



Santhera Pharmaceuticals Holding AG

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Minutes of the 2007 Annual Shareholders' Meeting – April 23, 2007

At 10.30 AM, Michael Lytton, Chairman of the Board of Directors (**Board**) opened the first Annual Shareholders' Meeting of Santhera Pharmaceuticals Holding AG (**Santhera**, or **Company**) as a listed company.

The meeting was held in English, with a simultaneous translation into German also being made available.

Mr Lytton welcomed the other members of the **Board**, Martin Gertsch, Ruedi Gygax, Georg Nebgen and Bernd Seizinger. Hans Peter Hasler and Tim Rink were unable to attend the meeting and sent their apologies.

Mr Lytton also welcomed the members of the **Executive Management**, Klaus Schollmeier, Barbara Heller, Helmut Kessmann and Thomas Meier.

In addition, Mr Lytton welcomed Jürg **Zürcher** of Ernst & Young, as representative of Santhera's statutory and group auditors, Dr Caspar **Zellweger** as independent proxy, Dr Peter **Stadler** as corporate proxy and Bernhard **Simonetti**, notary public.

Marlene **Engler** and Geoff **Holder** acted as vote counters. When a vote was taken, they stood up and recorded the shareholders' votes. If a shareholder preferred, she or he was invited to notify them, indicate name, domicile, number of shares plus the votes for the record.

Finally, Mr Lytton nominated Oliver **Strub**, Secretary to the Board, as taker of the minutes of this meeting.

This meeting was convened in accordance with the law and the Company's articles by publication of the meeting notice in the **Swiss Commercial Gazette** dated April 2, 2007, in Neue Zürcher Zeitung and Basler Zeitung. In addition, the shareholders entered into the share register as of April 19, 2007 were **invited by letter** dated March 30, 2007. The Company did not receive any request that **additional items** be placed on the agenda, nor did it receive any motions to this effect.

Mr Lytton then declared that there was a quorum for the meeting.

Mr Lytton then indicated that the list of attendees was being compiled and that he would inform the shareholders about the attendance at a later point during the course of the meeting.

Mr Lytton then made some **organizational remarks**:

- Some **guests** who are not shareholders had been invited. These guests were not entitled to vote.
- Shareholders entitled to vote who would like to ask questions, to comment or would like to make a motion were invited to come to the **podium**. If so, they would be requested to indicate name and domicile for the record.
- In the interest of an effective and efficient meeting, Mr Lytton requested shareholders to **limit their comments** and questions to the respective agenda item. If they would like share information of a more general nature, he suggested to do so under agenda item number 1.
- Generally, votes and elections would be done by a **show of hands**. If a shareholder would like to have the shareholder's meeting cast its vote by a **ballot**, she or he was invited to propose to do so for an agenda item. In such a case, Mr Lytton would have all other shareholders vote on such proposal – by a show of hands.
- An **audio tape recording** of this meeting would be made.
- The results of the meeting would be published in a **press release** later on the day of the meeting.

AGENDA ITEM 1

Approval of the Annual Report, the Annual Financial Statements, the Consolidated Financial Statements for 2006; Acknowledgement of the Reports of the Auditors and of the Independent Group Auditors

The Chairman discussed Santhera's achievements over the past year ([Attachment 1](#)). The Chairman then requested Santhera's CEO, Klaus Schollmeier, to deliver a more detailed report on the Company.

The CEO explained Santhera's business, strategy, pipeline, main indications, compounds and financial statements ([Attachment 2](#)).

In the meantime, the attendance list was compiled:

Total share capital		3'099'156	
	Number	Shares	As percentage of share capital
Company representative	1	1,146,748	37.00
Independent proxy	1	570,457	18.41
Depositories	0	0	0.00
Shareholders	37	41,392	1.34
Shareholders total	39	1,758,597	56.75
Majority		879,299	

The Chairman noted that Santhera had mailed the annual report to all shareholders at their address as indicated in the share register. The report consists of an overview of Santhera's business, pipeline, the

financial statements for 2006 and the corporate governance report. The entire report can also be downloaded from the website santhera.com under "investors – reports".

Ernst & Young have audited both statutory and consolidated financial statements. Their reports can be found on pages 53 and 63 of the financial reports. The Chairman noted that the representatives of the auditors had informed him that they had no further remarks.

The Board proposed approval of (i) annual report, (ii) statutory financial statements and (iii) consolidated financial statements, all with regard to the financial year 2006.

The Chairman then opened the forum for discussion with regard to annual report, the financial statements and the additional explanations.

There were no questions, remarks or motions.

As a result of the voting by a show of hands, the motion carried with a vast majority, some dissenting votes and no abstentions.

AGENDA ITEM 2

The Board proposes (i) to carry forward the accumulated loss of CHF 12,836,478, (ii) to compensate this loss with the capital reserves and share premium of CHF 119,088,589 and (iii) to transfer the amount of CHF 104,508,627 from capital reserves and share premium to the free reserves.

As at December 31, 2006, the **loss carry forward** amounted to CHF 0, the net loss to CHF 12,836,478, resulting in an accumulated loss of CHF 12,836,478.

As at the same date, capital reserves and share premium amounted to CHF 119,088,589. If the shareholders approved the motion of the Board, the accumulated loss would be **compensated with capital reserves and share premium**, reducing the latter to CHF 106,252,111.

From this amount, it was proposed to **transfer** a total of CHF 104,508,627 **to the free reserves**, resulting in net capital reserves and share premium of CHF 1,743,484.

As at December 31, 2006, the Company's free reserves amounted to CHF 41,491,373. As a consequence of the transfer of CHF 104,508,627, the free reserves would amount to CHF 146,000,000.

The Chairman then opened the forum for discussion.

There were no questions, remarks or motions.

As a result of the voting by a show of hands, the motion carried with a vast majority, some dissenting votes and some abstentions.

AGENDA ITEM 3

The Board proposes to discharge Board and Executive Management from liability for their activities in 2006.

The Chairman proposed that the shareholders vote on this motion for the management as a whole. He then opened the forum for discussion.

There were no questions, remarks or motions. The Chairman asked the Members of the Board and Executive Management to abstain from voting.

As a result of the voting by a show of hands, the motion carried with a vast majority, some dissenting votes and some abstentions.

AGENDA ITEM 4

The Board of Directors proposes to amend section 15 of the Company's Articles of Incorporation thus increasing the maximum number of Board members from 7 to 8 as per the wording below.

“Der Verwaltungsrat besteht aus höchstens ~~sieben~~ acht Mitgliedern.”

(The English translation of the legally binding German version is as follows: “The Board of Directors shall consist of no more than ~~seven~~ eight members.”)

On March 1, 2007, the Board decided to nominate the Company's CEO, Klaus Schollmeier, for election to the Company's Board upon a proposal made by the Nomination & Compensation Committee.

The Chairman noted that Klaus Schollmeier has been a main driving force behind the Company's considerable success. Over this period, Santhera has developed an exciting portfolio of neuromuscular drug candidates and has raised close to CHF 190 million in new funds from both private and public investors.

The Chairman stated that the Board believed that with the addition of Klaus Schollmeier to the Company's Board, the decision making process within the Company would become even more effective and efficient and that the information flow between Board and management would be increased.

The Chairman also observed that the Board was aware that proposing to the shareholders that Santhera's CEO also become a member of Santhera's Board may create a potential to lead for conflict of interests.

Mr Lytton noted that this issue was discussed by the Board at length and it came to the conclusion that if there were counterbalancing measures in place, the advantages of having Mr Schollmeier on the Board would outweigh the potential disadvantages.

Mr Lytton also noted that it was not intended that Mr Schollmeier would become Chairman of the Board or member of any committee of the Board. Mr Lytton also observed that the "rules governing the organization" had detailed provisions with regard to conflict of interest. Finally, Mr Lytton observed that the Board would continue to have its "Executive Sessions" where Mr Schollmeier would not be present, nor would any other member of management.

With these three measures, Mr Lytton summarized the view of the Board that very effective precautions had been taken to minimize the risk that any conflicts of interests would arise.

Mr Lytton noted that the current Articles of Incorporation limited the number of Board members to seven. So as to allow for an expansion of the Board, this number needs to be increased by one. Subject to the shareholders' approval of this motion, the Board proposed to elect Klaus Schollmeier under the next agenda item.

The Chairman then opened the forum for discussion.

There were no questions, remarks or motions.

As a result of the voting by a show of hands, the motion carried with a vast majority, some dissenting votes and some abstentions.

AGENDA ITEM 5

The Board of Directors proposes to elect Klaus Schollmeier for a period of 3 years as a member of the Board of Directors until the 2010 Annual Shareholders' Meeting.

As the Chairman has stated, Klaus Schollmeier has been a main driving force behind the Company's considerable success and the Board would be happy to welcome Mr Schollmeier to the Board.

There were no questions, remarks or motions.

As a result of the voting by a show of hands, Klaus Schollmeier was elected by a vast majority, some dissenting votes and some abstentions.

AGENDA ITEM 6

The Board of Directors proposes to reelect Board members as follows:

- *Martin Gertsch and Bernd Seizinger each for a period of 3 years*
 - *Timothy Rink for a period of 2 years*
 - *Rudolf Gygax and Georg Nebgen each for a period of 1 year*
- all until the annual shareholders' meeting in the respective year.*

In accordance with good corporate governance principles, the Board proposed to introduce staggered terms of office through different election periods. Those periods would result in 2 reelections in 2008, 3

in 2009 and 3 in 2010.

These reelections were held individually. Each member of the Board stated that he was prepared to accept his election.

The Chairman then opened the forum for discussion.

There were no questions, remarks or motions.

As a result of the voting by a show of hands, each of the proposed Board members was individually elected as a member of the Board by a vast majority, some dissenting votes and some abstentions.

For his own reelection, the Chairman then handed over the conduct of the meeting to Martin Gertsch, Chairman of the Company's Audit Committee.

Martin Gertsch then continued.

The Board of Directors proposes to reelect Michael Lytton as Board member for a period of 2 years until the 2009 Annual Shareholders' Meeting.

Martin Gertsch stated that Michael Lytton had informed him that he would accept his reelection. Martin Gertsch then opened the forum for discussion.

There were no questions, remarks or motions.

As a result of the voting by a show of hands, Michael Lytton was elected by a vast majority, some dissenting votes and some abstentions.

Martin Gertsch then handed the conduct of the meeting back to Michael Lytton.

AGENDA ITEM 6

The Board proposes to reelect Ernst & Young AG, Basel, as Auditors and Group Auditors for a further period of one year until the 2008 Annual Shareholders' Meeting.

Upon a proposal made by the Company's Audit Committee to the full Board, Ernst & Young was proposed for reelection. Mr Lytton noted that Ernst & Young was prepared to accept such reelection.

Michael Lytton then opened the forum for discussion.

There were no questions, remarks or motions.

As a result of the voting by a show of hands, Ernst & Young was elected by a vast majority, some dissenting votes and some abstentions.

The meeting was adjourned at 11.32 AM.

A handwritten signature in black ink, appearing to read 'Michael Lytton'.

Michael Lytton
Chairman of the Board

A handwritten signature in black ink, appearing to read 'Oliver Strub'.

Oliver Strub
Secretary to the Board