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*Translation. The German version is legally binding.*

## **Invitation to the Annual Shareholders' Meeting**

**Monday, April 21, 2008, 10:30 CET, at UBS Convention Center, Viaduktstrasse 33,  
4052 Basel, Switzerland**

### **Agenda**

1. Approval of the Annual Report, the Annual Financial Statements, the Consolidated Financial Statements for 2007; Acknowledgment of the Reports of the Auditors and of the Independent Group Auditors
2. Appropriation of the Results
3. Discharge of the Members of the Board of Directors and of the Management from Liability
4. Share Capital Changes
  - a. Authorized Capital: Amendment to Section 3a of the Company's Articles of Incorporation
  - b. Conditional Capital: Amendment to Section 3b I of the Company's Articles of Incorporation
  - c. Conditional Capital: Amendment to Section 3b II of the Company's Articles of Incorporation
5. Re-election of Rudolf Gyax as a Member of the Board of Directors
6. Re-election of Ernst & Young as Auditors and Group Auditors

*A buffet lunch will be served after the meeting.*

## Agenda, Motions and Explanations

### 1. Approval of the Annual Report, the Annual Financial Statements, the Consolidated Financial Statements for 2007; Acknowledgment of the Reports of the Auditors and of the Independent Group Auditors

#### Motion

The Board of Directors (**Board**) proposes to approve the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements for 2007.

### 2. Appropriation of the Results

#### Motion

The Board proposes to transfer the entire profit for the year of CHF 2,392,554.68 to the free reserves.

#### Explanation

*For 2007, the Company's net profits amounted to CHF 2,392,554.68. The Board proposes to transfer the entire profits to the Company's free reserves. As at December 31, 2007, the Company's free reserves amounted to CHF 146,000,000.00. As a consequence of the transfer of CHF 2,392,554.68, the free reserves would amount to CHF 148,392,554.68.*

### 3. Discharge of the Members of the Board of Directors and of the Management from Liability

#### Motion

The Board proposes to grant discharge to the members of the Board and to the members of the Management for their activities in 2007.

### 4. Amendments of Sections 3a and 3b of the Company's Articles of Incorporation (Authorized and Conditional Capital)

#### Explanations

*The Board proposes to adjust the Company's capital structure and to create appropriate conditional and authorized capitals to ensure long-term financing of its anticipated growth and to be able to act fast if strategic external growth opportunities arise in its field of business. The Company needs therefore to renew and slightly increase its authorized capital and to properly size its conditional capital. Furthermore, it is the Company's philosophy that all employees as part of their remuneration are eligible to receive stock options. In order to be able to attract and retain top talent also in the upcoming years as well as for the planned expansion of the business into North America, the Company's conditional capital for stock option programs is proposed to be adjusted.*

**a) Authorized Capital**

**Motion**

The Board proposes to amend the first sentence of section 3a of the Company's Articles of Incorporation as follows:

“Der Verwaltungsrat ist ermächtigt, jederzeit bis zum ~~13. Oktober 2008~~ 20. April 2010 das Aktienkapital im Maximalbetrag von ~~CHF 561'092.--~~ CHF 800'000.-- durch Ausgabe von höchstens ~~561'092.--~~ 800'000 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 1.-- zu erhöhen.”

The English translation of the legally binding German version is as follows:

“The Board of Directors shall be authorized, at any time until ~~October 13, 2008~~ April 20, 2010 to increase the share capital in an amount not to exceed ~~CHF 561,092~~ CHF 800,000 through the issuance of up to ~~561,092~~ 800,000 fully paid registered shares with a nominal value of CHF 1 each.”

**Explanation**

*A statutory authorization to increase the Company's capital is valid for a period of a maximum of two years. On October 13, 2008, the current authorization would cease to be in effect. So as to retain the Company's flexibility to grow its business through authorized capital, it is proposed (i) that the current authorization be replaced by one that would expire in two years from this Annual Shareholders' Meeting and (ii) to reasonably increase the amount of the authorized capital from currently CHF 561,092 by CHF 238,908 to CHF 800,000. Of the proposed amount, 105,973 shares would continue to be reserved for the potential acquisition of Oy Juvantia Pharma Ltd by the Company.*

**b) Conditional Capital for Employee Participation**

**Motion**

The Board proposes to amend the first sentence of the first paragraph of section 3b of the Company's Articles of Incorporation and to insert two new sentences as follows:

“Das Aktienkapital der Gesellschaft kann im Maximalbetrag von ~~CHF 351'974.--~~ CHF 700'000.-- erhöht werden durch Ausgabe von höchstens ~~351'974~~ 700'000 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 1.-- durch Ausübung von Optionsrechten, die den Mitarbeitern oder Mitgliedern des Verwaltungsrates der Gesellschaft oder einer ihrer Konzerngesellschaften nach Massgabe eines oder mehrerer Reglemente des Verwaltungsrates gewährt werden. Dabei muss die Höhe des Ausübungspreises der zukünftig ausgegebenen Optionen nach freiem Ermessen des Verwaltungsrates entweder a) dem gewichteten Durchschnittskurs der Aktien während der drei Monate vor der Zuteilung solcher Optionen oder b) dem Schlusskurs der Aktien am Tage der Zuteilung entsprechen. Bezüglich Optionsrechten, die zum Erwerb von insgesamt 175'000 Aktien berechtigen, darf der Ausübungspreis überdies CHF 90.-- nicht unterschreiten.”

The English translation of the legally binding German version is as follows:

"The share capital of the Company shall be increased by a maximum aggregate amount of ~~CHF 351,974~~ CHF 700,000 through the issuance of a maximum of ~~351,974~~ 700,000 registered shares, which shall be fully paid-in, with a par value of CHF 1 per share by the exercise of option rights which the employees or directors of the Company or a group company are granted according to respective regulations of the Board of Directors. The exercise price of each option to be granted shall – at the full discretion of the Board of Directors - either equal (i) the weighted average share price during the three months preceding the grant or (ii) the closing price of the share at the grant date. With respect to options that can be converted into 175,000 shares, the exercise price must in addition be at least CHF 90."

#### **Explanation**

*To attract and retain top talent, it is the Company's philosophy that all its employees are eligible to receive stock options as part of their remuneration. The current pool of 351,971 shares from conditional capital for stock options is almost completely used. This is a consequence of stock option grants made to important key hires due to the Company's successful growth since its inception in 2004 and the necessity of option grants for the retention of key employees. In anticipation of the envisaged growth in the next 2 to 3 years which includes, among other things, building up a specialty sales organization for the North American markets and to be able to allocate options on a recurring basis to retain key employees, the Board proposes to increase the amount of conditional capital for employee stock options by CHF 348,029. The exercise price of the options must be around the market price of the shares. The Board also proposes that options convertible in a fourth of the conditional capital for ESOP, i.e. 175,000 options, must have an exercise price of at least CHF 90, the price paid for the shares at the Company's IPO.*

#### **c) Conditional Capital for Other Purposes**

##### **Motion**

The Board proposes to amend the first sentence of the second paragraph of section 3b of the Company's Articles of Incorporation as follows:

"Das Aktienkapital der Gesellschaft kann im Maximalbetrag von ~~CHF 230'000.--~~ CHF 500'000.-- erhöht werden durch Ausgabe von höchstens ~~230'000~~ 500'000 vollständig zu liberierenden Namenaktien mit einem Nennwert von je CHF 1.-- durch Ausübung von Options- und/oder Wandelrechten, die in Verbindung mit Anlehensobligationen, ähnlichen Obligationen oder anderen Finanzmarktinstrumenten der Santhera Pharmaceuticals Holding AG oder einer ihrer Konzerngesellschaften ausgegeben werden, und/oder durch Ausübung von Optionsrechten, welche von der Santhera Pharmaceuticals Holding AG oder einer ihrer Konzerngesellschaften ausgegeben werden."

The English translation of the legally binding German version is as follows:

"The share capital of the Company shall be increased by a maximum aggregate amount of ~~CHF 230,000~~ CHF 500,000 through the issuance of a maximum of ~~230,000~~ 500,000 registered shares, which shall be fully paid-in, with a par value of CHF 1 per share by the exercise of option and/or conversion rights which are granted in connection with the issue of bonds, similar obligations or other financial instruments by the Company or another group company, and/or by the exercise of options which are granted by the Company or another group company."

**Explanation**

*In order to maintain flexibility to have a choice for the right financing instrument to finance the Company's expected growth through the planned expansion of research and development activities as well as potential further licensing or M&A transactions, the Board also proposes to slightly increase its currently available conditional capital by CHF 270,000 that can be used depending on the financing instruments that could be executed in a given market environment.*

**5. Re-election of Rudolf Gygax as Member of the Board of Directors**

**Motion**

The Board proposes to re-elect Rudolf Gygax for a period of 1 year as a member of the Board until the 2009 Annual Shareholders' Meeting.

**Explanation**

*Rudolf Gygax has joined the Board of Santhera's predecessor company in 2001 and has been a member of the Company's Board since its inception. Since 2007, he is a member of the Company's Audit Committee. Rudolf Gygax is a managing director of the Novartis Venture Fund. Additional biographical information is available at [www.santhera.com/board](http://www.santhera.com/board).*

**6. Re-election of the Auditors and Group Auditors**

**Motion**

The Board proposes to re-elect Ernst & Young AG, Basel, as Auditors and Group Auditors for an additional period of one year until the 2009 Annual Shareholders' Meeting.

**Explanation**

*Upon a proposal made by the Company's Audit Committee to the Board, Ernst & Young are proposed for re-election.*

Liestal, March 28, 2008  
For the Board of Directors



Michael Lytton  
Chairman

## Organizational Remarks

### Documents

The Company's 2007 Annual Report is available at Hammerstrasse 47, CH-4410 Liestal, Switzerland. It can also be downloaded from [www.santhera.com/reports](http://www.santhera.com/reports). As the Company's Annual Report is only in English, shareholders who have indicated German as their preferred language in addition receive the German translation of the Management Discussion and Analysis (MD&A; pages 31 to 33 of the Company's Annual Report) for their information.

### Admission Cards/Voting Material

Shareholders entered into the share register with the right to vote as of April 16, 2008, 17:00 CET, will receive invitation and – upon request – admission card and voting material. 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 April 16, 2008, 17:00 CET, and will reopen on April 22, 2008, 07:00 CET.

### Powers of Attorney

Shareholders may give proxy to (i) the independent proxy (unabhängiger Stimmrechtsvertreter), Dr Caspar Zellweger, attorney-at-law, Elisabethenstrasse 2, CH-4010 Basel, Switzerland, (ii) the Company representative (Organvertreter), (iii) a depository (Depotvertreter) or (iv) another shareholder entitled to vote. Proxy may be given by completing and returning the registration form or by filling out the respective form on the admission card.

If a shareholder gives no explicit voting instructions in writing with respect to one or several proposals, the independent proxy and the Company representative will cast their votes in favor of the motions made by the Board. Shareholders signing their power of attorney without indicating a representative will be deemed to have appointed the independent proxy – if they give no specific voting instructions to the contrary, their votes will be cast in favor of the motions made by the Board.

### Location

UBS Convention Center is located 5 minutes from the main railway station (Bahnhof SBB) and about 20 minutes from Basel airport (EuroAirport).

### Admission

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

### Language

The language used at the meeting will predominantly be English and there will be a simultaneous German translation available. Shareholders can ask their questions in English or German.

### Buffet Lunch

The Board is pleased to invite you to a buffet lunch after the shareholders' meeting.