

Annual General Meeting in Karolinska Development AB (publ)

The Shareholders of Karolinska Development AB (publ), org nr 556707-5048, are invited to the Annual General Meeting, on Wednesday May 23, 2012, at 5 p.m. (CET), at Fogdevreten 2 A Solna Sweden.

Participation and notification

A shareholder, who wishes to participate in the meeting,

(i) must be recorded as shareholder in the share ledger held by Euroclear Sweden AB on Wednesday May 16, 2012, and

(ii) must notify Karolinska Development of his/her intention to attend the meeting, no later than on Wednesday May 16, 2012, by telephone +46 (0)8 524 860 70, e-mail info@karolinskadevelopment.com or regular mail to Karolinska Development AB ,Fogdevreten 2 A, SE-171 65 Solna Sweden.

The notification should include name, identification-/registration number, address and telephone number and, by occurrence, number of assistants.

Nominee Registered Shares

A shareholder whose shares are registered in the name of a nominee shareholder must temporarily register his/her shares in his/her own name to be allowed to participate in the meeting. The registration must be completed on Wednesday May 16, 2012. Request for registration must be made well in advance.

Proxy etc

A shareholder attending the meeting by proxy, must issue a written power of attorney. The power of attorney is valid during the period set forth in the power of attorney, however, at most 5 years from the issuance. If a power of attorney is issued by a legal entity, a copy of the legal entity's registration certificate must be enclosed. Template power of attorneys in Swedish and English are available for download on the company's website, www.karolinskadevelopment.com.

Proposal for agenda

1. Opening of the meeting
2. Election of chairman of the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination of whether the meeting was duly convened
7. Presentation of the annual report and the auditor's report and the group annual report and the auditor's group report
8. Information from the CEO
9. Report on the work in the board
10. Resolutions regarding
 - a) adoption of the profit and loss statement and the balance sheet, and consolidated profit and loss statement and consolidated balance sheet
 - b) appropriation of the Company's result according to the adopted balance sheet
 - c) discharge from liability of the directors and the CEO
11. Report on the work by the nomination committee
12. Resolution regarding the number of directors of the board and auditors and deputy auditors to be appointed
13. Resolutions in respect of the fees for the board of directors and for the auditor

14. Election of chairman of the board, deputy chairman and directors and auditors and deputy auditors
15. The board of directors' proposal regarding the procedure to appoint members of the nomination committee etc
16. The board of directors' proposal regarding principles for remuneration to executive management
17. The board of directors' proposal regarding a performance based share incentive program 2012
18. The board of directors' proposal regarding authorisation for the board of directors to decide on new issues of shares
19. The board of directors' proposal regarding approval of transfer of shares and of new issue in subsidiaries
20. Closing of the meeting

Items 2 and 12-15: Chairman at the meeting; number of directors and deputy directors of the board to be appointed; fees for the board of directors; election of chairman of the board, deputy chairman and directors; instructions for the Nomination Committee

The nomination committee, consisting of Gillis Cullin (chairman), appointed by Östersjöstiftelsen (The Baltic Foundation); Rune Fransson, appointed by Karolinska Institutet Holding AB; Gustaf Vahlne, appointed by Tredje AP-fonden (Third Swedish National Pension Fund); Kerstin Stenberg, appointed by Swedbank Robur Fonder and; Todd Plutsky, appointed by Coastal Investment Management, proposes that:

- the current chairman of the board, Hans Wigzell, is appointed to chair the AGM.
- the number of members of the board will be seven and no deputies will be appointed.
- the number of auditors will be one and no deputy will be appointed
- the chairman will be paid a fixed amount of 400,000 SEK. Each director will be paid a fixed amount of 200,000 SEK. The proposal includes a change of previous the remuneration model. Previously part of the fee has been dependant on attendance at board meetings, which in the opinion of the Nomination Committee should be changed. The proposal entails that the fees shall only be a fixed remuneration. The intention is that the fees should mainly be unaltered for the directors, however, a re-calculation has been made based on an estimated number of board meetings during the period. In addition, it is proposed that the fee to the chairman in relation to other directors should be increased in order to correspond to a marketable fee in listed companies. That means that besides the change of structure, the fee to the chairman has been raised.
- re-election of the board members; Hans Wigzell, Per-Olof Edin, Rune Fransson and Raymond Hill. New election of Klaus Wilgenbus, Charlotte Edenius and Vlad Artamonov. Election of Hans Wigzell as chairman of the board. Election of Per-Olof Edin as deputy chairman of the board. The composition of the board meets the independence requirement of the Swedish Code for Corporate Governance.
- election of Deloitte as auditor, currently with Thomas Strömberg as auditor in charge, for the time until the end of the 2013 Annual general Meeting.
- the Nomination Committee shall have five members and that the five largest owners (as set forth in Euroclear Sweden's register as of September 1, 2012) shall appoint one member each. The members of the Nomination Committee shall be made public as soon as the members have been appointed, and in no case later than six months prior to Annual General Meeting 2013. The members shall among themselves appoint the chairman of the Committee. If a member resigns or is prevented from pursuing his/her assignment, the shareholder that has appointed such member shall appoint a new member. In the event that the shareholding in the company is

materially changed, prior to the Nomination Committee having concluded its task, the Nomination Committee may decide to change the composition of the Nomination Committee in a manner as decided by the Nomination Committee (with consideration of the principles applicable for the appointment of the Nomination Committee). No fees shall be paid to the members of the Nomination Committee. Out of pocket expenses shall be reimbursed by the company. The mandate of the Committee shall be until the members of the succeeding Committee has been published. The Nomination Committee shall pursue the tasks that, according to the Swedish Code of Corporate Governance, are the responsibility of the Nomination Committee.

Item 10 b: Appropriation of the Company's result according to the adopted balance sheet

The board of directors and the managing director recommend that the Annual General Meeting approves that the amount at the disposal of the shareholders, in total SEK 1,383,228,023 is to be allocated as follows: share premium brought forward 1,778,253,602; loss brought forward -395,025,579.

Item 16: Resolution in respect of principles for remuneration to executive management

Main outlines of proposal: Karolinska Development shall maintain compensation levels and terms required to attract and keep an executive management with the competence and experience needed to achieve the object of the company's operation. The total compensation to an executive management employee shall be competitive, reasonable and appropriate. Fixed salary shall be based on responsibility and experience of the individual. Variable compensation shall (i) be construed in order to support Karolinska Development's long-term value creation; (ii), have governing elements that are clear, measurable and that can be influenced; (iii) regarding variable salary, have a pre-determined maximum outcome (save for portions not effecting the result of the company other than as social security contribution); (iv) not be included in calculation of pension. The notice period in case of termination by the company shall not exceed 6 months. Severance pay shall be paid only to CEO.

The proposal in full will be available at Karolinska Development's website.

Item 17: Proposal regarding a performance based share incentive program 2012

Background

The Board of Directors finds it essential and in all shareholders' interest that key employees in the Group have a long-term interest of a good value development of the share in the Company and therefore proposes the Annual General Meeting the below long-term incentive program for key employees.

The purpose of the long-term incentive program is to stimulate employees to continued and long-term good performance. Furthermore, it is the Board of Directors' view that the incentive program increases the Group's attractiveness as an employer. To participate in the program the employee is required to invest his/her own money. Thereafter, the participants will, after a three-year vesting period commencing on the day when the Performance Share Program (PSP 2012) agreement is entered into and ending at the earliest in conjunction with the publication of the Company's interim report for the first quarter 2015, will be allotted free of charge warrants which entitles to subscription of shares in the Company at a price equal to the quota value, provided that certain conditions are fulfilled.

In order to ensure the delivery of shares under PSP 2012, the Board of Directors proposes that a maximum of 480 000 warrants, which entitles to 480 000 shares of series B, are issued to a wholly-owned subsidiary in the Group. In addition the Board of Directors proposes that maximum 150 800 shares of Series B will be able to be acquired and transferred on NASDAQ OMX Stockholm in order to cover social security fees under PSP 2012.

Proposal

The Board of Directors proposes that the Annual General Meeting resolves on a Performance Share Program 2012 (PSP 2012) which includes in total a maximum of 630 800 shares of series B according to the principal guidelines below.

1. Participants in PSP 2012, allotment and personal investment

PSP 2012 comprises a total of maximum 10 employees divided into three categories.

Category 1 consists of CEO and can at maximum be allotted 180 000 shares of series B.

Category 2 consists of CSO and CFO can at maximum be allotted 120 000 shares of series B per person.

Category 3 consists of other participants and can at maximum be allotted 36 000 shares of series B per person.

To participate in PSP 2012, the participants must acquire shares of series B in the Company at market price on NASDAQ OMX Stockholm ("Saving Shares").

Participant in Category 1 must acquire 30 000 Saving Shares in order to be able to receive maximum allotment.

Participant in Category 2 must acquire 20 000 Saving Shares in order to be able to receive maximum allotment.

Participant in Category 3 must acquire 6 000 Saving Shares in order to be able to receive maximum allotment.

Acquisition of Savings Shares shall take place on June 15, 2012 at the latest, with a right for the Board of Directors to extend this period if there is any impediment regarding a participant's acquisition. As an employee is considered an individual who has signed a contract on permanent employment no later than the day for the Annual General Meeting 2012.

For each Saving Share that the participant acquires and holds, the participant will, free of charge, be allotted one (1) matching share right ("Matching Share Right") and five (5) performance share rights ("Performance Share Rights") (together referred to as "Share Rights"). Provided that the conditions set out below in item 2) and item 3) respectively, are fulfilled, the Share Rights entitle to allotment of warrants in the Company for conversion into shares of series B as described below. Allotment of warrants, on basis of the held Share Rights, is made after the publication of the Company's interim report for the first quarter 2015, however not earlier than three years after the PSP 2012 agreement is entered into ("Vesting Period").

2. Matching Share Rights

For each Saving Share that the participant acquires and holds, the participant is, free of charge, allotted one (1) Matching Share Right, which entitles the participant to, free of charge, receive one (1) warrant, based on the conditions set out below:

- i. that the participant remain employed within the Group during the Vesting Period; and
- ii. that the participant has not disposed of the Saving Shares held during the Vesting Period.

3. Performance Share Rights

For each Saving Share that the participant acquires and holds, the participant is, free of charge, allotted five (5) Performance Share Rights that give right to five (5) warrants. In order for Performance Share Rights to entitle to allotment of warrants, it is required that the conditions for the Matching Share Rights are fulfilled. In addition, fulfillment of certain performance conditions is required in order for Performance Share Rights respectively to entitle to allotment of warrants. The Board of Directors intends to present whether the conditions have been fulfilled in the annual report of 2015.

The performance conditions for the Performance Share Rights are dependent on the Company share price development. For allotment of warrants the average price paid for a share of series B on NASDAQ OMX Stockholm during a period of ten (10) trading days beginning 2 May 2015 ("End Price") must at least exceed the average price paid for a share of series B on NASDAQ OMX Stockholm after the Annual General Meeting 2012 ("Start Price"). The Start Price is determined by the Board of Directors and shall cover a continuous measure period of ten (10) trading days that shall be no later than within six (6) months after the Annual General Meeting 2012. For maximum allotment of warrants the share must be traded at a level that corresponds to an average yearly share price growth of 30 percent from the Start Price. If the End Price is between the Start Price adjusted upwards by 6 percent yearly and the share price that triggers maximum allotment, the participants will receive a linear allotment of warrants.

4. Shared terms and conditions for Share Rights

In addition to what has been stated above, the following terms and conditions apply for both the Share Matching Rights and the Performance Share Rights:

- The Share Rights are allotted free of charge.
- The participants are not entitled to transfer, pledge, or dispose the Share Rights or perform any shareholder's rights regarding the Share Rights during the Vesting Period.
- Allotment, free of charge, of warrants in the Company on the basis of held Share Rights will take place after the publication of the Company's interim report for the first quarter 2015, however not earlier than three years after the PSP 2012 agreement is entered into.
- Each warrant entitled the holder to acquire a share of series B in the Company for a subscription price corresponding to the quota value of the share and requires that the option is exercised as soon as possible after receipt of warrant.
- The Company will, through a cash payment, compensate the participants in PSP 2012 for dividends distributed in respect of the shares that the respective warrants entitles to.
- The value that a participant can receive at allotment of warrants in the program is maximized at an amount per share that corresponds to ten (10) times the Starting Price.

5. Detailed terms and administration

The Board of Directors, or a certain committee appointed by the Board of Directors, shall be responsible for the determining the detailed terms and the administration of PSP 2012, within the scope of the given terms and guidelines. The Board of Directors shall be authorized to make adjustments to fulfill certain rules or market pre-requisites in other jurisdictions. If delivery of warrants/shares cannot be accomplished at reasonable costs and with reasonable administrative effort to individuals outside Sweden, the Board of Directors shall be entitled to decide that the participating individual may instead be offered a cash-based settlement. The Board of Directors shall also be entitled to decide on other adjustments in the event that major changes in the Group, the market or otherwise in the industry would occur, which would entail that resolved conditions for allotment and the possibility to use the Share Rights under PSP 2012 would no longer be appropriate

6. Hedging of commitments according to PSP 2012

Issue of warrants and approval of transfer of warrants

In order to secure delivery of shares at exercise of Share Rights, an issue of warrants ("Warrants") to a wholly owned subsidiary in the Group is proposed to be made. The subsidiary shall be authorized to dispose over and without consideration transfer the warrants with the purpose to fulfill commitments according to PSP 2012.

No more than 480 000 Warrants shall be issued. Each Warrant shall entitle to subscription of one share of series B in the Company during the period from 15 June 2012 up to and including 31 August 2015 at a subscription price corresponding to the quota value of the share.

The share capital can increase at maximum SEK 240 000, with reservation for the increase that can be caused by a re-calculation following new share issues etc.

Acquisition and transfer of own shares

The Board of Directors are proposed to be authorized to decide, on one or several occasions and until the next Annual General Meeting, to acquire and transfer maximum 150 800 shares of series B to cover charges in the form of social security fees in PSP 2012. Acquisitions and transfer shall be made on NASDAQ OMX Stockholm. Acquisitions and transfer can only be made at a price within the price interval registered at each time for the share.

7. Dilution effects and costs for the program

At exercise of the proposed Share Rights the number of shares increases. These new shares will constitute, at full exercise, approximately 1 percent of the outstanding shares and approximately 0.8 percent of the votes. At full exercise of the now proposed Share Rights and outstanding warrants the number of new shares constitutes approximately 1,9 percent of outstanding shares and approximately 1,5 percent of the votes calculated after full exercise of outstanding warrants and proposed Share Rights. In addition 150 800 shares of series B are required to cover social security fees, which corresponds to approximately 0.3 percent of the outstanding

shares and approximately 0.2 percent of the votes. The Share Rights can cause costs for the Group in the form of social security fees at exercise as well as accounting costs during the term of the Share Rights.

8. The objectives of the proposal and reasons for deviations from the shareholders' preferential rights

The Board of Directors considers the existence of effective share-related incentive programs for senior executives of the Company to be of material importance for the development of the Company. The proposed program creates a common group focus for involved employees in the different parts of the Group. By linking the employees' remuneration to the Company's earnings and value trend, the long-term increase in value is rewarded and thus an alignment of interest of involved employees and shareholders.

Incentive programs are also considered to facilitate recruitment and retention of key employees in the Group who are considered to be important for the Company's continued development.

In light of these circumstances, the Board of Directors considers, that the proposed incentive program, with regard to the terms and conditions, the size of the allotment, the existence of other incentive programs and other circumstances, is reasonable and advantageous for the Company and its shareholders.

A resolution in accordance with the board's proposal requires support from shareholders with not less than 9/10 of votes cast as well as shares represented at the meeting.

The proposal in full will be available at Karolinska Development's website.

Item 18: The board of directors' proposal regarding authorisation for the board of directors to decide on new issue of shares

The board of directors proposes that the shareholders' meeting resolves to authorise the board for the period up to the next annual shareholders' meeting to adopt decisions, whether on one or several occasions without pre-emption rights for the shareholders, with or without payment in form of contribution in kind, to issue new shares of series B up to a number that, at the time of the first decision under this authorisation, corresponds to ten (10) per cent of the total share capital; provided however that any such issue must not result in the company's share capital exceeding the company's maximum allowed share capital as set out in the articles of association. The shares are intended for consideration in commercial transactions.

A resolution in accordance with the board's proposal regarding the issue and the right to transfer the warrants requires support from shareholders with not less than 2/3 of votes cast as well as shares represented at the meeting.

Item 19: Approval of transfer of shares and of new issue of shares in subsidiaries

According to Chapter 16 of the Swedish Companies Act ("LEO-Law"), in some cases, transfer of shares to employees and new issue of shares in subsidiaries directed to employees must be approved by the General Meeting of the parent company. These provisions are applicable on (i) transference of shares in KCIF Fund Management AB from Karolinska Development to three employees; (ii) new issue of shares directed to KCIF Co Investment Fund KB in three cases; (iii) new issue of shares directed to executive management in subsidiaries in accordance with incentive programs, in the subsidiaries Akinion, Axelar, Dilaforette Holding, Pergamum and Pharmanest. It is proposed that the AGM approves these decisions

The proposal in full will be available at Karolinska Development's website.

A resolution in accordance with the board's proposal regarding the issue and the right to transfer the warrants requires support from shareholders with not less than 9/10 of votes cast as well as shares represented at the meeting.

Miscellaneous

The annual report, the auditor's report, proposal by the Nomination Committee, the auditor's statement regarding compliance with the Guidelines for Remuneration to the Executive management and complete proposals for decisions by the Annual General Meeting will be sent to shareholders

(giving their address) on request and will be available on the company's web site, www.karolinskadevelopment.com and at the office at Fogdevreten 2 in Solna, Sweden, during a period of not less than three weeks prior to the date of the general meeting. The board of directors' complete proposal regarding item 17 and 19 will automatically be sent to all shareholders that have notified the company of their participation in the Annual General Meeting and have informed the company of their postal address.

A shareholder is entitled to require that the board of directors and the CEO (if possible without causing material damage to the company) provides information regarding (i) circumstances that may have an effect on an item on the agenda or on the economic situation of the company (or a subsidiary within the group); (ii) the company's relation to another company within the group; (iii) the consolidated group report.

As per the date of this notice, there are 48,531,417 shares, representing a total of 62,059,299 votes outstanding in the company, distributed among 1,503,098 shares of Series A (with 15,030,980 votes) and 47,028,319 shares of series B (with 47,028,319 votes). As per the date of this notice, the Company does not hold any treasury shares.

Solna in April 2012

Board of Directors