



Santhera Pharmaceuticals Holding AG

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Minutes of the 2008 Annual Shareholders' Meeting – April 21, 2008

At 10.30 AM, Michael Lytton, Chairman of the Board of Directors (**Board**) opened the second 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 (and vice versa) also being made available.

Mr Lytton welcomed the other members of the **Board**, Martin **Gertsch**, Ruedi **Gygax**, Georg **Nebgen**, Hans Peter **Hasler** (Vice Chairman) and Klaus **Schollmeier**, who is also Santhera's Chief Executive Officer. Bernd **Seizinger** and Tim **Rink** were unable to attend the meeting and had sent their apologies.

Mr Lytton also welcomed the other members of the **Executive Management**, Barbara **Heller**, Chief Financial Officer, Helmut **Kessmann**, Chief Business Officer and Thomas **Meier**, Chief Scientific Officer.

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, Bernhard **Simonetti**, notary public and Dr Dieter **Gericke** of Homburger, the Company's external legal adviser.

Sylke **Eckert** and Urs **Jetzer** 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 and 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**. In addition, the shareholders entered into the share register as of April 16, 2008 were **invited by letter** dated March 28, 2008. Mr Lytton then declared that there was a quorum for the meeting.

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

The Company did not receive any request that **additional items** be placed on the agenda, but received a proposal with regard to agenda item 4 which would be addressed in the introduction to agenda items 4a to 4c.

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

- Some **guests** who were 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 **microphone**. 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 doing 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 2007; Acknowledgement of the Reports of the Auditors and of the Independent Group Auditors.

2007 was another tremendous year for Santhera. Again, the Company was successful in advancing and broadening its clinical development pipeline. A particular highlight was of course the moving of the Company's lead compound SNT-MC17 for the treatment of Friedreich's Ataxia into the marketing approval process in the EU, Switzerland and Canada. The results of last year showed the progress that Santhera had made across all areas of its business. The milestones achieved built a solid ground for a further successful development of the Company. They also reflected the sound strategy and the excellent execution by the Company's management. With this, Mr Lytton gave the floor to Klaus Schollmeier, Santhera's Chief Executive Officer.

Mr. Schollmeier explained Santhera's business, strategy, pipeline, main indications, compounds, financial statements and analyzed the Company's share price development (Attachment 2).

In the meantime, the attendance list was compiled:

Total share capital		3'132'747	
	Number	Shares	As percentage of share capital
Company representative	1	1,050,550	33.5%
Independent proxy	1	570,729	18.2%
Depositories	0	0	0.0%
Shareholders	37	51,860	1.6%
Shareholders total	39	1,673,139	53.4%
Absolute majority		836,570	
2/3 majority		1,115,426	

The Chairman noted that Santhera had mailed the annual report to all shareholders at their address as indicated in the share register. The report consisted of an overview of Santhera's business, pipeline, the financial statements for 2007 and the corporate governance report. The entire report could also be downloaded from Santhera's website (www.santhera.com/reports).

Those shareholders who had indicated German as their preferred language in addition received the German translation of the Management Discussion and Analysis for their information.

Ernst & Young had audited both statutory and consolidated financial statements. Their reports could be found on pages 53 and 64 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 2007.

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

Walter M **Grob**, from Berne, expressed his dissatisfaction with the location, pointing out in particular the lack of sufficient parking lots and the lack of clear signs showing the way to the convention center. He then stated that he had notified the Company several times of a company named Santhera Handels GmbH which sold cat skins which might be detrimental to the Company's reputation. He also asked whether the Company engaged in animal testing and if so, where and which animals were used. He also enquired as to whether alternatives to animal testing were pursued.

The Company replied to the questions as follows: animal testing in the pharmaceutical industry is required by regulatory authorities before testing drug candidates in man and therefore inevitable. Santhera is following all rules and regulations, internationally and nationally while doing animal testing. Santhera is not doing in-house animal testing but is using reputable service providers. In addition Santhera is always seeking alternatives to animal testing to keep animal experiments to a minimum.

On the location, the company apologized for any inconvenience caused by the lack of sufficient parking spots and directions. However, generally speaking, the Company believes that Basel as meeting location is a good compromise mainly because of central availability of public transportation.

With regard to Santhera Handels GmbH the company responded that by virtue of an agreement, the latter company can not get engaged in any activities in the field where Santhera is active. Efforts to solve this issue further are ongoing.

Mr Grob asked for more clarification next year on number of animals used and location of service providers. The Company will consider this.

There were no additional questions, remarks or motions. The Chairman then proceeded to voting.

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

For 2007, the Company's net profits amounted to CHF 2,392,554.68. The Board proposed to transfer the entire profits to the Company's free reserves. As at December 31, 2007, the Company's free reserves had 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.

Mr Lytton then opened the forum for discussion. There were no questions, remarks or motions. The Chairman then proceeded to 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 3

The Board proposes to discharge Board and Executive Management from liability for their activities in 2007.

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. Mr Lytton asked the Members of the Board and Executive Management to abstain from voting. The Chairman then proceeded to 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 ITEMS 4a to 4c – Introductory Remarks

The Board of Directors proposed to strengthen Santhera's financial flexibility to support its growth

strategy by a replacement and an increase of the Company's authorized and conditional capitals.

Votes would be taken on each topic separately, ie on the increase of

- authorized capital, then
- conditional capital to issue stock options to employees, directors and officers, and finally
- conditional capital for the financing of eg licensing and M&A transactions.

Mr Lytton then explained the rationale of the proposed capital increases.

Santhera had made good progress in 2007. In order to execute its growth strategy in broadening the pipeline of product candidates, be it organically or externally through in-licensing and/or M&A, the Company would need a higher degree of financial flexibility. If approved, the increased capitals would allow Santhera to continue to seek and seize licensing and acquisition opportunities. The Board expected that the ongoing consolidation process in the biotech area would go on also due to the current market conditions. Therefore, interesting opportunities to strengthen Santhera's pipeline could arise. Both authorized and conditional capitals could be used as a currency for such transactions as well as for financing purposes. With the proposed increases, the shareholders would provide the Company with the financial means to play an active part in this consolidation and enter into a potential transaction within a short period of time after final terms and conditions are negotiated. It was clear that the Board and the Management would always ensure a sound and diligent decision-making process.

Furthermore, an employee stock option program would enable the Company to hire and retain highly skilled and motivated individuals. The latter was also true for the U.S., where Santhera was establishing its own commercial operations. It was the Company's philosophy that all employees are eligible to receive stock options as part of their remuneration and as a long-term incentive. In both regions of activities, in Basel as well as in the Boston area, Santhera was competing with large pharmaceutical and biotechnology companies for hiring and retaining highly skilled employees.

Mr Lytton explained that the Company's employee stock option plans both in Switzerland and in North America had a staggered four years vesting schemes and a good-leaver/bad-leaver principle incorporated. He emphasized that the Company would not issue stock options at a discount. The exercise prices were set at market only, ie either (i) at the volume-weighted average share price during the quarter preceding an option grant for Swiss employees or (ii) at the share price at the grant date for North American employees. The Board had also provided for a clause in the proposed amendment to the Company's Articles of Incorporation that roughly half of the newly created shares would have an exercise price of not less than the IPO price of CHF 90 per share.

All these provisions were meant to reduce dilutive effects for existing shareholders to a minimum, while, at the same time, allowing the Company to recruit and retain employees who were and would be key for Santhera's future development.

The proposals for an adjustment of the capital structure, Mr Lytton continued, were made after a careful analysis which had also included a review of the capital structure of peer companies.

As indicated at the beginning of this meeting, the Company had received a proposal by a shareholder by letter dated April 7, 2008. Mr Engel, the shareholder had been so kind to give Santhera the opportunity to discuss with him his proposal.

Agenda items 4a to 4c regarding capital increases would entail an amendment to the Articles of Incorporation. Although the Board had tried, it had difficulties to convert Mr Engel's proposal into a legally permissible motion which had to be in the form of a precise wording that could be put in the Articles of Incorporation.

The Board therefore thought that it would make most sense if Mr Engel would personally lead the audience through his proposal. Mr Lytton invited Mr Engel to come to the microphone and explain his proposal. As Mr Lytton's knowledge of German was limited, he asked Martin Gertsch, Chairman of Santhera's Audit Committee, to lead the discussion afterwards in German.

[The following discussion was in German and has been translated into English for the sake of consistency of these minutes]

Mr Engel opened his speech by stating that he was a common shareholder and not a lawyer. He mentioned that also in representation of his wife, he had put forward the following proposal to the Company (Mr Engel then read out the letter he had sent to the Company dated April 7, 2008).

That it be resolved and the motion by the Board to be complemented that the current shareholders who were not employees would also be entitled to receive newly issued shares at more favorable conditions – such conditions to be determined in a way that the benefits for the shareholders would be the same as those granted to employees.

Mr Engel then gave the reasons for his proposal. It appeared to be plausible that the Company ensures to attract and retain competent personnel by offering beneficial participation schemes. Employees, he continued, already had benefits by having insider status. They had knowledge of certain events before an outsider who only acquired such knowledge after a significant move of the share price. If a company needed funds from the capital markets – which was always risky - then it should not treat investors worse than those who receive their compensation from such funds. In this context, he stressed the impact of the expiry of the lock-up undertaking in November 2007. The performance of the share price clearly showed a decline by almost one fourth within several days prompted by such action. He then asked the shareholders for their support of his proposal.

Mr Grob mentioned that the Company had free reserves of CHF 146 million. He wanted to know why the capital would have to be increased. What companies did Santhera plan to acquire, into which field would Santhera invest? He then supported Mr Engel's proposal.

Martin Gertsch thanked Mr Engel and Mr Grob for their votes.

In addressing Mr Engel's vote, he called attention to the fact that the Company did not give employees a preferential treatment because options were and would be granted with an exercise price that reflected market conditions at the time of grant, ie there was no discount. Options were an instrument to align the interests of the employees with those of the shareholders. Options also had disadvantages. A

shareholder could sell his or her share at any time, while the options could only be fully exercised after a period of four years. Many of the options of the employees were currently under water.

Mr Gertsch indicated that the Board was also not very satisfied with the share price. It was, however, laying a particular focus on the achievement of the Company's objectives. If they were met, it was conceivable that the share price could increase.

In view of the above, the Chairman of the Audit Committee said that he could not fully agree with the rationale given by Mr Engel in support of his proposal. There were no particular advantages given to employees that merited a compensatory measure for the shareholders. Also, for formal reasons, the proposal did not constitute a legally permissible motion as it could not be converted into an amendment to the Company's Articles of Incorporation.

For the reasons given, Mr Gertsch invited Mr Engel to withdraw his proposal.

Mr Engel then withdrew his proposal.

Mr Gertsch thanked Mr Engel. With this, Martin Gertsch gave the floor back to Mr Lytton.

[The meeting from then on continued in English]

Mr Lytton came back to Mr Grob's questions. He said that the Board when making use of the shareholders' authorization to issue new shares had a duty to carefully evaluate any potential transaction and to diligently decide on any option grants to employees. Currently, it was not planned to increase the Company's capital. It was expected that the price of any newly issued shares would be at market price at the time of the transaction. Also, the preemptive rights of existing shareholders would also have to be considered when deciding on a share issue. With respect to conditional capital for employee stock options, it was the Company's philosophy to issue options to all employees. As mentioned, the competition between employers was very fierce, both in Basel and in Boston. The numbers proposed reflected the anticipated growth of the Company. The Board also believed by setting the option exercise price at around the market price at the date of grant and by proposing a minimum exercise price of CHF 90 per share for half of the proposed increase in conditional capital, there would be sufficient measures in place to keep the potential dilutive effect at a reasonable and justifiable level.

As no additional questions were asked, the Chairman concluded the introduction to agenda items 4a to 4c.

AGENDA ITEM 4a

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."

A statutory authorization to increase the Company's capital was 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, the Board proposed (i) that the current authorization be replaced by one that would expire in two years from this Annual Shareholders' Meeting and (ii) to 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 the Finnish company Oy Juvantia Pharma with which Santhera collaborated to develop the compound JP-1730/Fipamezole for the potential treatment of Dyskinesia in Parkinson's Disease.

Mr Lytton then opened the floor for discussion. There were no questions, remarks or motions. The Chairman then proceeded to voting.

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

AGENDA ITEM 4b

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 351'971.--~~ CHF 700'000.-- erhöht werden durch Ausgabe von höchstens ~~351'971~~ 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 351,971~~ CHF 700,000 through the issuance of a maximum of ~~351,971~~ 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.

The current conditional capital for the employee stock option plans amounted to CHF 351,971, somewhat more than 11% of the ordinary share capital. The proposed increase to CHF 700,000 would constitute somewhat more than 22% of the Company's ordinary share capital.

To attract and retain top talent, it was the Company's philosophy that all its employees were eligible to receive stock options as part of their remuneration. The current pool of 351,971 shares from conditional capital for stock options was almost completely used. This was a consequence of stock option grants made to key hires during a period of successful growth. Mr Lytton emphasized that granted stock options also included stock options from the two predecessor companies and that these first grants went back to the year 2002. In anticipation of the envisaged growth in the next 2 to 3 years which included, 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 proposed to increase the amount of conditional capital for employee stock options by CHF 348,029.

The Company's current stock option plan was intended to keep potential dilutive effects at a minimum. It did so by setting the strike price for our North American employees at the stock price at the date of grant. For all other employees, the exercise price equaled the volume-weighted average share price during the three months preceding an option grant.

In addition, for 175,000 shares, the exercise price would at least have to be CHF 90, the offer price of the shares at the Company's IPO.

In addition, the stock options vest over a period of four years, effectively, they were locked-up for the first two years. 50% of the options vest on the second anniversary of the grant date with another 25% on the third and fourth anniversary. With this staggered vesting scheme, the Company would be able to build a financial retention power and, thereby, align the employees' mid- to long-term interests with those of the Company.

Mr Lytton mentioned that finally, the stock option plans include a so-called "good-leaver/bad-leaver" principle. Good leavers could keep all vested stock options; bad leavers would lose also their vested stock options. In all cases of employees leaving the Company, unvested stock options lapsed.

The total option term is ten years.

Mr Lytton then opened the floor for discussion. There were no questions, remarks or motions. The Chairman then proceeded to voting.

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

AGENDA ITEM 4c

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 Anleiheobligationen, 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."

The condition capital for financing amounted to CHF 230,000, roughly 7% of the ordinary share capital. The proposed increase to CHF 500,000 would amount to about 16% of the Company's ordinary share capital.

In order to maintain flexibility to have a choice for the right financing instrument in any given situation where funding for the Company's expected internal or external growth through the planned expansion of the Company's pipeline, be it by its own research activities or by potential further in-licensing or M&A transactions becomes necessary, the Board proposed to increase its currently available conditional capital by CHF 270,000 that could be used depending on the financing instruments available in a given market environment.

Mr Lytton then opened the floor for discussion. There were no questions, remarks or motions. The Chairman then proceeded to voting.

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

AGENDA ITEM 5

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

Before a vote was taken with regard to Rudolf Gyga, Mr Lytton extended the Board's and Executive Management's thanks to Georg Nebgen, Co-Founder and Managing General Partner of NGN Capital, the Company's largest shareholder.

Mr Nebgen had continuously supported Santhera, both as an investor and also as Member of the Board, joining the Company's Board in 2004. NGN Capital had been leading the Series B and C financing rounds in 2004/2005 and 2006, which in total raised more than EUR 53 million for the Company. Over the years, Mr. Nebgen's contributions had been very valuable and had helped the Company to become what Santhera was today.

Mr. Nebgen's term of office ended today – and he had decided not to stand for re-election.

Mr Lytton then went back to the re-election of Rudolf Gyga. Similar to Mr. Nebgen, Mr. Gyga had been a member of the Board of Santhera and one of its predecessor companies since 2001. Mr. Gyga is a managing director of Novartis Venture Fund, another investor of the early days.

Mr. Gyga would be prepared to accept his re-election to ensure continuity in the Board and to continue helping Santhera with his vast experience in many areas of the Pharma business.

Mr Lytton then opened the floor for discussion. There were no questions, remarks or motions. The Chairman then proceeded to the election.

As a result of the election by a show of hands, Rudolf Gyga was elected by a vast majority, no dissenting votes and some abstentions.

AGENDA ITEM 6

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

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

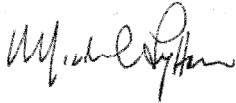
There were no questions, remarks or motions. The Chairman then proceeded to the election.

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

Mr Grob then expressed his wish that in the Company's 2009 Annual Report, information be given with

regard to animal testing, in particular whether everything was in accordance with Swiss law and how many and which type of animals the Company used.

The meeting was adjourned at 11.55 AM.



Michael Lytton
Chairman of the Board



Oliver Strub
Secretary to the Board