financing and other Purposes

The BoD proposes

- Increase of conditional capital for financing and other purposes by CHF 350,000 to CHF 950,000;
- Other amendments and clarifications to Article 3c of the Articles of Incorporation

as per the separate enclosure.

Explanations

(a) Extension of the authorized capital

Besides some clarifications, the BoD also proposes to extend the period of validity of the authorized capital until May 10, 2017; without such extension, the said capital would already expire on May 20, 2016 and limit the strategic flexibility of the Company. The amount of the authorized capital of CHF 1,500,000 would remain unchanged. The other changes are simplifications and clarifications, in particular with respect to the reasons for the exclusion of subscription rights.

(b) Increase of Conditional Capital for Employee Participation

As of April 1, 2015, 464,800 options which can be converted 1:1 into Santhera shares are outstanding. For this reason, as at the date mentioned, only 139,229 shares are available from conditional capital which could serve as underlying security of options and other employee participation schemes. To the extent of a positive development of its business, Santhera expects to hire additional experienced employees, e.g. in the area of Marketing & Sales and Development. The Company should be in a position to properly incentivize such employees through its current participation schemes.

In accordance with Article 3b of the current Articles of Incorporation, the BoD may only allocate options to employees that have an exercise price which equals the share price at the date of grant. The BoD is evaluating alternatives to the allocation of options.

(c) Increase of Conditional Capital for Financing and M&A

The BoD proposes to increase the conditional capital by CHF 350,000 to CHF 950,000 in order to allow for greater flexibility of the Company with respect to financings and potential M&A-transactions.

The other changes are simplifications and clarifications, in particular with respect to the reasons for the exclusion of subscription rights.

6. Amendments to the Articles of Incorporation as a consequence of the Ordinance against Excessive Compensation at Public Corporations (OaEC)

Motion

The BoD proposes to amend Articles 13a Paragraph 6, Article 16 Paragraph 3, Article 17, Article 19, Article 20, Article 21, Article 25, Article 26, Article 27, Article 28, Article 29 and Article 30 of the Articles of Incorporation as per the separate enclosure.

Explanations

The proposed Article 13a Paragraph 6 contains a clarification with respect to the independent proxy and Article 16 Paragraph 3 a provision that addresses the situation where there is a vacancy of the chairmanship.

The newly introduced Articles 17 to 21 relate to the Compensation Committee, govern its election procedures, organization and powers. Currently, the BoD consists of two members, both of which are also members of the Compensation Committee. As in the past, the Board will adopt resolutions at its meetings also about all those matters which fall within the competence of the Compensation Committee.

The newly introduced Articles 25 to 27 are intended to define principles and approval procedures relating to the compensation of the BoD and of Executive Management. The BoD proposes that its own compensation be determined for a period of one annual shareholders' meeting (ASM) to the next. The respective motion for the period from the 2015 ASM to the 2016 ASM can be found in agenda item 8(a). The compensation of Executive Management is also proposed to be prospective, each lasting from July 1 of one year to 30 June of the following year. The respective motion can be found in agenda item 8(b) .

The compensation may include fixed elements such as base salary/BoD fees and variable elements such as a cash bonus and options or other share-based payments. The specific motions for BoD and Executive Management can be found in agenda items 8(a) and 8(b).

The newly introduced Articles 28 to 30 finally regulate the execution of agreements with members of the BoD and of Executive Management, the granting of loans to the same and the admissibility of mandates of the above in other companies.

7. Additional amendments to the Articles of Incorporation

Motions

(a) Article 5 Paragraph 3 – Nominee

The BoD proposes to amend Article 5 Paragraph 3 of the Articles of Incorporation as per the separate enclosure.

(b) Article 8 – Annual Shareholders' Meeting

The BoD proposes to amend Article 8 of the Articles of Incorporation as per the separate enclosure.

(c) Article 18 – Convocation, Resolutions and Minutes

The BoD proposes to cancel Article 18 of the Articles of Incorporation and replacement thereof by an amended current Article 19 as per the separate enclosure.

(d) Article 31 – Financial Year, Annual Report and Audit Report

The BoD proposes to amend Article 31 of the Articles of Incorporation as per the separate enclosure.

(e) Article 35 – Contributions in kind and takeovers in kind

The BoD proposes to amend Article 35 of the Articles of Incorporation as per the separate enclosure.

(f) Renumbering

The BoD proposes to renumber certain of the Articles of Incorporation

- from Article 20 to Article 22
- from Article 21 to Article 23
- from Article 22 to Article 24
- from Article 23 to Article 31
- from Article 24 to Article 32
- from Article 25 to Article 33
- from Article 26 to Article 34
- from Article 27 to Article 35

Explanations

The proposed changes to the Articles of Incorporation are clarifications.

8. Compensation of the members of the BoD and of Executive Management

(a) Compensation of the members of the BoD

Motion

The BoD propose to approve the maximum fixed compensation of the BoD until the next annual

shareholders' meeting in 2016 as follows:

- A total amount of CHF 154,000 for the maximum fixed compensation in cash (CHF 140,000 gross compensation plus an estimated maximum social security contributions by the Company); and
- A total amount of CHF 330,000 for the maximum fixed compensation in options, i.e. for 6,000 options to be issued to the BoD members, calculated on the basis of an estimated CHF 300,000 gross proceeds plus an estimated maximum social security contributions by the Company.

Explanations

The Board of Directors shall receive a fixed compensation in the form of a cash amount and a number of options. The gross cash amount for the President of the Board is CHF 75,000, the one for the other member CHF 65,000 per year. Both Members shall each receive 3,000 options.

The number of options to be issued is fixed. The amount specified in the request is based on an estimated value of CHF 50 per option as determined by standard methods. Whether this value can ever be realized depends on how the share price will develop over the next two to four years. The proceeds from the exercise of options represent an income on which social security contributions are due. Upon exercise, the Company will have to pay the employers' contributions, including those in accordance with the Swiss Federal Act on Old Age, Survivors' and Disability (AHV) and the Swiss Federal Act on Unemployment Insurance (ALV), which are accounted for with an estimated 10% of the projected amounts subject to contribution. In addition to these payments, the Company will have to make employers' contributions to the extent that the Board members exercise options that they received in the past. Such contributions may be significantly higher than those resulting from the compensation subject to the vote at this ASM.

(b) Compensation of the members of Executive Management

Motion

The BoD propose to approve the maximum compensation of the members of Executive Management and the future CFO for the period of July 1, 2015 to June 30, 2016 as follows:

- A total amount of CHF 1,900,000 for the fixed compensation in cash (including an estimated maximum social security contributions and payments to the pension fund by the Company); and
- A total amount of CHF 600,000 for the variable short-term compensation, consisting of a bonus (including an estimated maximum social security contributions and payments to the pension fund by the Company); and
- A total maximum amount of CHF 1,750,000 for the variable long-term compensation, i.e. for a maximum of 30,500 options to be issued (including an estimated maximum social security contributions).

Explanations

The fixed compensation in case is calculated on the basis of the base salary, employers' contributions for social security insurances (an estimated 10%) plus pension fund contributions (an estimated 13%)

For 2015, the BoD has defined different business objectives. The variable part of the compensation to be paid out to the members of Executive Management and other employees in early 2016 will be dependent of their achievement. When setting these targets care has been taken to ensure that the objectives are measurable and realistic.

The proposed amounts are based on the assumption of a 100% achievement of the objectives. In such a case, the BoD could pay out a maximum of CHF 600,000 as a cash bonus and allocate a maximum of 30,500 options.

As mentioned in the explanations to the compensation of the BoD, the Company will have to pay additional amounts for the social security insurance for certain members of the Executive Management as a result of the exercise of options granted to them earlier. These contributions may be significantly higher than those referred to under this agenda item.

9. Re-elections of Members of the Board of Directors

Motions

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

The Board proposes to re-elect Martin Gertsch as a member of the Board and to elect him as the Chairman thereof until the end of the 2016 ASM in a single vote.

(b) Re-election of Jürg Ambühl as Member of the Board

The Board proposes to re-elect Jürg Ambühl as a member of the Board until the end of the 2016 ASM.

Explanations

The terms of office of Martin Gertsch and Jürg Ambühl expire on the occasion of this year's ASM. Both Martin Gertsch and Jürg Ambühl are standing for re-election. Martin Gertsch became a member of the Board in 2006. He has long-time experience as a financial expert and has vast experience in the Pharma industry. Jürg Ambühl is a seasoned marketing specialist with a long track record in the pharmaceutical industry.

Additional biographical information is available in the Corporate Governance Report 2015 and on www.santhera.com/board.

10. Re-elections of Members of the Compensation Committee

(a) Election of Martin Gertsch as Member of the Compensation Committee

The Board proposes to re-elect Martin Gertsch as a member of the Compensation Committee until the end of the 2015 AGM.

(b) Election of Jürg Ambühl as Member of the Compensation Committee

The Board proposes to re-elect Jürg Ambühl as a member of the Compensation Committee until the end of the 2015 AGM.

Explanations

The Ordinance Against Excessive Compensation requires that there be a Compensation Committee of the Board of Directors. As the Board only consists of two members, both of them are proposed to constitute this committee.

11. Re-election of Auditors

Motion

The Board proposes to re-elect Ernst & Young AG, Basel, as auditors for an additional period of one year until the end of the 2016 ASM.

Explanations

Ernst & Young, Basel, assumed the existing auditing engagement for Santhera's predecessor company in 2002 and has ever since been Santhera's auditors without interruption.

12. Re-election of Independent Proxy

Motion

The Board proposes to re-elect Dr Balthasar Settelen, Basel, as independent proxy until the end of the 2016 ASM.

Explanations

Articles 8 and 30 of the Ordinance Against Excessive Compensation require that the ASM elect the independent proxy until the end of the next AGM.

Liestal, April 13, 2015
For the Board of Directors

Martin Gertsch
Chairman

Organizational Remarks

Documents

The Company's 2014 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 are kindly requested to tick the corresponding box on the reply form.

Admission cards/voting materials

Shareholders entered into the share register with the right to vote as of May 4, 2015, at 5:00 p.m. CET, will receive the invitation and – upon request – the admission card and the voting materials. A shareholder selling her/his shares before the Annual Shareholders' Meeting is not entitled to participate in the Annual Shareholders' Meeting.

Book closure period

The Company's share register will close on May 4, 2015, at 5:00 p.m. CET, and will reopen on May 12, 2015, at 7:00 a.m. CET.

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 another shareholder entitled to vote. Proxy may be given by completing and returning the registration form or by filling in the respective form on the admission card. In the absence of specific instructions, the proxy form will foresee that the independent proxy will be deemed to be instructed to cast the votes in favor of the proposals of the Board.

Electronic remote votes by proxy and voting instructions to the independent proxy

Shareholders may vote and elect electronically and give instructions to the independent representative under www.netvote.ch/santhera. The required login information will be sent to shareholders together with the documents for the Annual Shareholders' Meeting. Any changes to the electronically transferred votes and elections are possible until Friday, May 8, 2015, 11:59 pm (CEST).

Venue

Hans Huber Saal of Stadtcasino Basel is about 10 minutes from SBB railway station and about half an hour from Basel Airport Flughafen (EuroAirport) by public transport.

Admission

At the day of the meeting, the admission desk will be open from 10:00 a.m. CET.

Language

The language of the meeting will be German.