

Invitation to the 2017 Ordinary General Meeting of Shareholders

Basel, March 30, 2017

Dear Shareholder,

We invite you to the **2017 Ordinary General Meeting of Shareholders** of Basilea Pharmaceutica Ltd. ("Basilea" or "the Company") to be held on Thursday, **April 27, 2017** at 2:00 p.m. at the Radisson Blu Hotel, Steintorstrasse 25, in Basel, Switzerland. The doors will open at 1:00 p.m.

Agenda and Proposals of the Board of Directors

For more detailed information related to each agenda item, please refer to the explanations in the Appendix on pages 4–15 of this invitation.

1. Annual Report, Financial Statements and Consolidated Financial Statements for 2016

Proposals:

- 1a Approval of the annual report, financial statements and consolidated financial statements for the business year 2016.
- 1b Approval in a non-binding advisory vote of the aggregate amount of the Management Committee's variable compensation for the business year 2016.

2. Appropriation of the Results

Proposal:

Carry forward of accumulated deficit of CHF 7,132,446.

3. Release of the Members of the Board of Directors and of the Management Committee

Proposal:

Release of the members of the Board of Directors and of the Management Committee.

4. Elections of the Chairman and the Members of the Board of Directors

Proposals:

- 4a Re-election of Prof. Daniel Lew
- 4b Re-election of Dr. Martin Nicklasson
- 4c Re-election of Dr. Thomas M. Rinderknecht
- 4d Re-election of Mr. Domenico Scala as Chairman of the Board of Directors
- 4e Re-election of Mr. Steven D. Skolsky
- 4f Re-election of Dr. Thomas Werner
- 4g Election of Dr. Nicole Onetto

5. Election of the Members of the Compensation Committee

Proposals:

- 5a Re-election of Dr. Martin Nicklasson
- 5b Re-election of Mr. Steven D. Skolsky
- 5c Re-election of Dr. Thomas Werner

6. Determination of the Compensations

6a Maximum aggregate amount of compensation for the Board of Directors

Proposal:

Approval of an amount of CHF 1,661,000 as the maximum aggregate amount of compensation for the Board of Directors for the period from this Ordinary General Meeting to the 2018 Ordinary General Meeting.

Explanation: The amount of compensation for each member of Basilea's Board of Directors remains the same as in the previous period, however the maximum aggregate amount of compensation proposed is higher than the previous period due to the increase in the number of Board members from six to seven. For a further explanation related to this agenda item, please refer to the Appendix on pages 8–9.

6b Maximum aggregate amount of fixed compensation for the Management Committee

Proposal:

Approval of an amount of CHF 3,160,000 as the maximum aggregate amount of fixed compensation for the Management Committee for the period from July 1, 2017 to June 30, 2018.

6c Maximum aggregate amount of variable compensation for the Management Committee

Proposal:

Approval of an amount of CHF 5,140,000 as the maximum aggregate amount of variable compensation for the Management Committee for the period from January 1, 2017 to December 31, 2017.

7. Election of the Independent Voting Rights Representative

Proposal:

Re-election of Dr. Caroline Cron, Attorney-at-law, Lenz Caemmerer, as Independent Voting Rights Representative for a term until the end of the following Ordinary General Meeting of Shareholders.

8. Election of the Statutory Auditors

Proposal:

Re-election of PricewaterhouseCoopers Ltd, Basel as Statutory Auditors for the audit of the stand-alone and the consolidated financial statements for the business year 2017.

9. Amendment of Article 3b par. 1 of the Articles of Association

Proposal:

Amendment of Article 3b par.1 of the Articles of Association by replacing the previously approved CHF 1,000,000 of authorized share capital with CHF 2,000,000 of authorized share capital. The exact wording is provided in the "Appendix" on page 15.

Explanation: Authorized share capital is valid for two years from the date it is approved by shareholders and registered. Basilea's shareholders have previously approved the creation and renewal of authorized share capital to provide Basilea with the flexibility to quickly respond to strategic opportunities such as partnerships, business or product acquisitions or investments in businesses, products or product development programs. The Board of Directors therefore requests the shareholders to approve the amendment of Article 3b par. 1, which previously provided for CHF 1,000,000 of authorized share capital, to now provide CHF 2,000,000 of authorized share capital (the same amount authorized in past years) for this purpose.

Right to Participate/Proxies

Only shareholders and usufructuaries, who as per April 13, 2017 at 17:00 CEST are recorded in the share register with voting rights are entitled to participate and exercise their voting rights.

No trading restriction on shares: The registration of shareholders for voting purposes does not affect the trading of Basilea shares held by registered shareholders before, during or after a general meeting.

Admission cards can be ordered from the Share Transfer Office of Basilea at Computershare Schweiz AG, Basilea Pharmaceutica Ltd., P.O. Box, 4601 Olten, Switzerland, by means of the enclosed form "registration to attend" or electronically on www.ecomm-portal.com. For further information please refer to the enclosed e-voting fact sheet.

Representation: If you do not wish to attend the general meeting in person, you can be represented as follows.

- a) By any other person. The proxy can be granted and the instructions be issued in writing with the enclosed form "registration to attend".
- b) By the Independent Voting Rights Representative, Dr. Caroline Cron, Attorney-at-law, Lenz Caemmerer, Elisabethenstrasse 15, P.O. Box 430, 4010 Basel, Switzerland, pursuant to Article 689c of the Swiss Code of Obligations. The proxy can be granted and the instructions be issued in writing with the enclosed form "registration to attend". Instructions to the Independent Voting Rights Representative can also be issued electronically after opening a shareholder account on www.ecomm-portal.com. The electronic instructions can be amended at any time until April 25, 2017, 17.00 CEST. For further information please refer to the enclosed e-voting fact sheet.

Annual Report 2016: A copy of the Annual Report 2016 is available on the internet at <http://annualreport.basilea.com>. A hard copy of the Annual Report 2016 can be ordered by using the enclosed form. From March 30, 2017, the Annual Report and the reports of the Statutory Auditors will be available for inspection by shareholders at our Basel offices.

Yours sincerely

Basilea Pharmaceutica Ltd.
Board of Directors

Appendix

Explanations to Agenda Item 1a:

Approval of the annual report, financial statements and consolidated financial statements for the business year 2016

In 2016, consolidated, the Company increased its total revenues to CHF 66 million through product sales and royalties, an increase of approximately 25% compared to 2015, and reduced its net loss from CHF 61.6 million in 2015 to CHF 51.3 million in 2016. Total operating expenses were in line with the guidance the Company provided during 2016. The Company had CHF 289 million in cash, cash equivalents and financial investments as of year-end 2016. The consolidated financial statements for 2016 show a deficit in total shareholders' equity of CHF 35 million while the Swiss statutory financial statements show a total shareholders' equity of CHF 418.7 million. The difference between the two amounts is to a large extent driven by differences in accounting principles between US GAAP and Swiss GAAP, specifically the US GAAP-required deferral of recognition of revenue from certain payments the Company received under its agreements with GSK/Stiefel, Astellas, Asahi, and its distributors, and the different treatment of investments in subsidiaries.

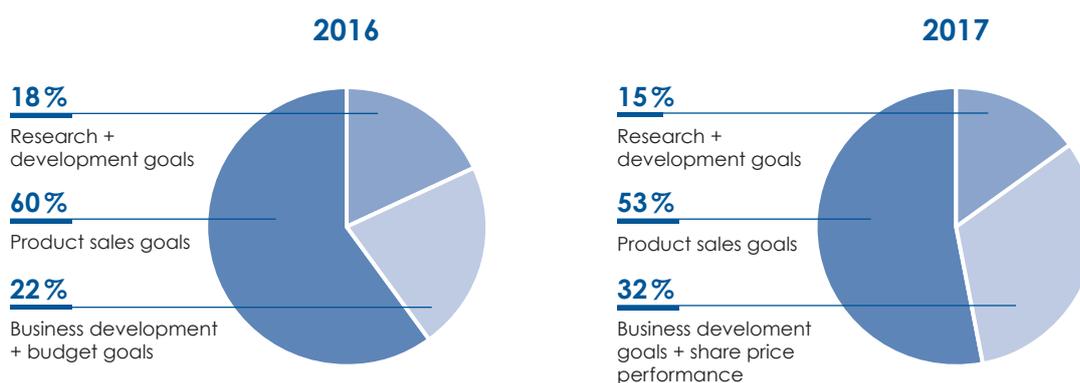
Explanations to Agenda Item 1b:

Approval in a non-binding advisory vote of the aggregate amount of the Management Committee's variable compensation for the business year 2016

The variable compensation of the Management Committee for 2016 is submitted to shareholders for a separate non-binding advisory vote in addition to the binding approvals of compensation under agenda item 6.

Basilea is committed to provide compensation that is performance-based and to align the interests of our employees and our shareholders. As shown in Figure 1 below, Company and individual goals for the performance period 2016 were largely focused on sales performance (60% weight).

Figure 1: Company goals 2016 and 2017



Basilea achieved significant goals in 2016 including:

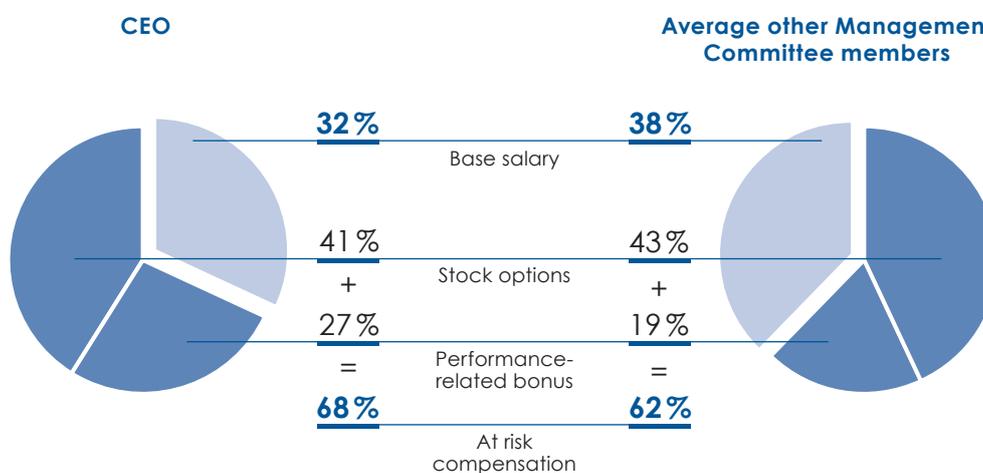
- ▶ Launching our antifungal Cresemba® (isavuconazole) in the key European markets Germany, Italy, UK, France and Austria
- ▶ Marketing of Cresemba and our anti-MRSA broad-spectrum antibiotic Zevtera®/Mabelio® (ceftobiprole) with the same dedicated hospital sales force to take advantage of the commercial synergies between the two products
- ▶ Outperforming our sales guidance in total annual product sales for Cresemba and Zevtera in our own markets in 2016
- ▶ Accessing funding by entering into an agreement with the Biomedical Advanced Research and Development Authority (BARDA), a division within the U.S. Department of Health and Human Services' Office of the Assistant Secretary for Preparedness and Response, for the clinical phase 3 development of ceftobiprole with the aim to achieve regulatory approval in the United States. The agreement provides non-dilutive funding of approximately USD 20 million over an initial period of 18 months and a potential total value of up to USD 100 million over a period of 4.5 years
- ▶ Executing distribution agreements for isavuconazole and ceftobiprole for additional territories with Grupo Biotoscana S.L. in Latin America, Unimedica Pharma AB in Nordic countries and extending the agreement with Hikma Pharmaceuticals LLC for the Middle East and North Africa (MENA) region to include isavuconazole in addition to ceftobiprole
- ▶ Concluding a license agreement with Asahi Kasei Pharma Corporation for the development and commercialization of isavuconazole in Japan
- ▶ Progressing the clinical development of our tumor checkpoint controller BAL101553 by starting a phase 1/2a continuous infusion study and extending the ongoing oral phase 1/2a study to include glioblastoma (brain cancer) patients

For 2017, market expansion and sales growth of our products Cresemba and Zevtera/Mabelio remain the most important element of our Company and individual goals (53% weight). Business development goals and share price performance account for 32% of our goals. Research & development goals, supporting Basilea's long-term business strategy and value creation potential represent the remaining 15% of our overall goals. The weighting of the Company goals (40%) and the individual goals (60%) is the same for all members of the Management Committee.

Under agenda item 1b, the Company provides shareholders the opportunity for a separate non-binding advisory vote on the aggregate amount of the Management Committee's variable compensation for the business year 2016 as reported in the Compensation Report (CHF 4,142,308 consisting of the performance-related bonus of CHF 1,234,695 for the business year 2016, the non-cash fair value of stock options of CHF 2,838,162, social security contributions of CHF 69,451¹). The cash value of options was CHF 0 on the grant date. This amount remains below the budget proposal of CHF 5,160,000 approved at the 2016 Ordinary General Meeting. A 2016 benchmarking analysis of Basilea's Management Committee compensation compared to relevant peers performed by independent consultants found that both the base salary and the total compensation (without social security contributions) of the CEO and the Management Committee fall within a range of the 50th to the 75th percentile of the peer group. The performance-related bonus opportunity and the bonus cap for the CEO and the Management Committee are below the market median, as explained further under the heading "Benchmarking practices" on page 13.

¹ The total amount of social security contributions and other fringe benefits in the Compensation Report 2016 of CHF 674,694 includes both the social security contributions for the fixed compensation as well as for the variable compensation of the Management Committee.

Figure 2: Percentage of direct compensation at risk for the CEO and the other Management Committee members in 2016



As shown in Figure 2, the majority of compensation for the CEO and the Management Committee was at risk in 2016. Bonuses are only paid in the event that corporate goals are achieved, and there is no cash value to stock options unless the Company's share price increases over the share price on the grant date, aligning Managements' interests with the short- and long-term interests of shareholders. The Company applies the same compensation structure to both the CEO and the Management Committee.

Explanations to Agenda Item 3:

Release of the Members of the Board of Directors and of the Management Committee

The table below provides information about the service of Basilea's Board of Directors during the previous year from Annual General Meeting 2016 (AGM) to Annual General Meeting 2017.

Board Members (AGM 2016 – AGM 2017)

Name	Year of birth	Director since	Audit Committee	Compensation Committee	Governance Committee
Mr. Domenico Scala, Chairman	1965	2011	C		
Dr. Thomas M. Rinderknecht, Vice-Chairman	1954	2011	M		C
Prof. Daniel Lew	1948	2003			M
Dr. Martin Nicklasson	1955	2013	M	C	M
Mr. Steven D. Skolsky	1956	2008		M	
Dr. Thomas Werner	1956	2011		M	

"C" indicates Chair of the Committee and "M" indicates Member of the Committee

Explanations to Agenda Item 4:

Election of the Chairman and of the members of the Board of Directors

Elections will be held individually. By law, the term of each elected Board member lasts until the end of the following year's Ordinary General Meeting of Shareholders. The biographical data of the candidates can be found on www.basilea.com or in the Annual Report (see pages 24–25). By law, the Chairman of the Board is elected at each year's Ordinary General Meeting of Shareholders and his term lasts until the end of the following year's meeting. The election of Mr. Domenico Scala will be held in a single vote.

The biographical data of Mr. Domenico Scala can be found on www.basilea.com or in the Annual Report (see page 24)

Basilea has successfully brought to market two hospital anti-infectives, the antifungal Cresemba and the antibiotic Zevtera/Mabelio. As we are also progressing toward important decision points in our oncology portfolio, the Board proposes Dr. Nicole Onetto for election to further strengthen its expertise in oncology as a member of the Board of Directors.

Dr. Nicole Onetto, a French and Canadian citizen, currently serves as an independent consultant for oncology, drug development and translational research in Vancouver, Canada. Prior to that, from 2009 to 2016, she was Deputy Director & Chief Scientific Officer at the Ontario Institute for Cancer Research (OICR) in Toronto, Canada. From 2005–2009 she was Senior Vice President and Chief Medical Officer at ZymoGenetics Inc. Between 2002 and 2005, she served at OSI Pharmaceuticals, Inc., first as Executive Vice President-Oncology and then as Chief Medical Officer and Executive Vice President. Her career in the pharmaceutical industry also includes senior management positions at Bristol-Myers Squibb and Nexstar Pharmaceuticals, which was acquired by Gilead Sciences, Inc. She is currently on the board of ProNAi Therapeutics, a Vancouver-based oncology hematology company, and previously served for eleven years as a member of the boards of ImmunoGen Inc. and a number of other public and private pharmaceutical companies in the oncology sector. Dr. Onetto obtained her MD from the University of Paris and holds a Master of Pharmacology from the University of Montréal.

Explanations to Agenda Item 5:

Election of the Members of the Compensation Committee

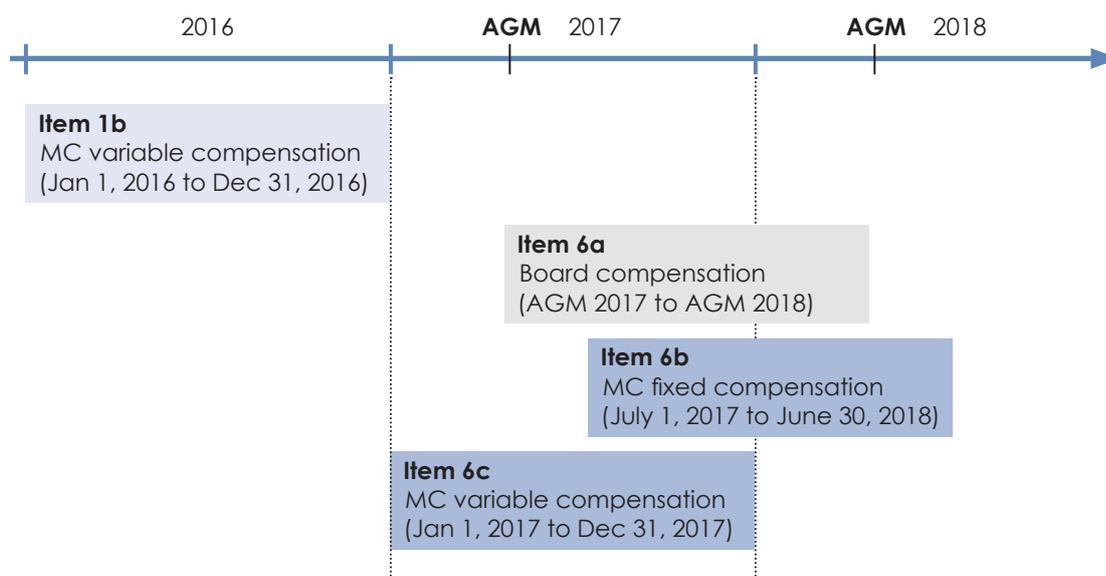
Elections will be held individually. By law, the term of each Compensation Committee member lasts until the end of the following year's Ordinary General Meeting of Shareholders.

Explanations to Agenda Item 6:

Determination of the Compensations

According to article 6 para. 2.5-2.7 of Basilea's Articles of Association the Ordinary General Meeting of Shareholders votes on the compensation of the Board of Directors and the Management Committee (MC). The approvals are binding and are conducted prospectively. In addition, the Board of Directors submits the Management Committee's variable compensation for the previous business year to shareholders for a separate non-binding advisory vote. The votes are illustrated in Figure 3 below.

Figure 3: Overview of separate votes on compensation



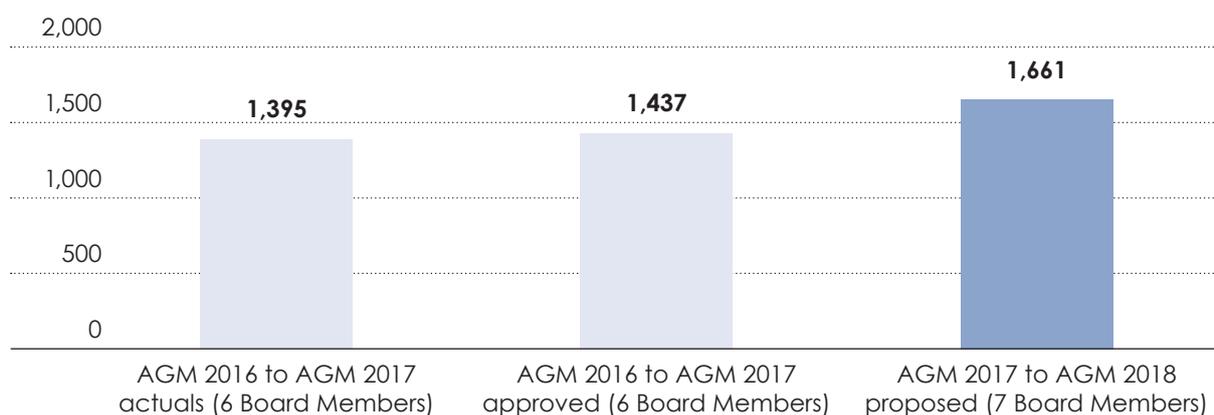
Explanations to Agenda Item 6a:

Maximum aggregate amount of compensation for the Board of Directors

Under agenda item 6a, the total maximum compensation for the Board of Directors for the period from the 2017 Ordinary General Meeting to the 2018 Ordinary General Meeting is proposed at CHF 1,661,000.

Figure 4: Overview of Board members' total compensation proposed from AGM 2017 to AGM 2018 compared to the previous period approved amount and actuals

in CHF K



The level of individual compensation for Basilea's Board of Directors (comprising fixed compensation, board meeting fees and committee membership fees) has not changed and remains equal to that of the previous period. The proposed maximum aggregate amount of compensation for the Board of Directors for the period from the Ordinary General Meeting 2017 to the Ordinary General Meeting 2018 is above the level of the previous year as the number of Board members is increased from six to seven. Dr. Nicole Onetto has a distinguished career with a wealth of experience operationally and strategically in developing and bringing novel oncology drugs to patients and will contribute additional knowledge in the field of research and development to the Basilea's Board.

The compensation is calculated on the assumption that Board members receive Board fees for a maximum of five Board meetings. For the previous period (from 2016 AGM to 2017 AGM), the amount of compensation paid to Board members was within the budget approved by the shareholders.

Table 1: Amount of Board members' compensation proposed AGM 2017 to AGM 2018 compared to the previous period approved amount and actuals

Aggregate compensation, in CHF	Number of Board members	Total cash compensation	Social security contributions	Total
AGM 2016 to AGM 2017 actuals	6	1,248,273	146,795	1,395,068
AGM 2016 to AGM 2017 approved	6	1,248,523	188,477	1,437,000
AMG 2017 to AGM 2018 proposed	7	1,438,500	222,500	1,661,000

As shown in Table 2, maximum compensation includes a fixed base payment, compensation for attending Board meetings and serving on committees. In addition, it includes employee and employer social security contributions. The Chairman of the Board's and the Members of the Board's 2017 fee structure has not changed from 2016.

Table 2: Elements of Board members' compensation proposed for AGM 2017 to AGM 2018. The level of the various compensation elements remained unchanged since 2014.

In CHF	AGM 2017 to AGM 2018	AGM 2016 to AGM 2017
Chairman of the Board of Directors		
Fixed compensation	238,363	238,363
Board meeting fee ¹	9,375	9,375
Committee membership fee ²	7,875	7,875
Members of the Board of Directors		
Fixed compensation	150,382	150,382
Board meeting fee ³	6,250	6,250
Committee membership fee ²	5,250	5,250

¹ Fee per meeting attended with the maximum cumulative amount paid for meeting attendance limited to CHF 46,875 from AGM to AGM.

² Fee per Board committee membership.

³ Fee for each Board meeting attended with fees capped at five meetings (maximum payout from AGM to AGM for meeting attendance limited to CHF 31,250).

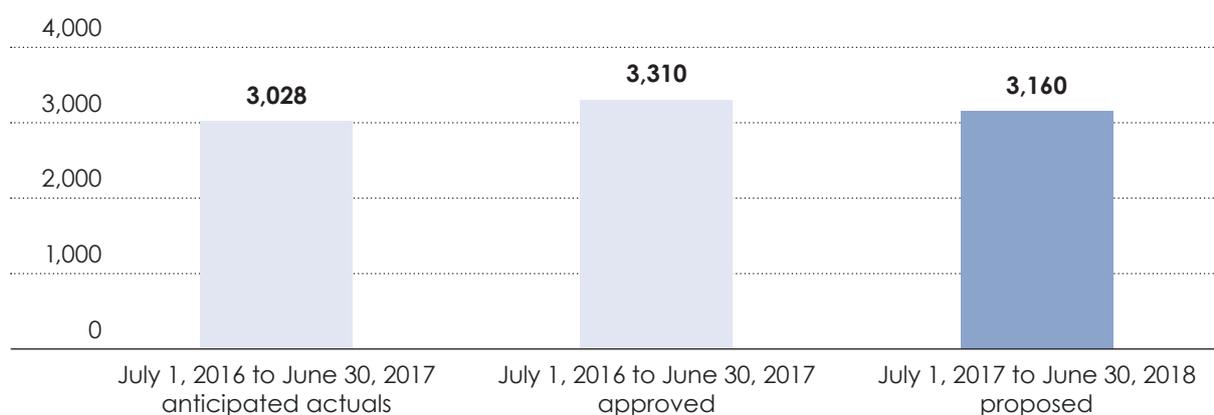
Explanations to Agenda Item 6b:

Maximum aggregate amount of fixed compensation for the Management Committee

Under agenda item 6b, the total maximum fixed compensation for the Management Committee for the period from July 1, 2017 to June 30, 2018 is proposed to be set at CHF 3,160,000. This maximum compensation includes the sum of all base salaries of all members of the Management Committee, employer social security contributions, and certain indirect benefits.

Figure 5: Overview of the Management Committee's total fixed compensation proposed July 1, 2017 to June 30, 2018 compared to the previous period approved amount and anticipated actuals.

in CHF K



The proposed maximum fixed management compensation for the period from July 1, 2017 to June 30, 2018 is lower than the compensation proposal for the previous period due to a decrease in the overall sum of base salaries and respective social security and pension contributions as the number of the members of the Management Committee was reduced from 7 to 6 at the beginning of 2017 due to the retirement of one Management Committee member at the end of 2016. The actual amount of fixed management compensation, estimated at CHF 3,028,000 to be paid out for the period July 1, 2016 to June 30, 2017 remains below the budget proposal approved by the Ordinary General Meeting 2016.

Table 3: Management Committee's total fixed compensation

Aggregate compensation, in CHF	Number of MC members	Cash compensation fix	Social security contributions + other fringe benefits	Total fixed compensation
July 1, 2016 to June 30, 2017 anticipated actuals	7	2,463,766	564,370	3,028,136
July 1, 2016 to June 30, 2017 approved	7	2,519,400	790,600	3,310,000
July 1, 2017 to June 30, 2018 proposed	6 ¹	2,490,400	669,600	3,160,000

¹ As of January 1, 2017, there are six instead of seven members in the Management Committee as the Head of Global HR retired at the end of 2016 and the new Head became a member of the Extended Management Committee

Explanations to Agenda Item 6c:

Maximum aggregate amount of variable compensation for the Management Committee

Under agenda item 6c, the total maximum variable compensation for the Management Committee for the period from January 1, 2017 to December 31, 2017 is proposed to be set at CHF 5,140,000. The total variable compensation is comprised of:

- ▶ Maximum performance-related bonus in the amount of CHF 1,593,000;
- ▶ Maximum fair value of stock options to be granted in the amount of CHF 3,124,900; and
- ▶ Maximum social security contributions of CHF 422,100.

The total amount of variable compensation is lower than the amount approved for the previous period.

Figure 6: Overview of the Management Committee's total variable compensation

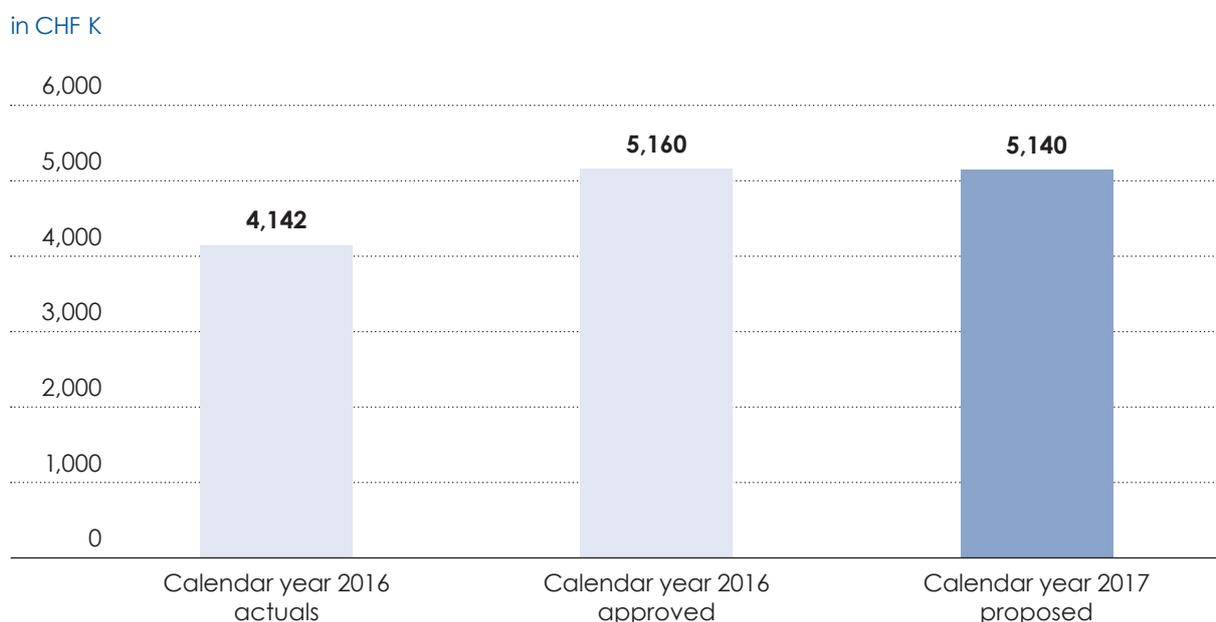


Table 4: Management Committee's (MC) total variable compensation

Aggregate compensation, in CHF	Number of MC members	Cash compensation variable	Stock options estimated fair value	Social security contributions on total variable compensation	Total variable compensation
January 1, 2016 to December 31, 2016 actuals	7	1,234,695	2,838,162	69,451	4,142,308
January 1, 2016 to December 31, 2016 approved	7	1,614,600	3,109,000	436,400	5,160,000
January 1, 2017 to December 31, 2017 proposed	6	1,593,000	3,124,900	422,100	5,140,000

As shown in Figure 6 and Table 4 above, the actual amount of Management Committee variable compensation of CHF 4,142,308 for the period from January 1, 2016 to December 31, 2016 is below the budget of CHF 5,160,000 approved by the Ordinary General Meeting 2016 mainly related to a lower fair value of the option grant and also lower social security contributions.

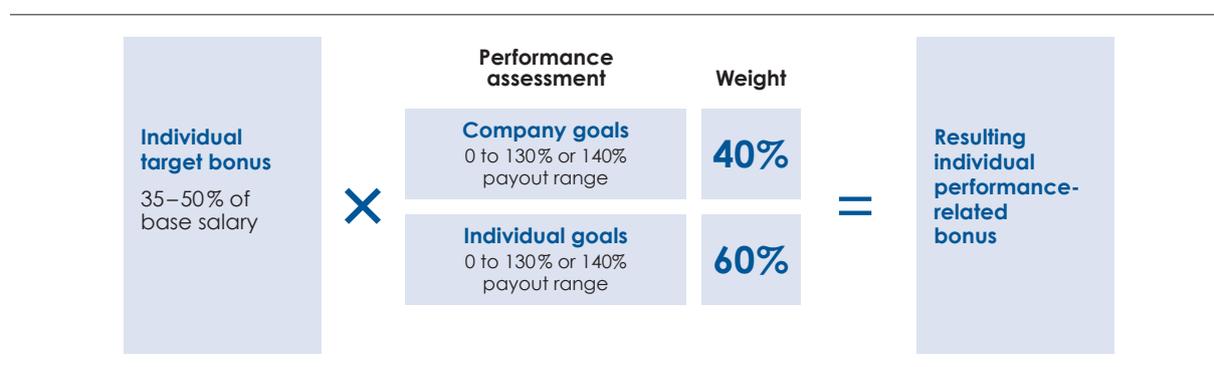
Calculation of performance-based variable compensation

In addition to the fixed compensation based on the professional experience and responsibility of the respective management members, Basilea is committed to performance-based compensation practices consistent with the market that are fair and balanced aligning employee and shareholder interests and encouraging a long-term focus.

Whether and to which extent the amounts will be paid or granted depends on whether each individual management member meets the relevant performance and other criteria of the respective short and long-term incentive plans. An amount of approximately 5% of the total has been included in the performance-related bonus amount for potential special performance awards for Management Committee members.

The maximum variable compensation also includes all employer social security contributions and any other form of compensation. Social security contributions to be paid in case of stock option exercises are also included based on an estimated fair value of the stock options at the time of their grant.

Figure 7: Calculation of performance-related bonus for the members of the Management Committee



The target bonus is determined in the respective employment contracts and is calculated as a percentage of the base salary, ranging from 35% to 50% depending on position. The achievement of targets is clearly defined:

- ▶ 40% of the target bonus relates to key performance indicators (KPI) of financial and non-financial Company goals and
- ▶ 60% of the target bonus relates to the individual roles and responsibilities of the members of the Management Committee and are aligned with the Company strategy and annual Company goals.

The payout is capped at 140% for the CEO and 130% of the target bonus for the other Management Committee members, which can be reached only in the event of extraordinary performance.

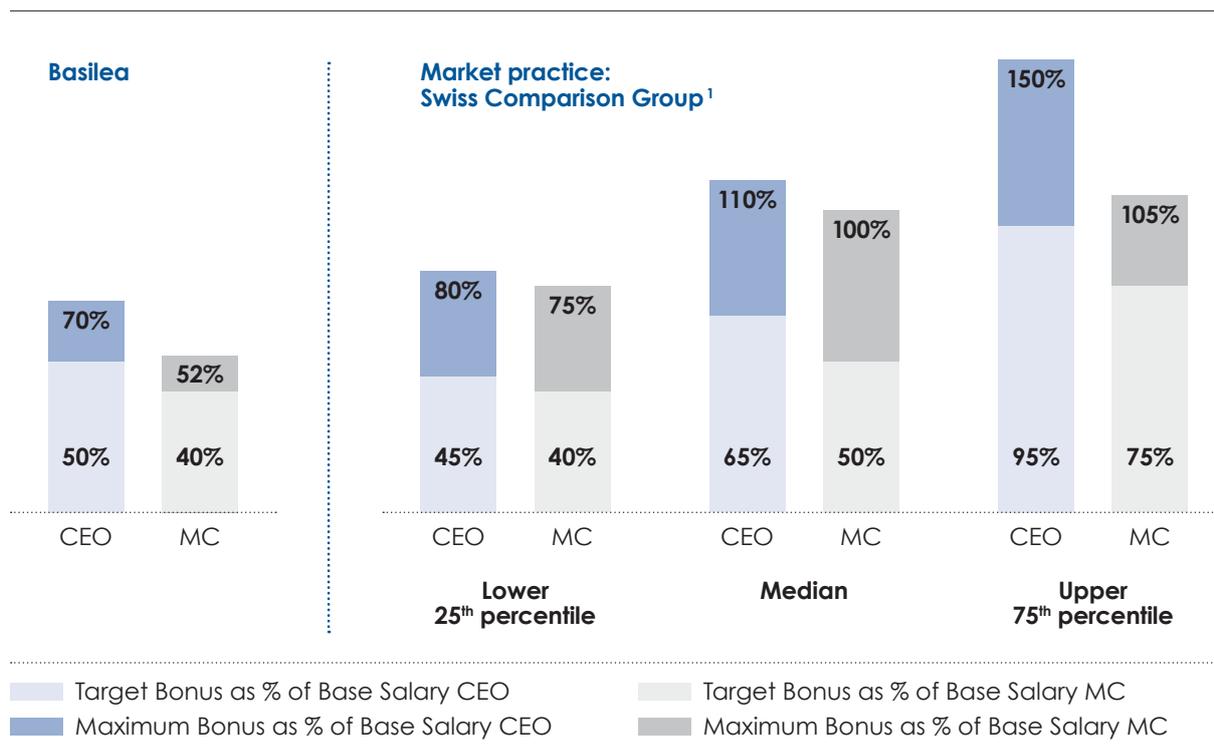
Benchmarking practices

In its review of Management Committee compensation, the Compensation Committee takes into account the professional experience and responsibility of each Management Committee member and also considers compensation packages of other companies in the biotech and pharmaceutical industry in Switzerland and Europe that are comparable to Basilea with respect to size or business model.

In 2016, the Compensation Committee engaged independent external consultants (Towers Watson) to provide benchmarking services on compensation matters and conduct a comprehensive benchmarking analysis on executive compensation as compared to relevant peers in the healthcare sector across different geographical markets. Each Management Committee position was evaluated by Towers Watson according to their Global Grading System and compensation level, taking into consideration company criteria such as size, complexity, responsibility and geographic scope.

The evaluation found that the base salary and the total direct compensation of the CEO and the Management Committee members fall within a range of the 50th to the 75th percentile of the peer group. The evaluation also found that the performance-related bonus opportunity for the CEO and the Management Committee members is below the market median. Figure 8 below shows that the performance-related bonus opportunity for the CEO and the Management Committee members is below the market median.

Figure 8: Benchmarking of performance-related bonus and bonus cap

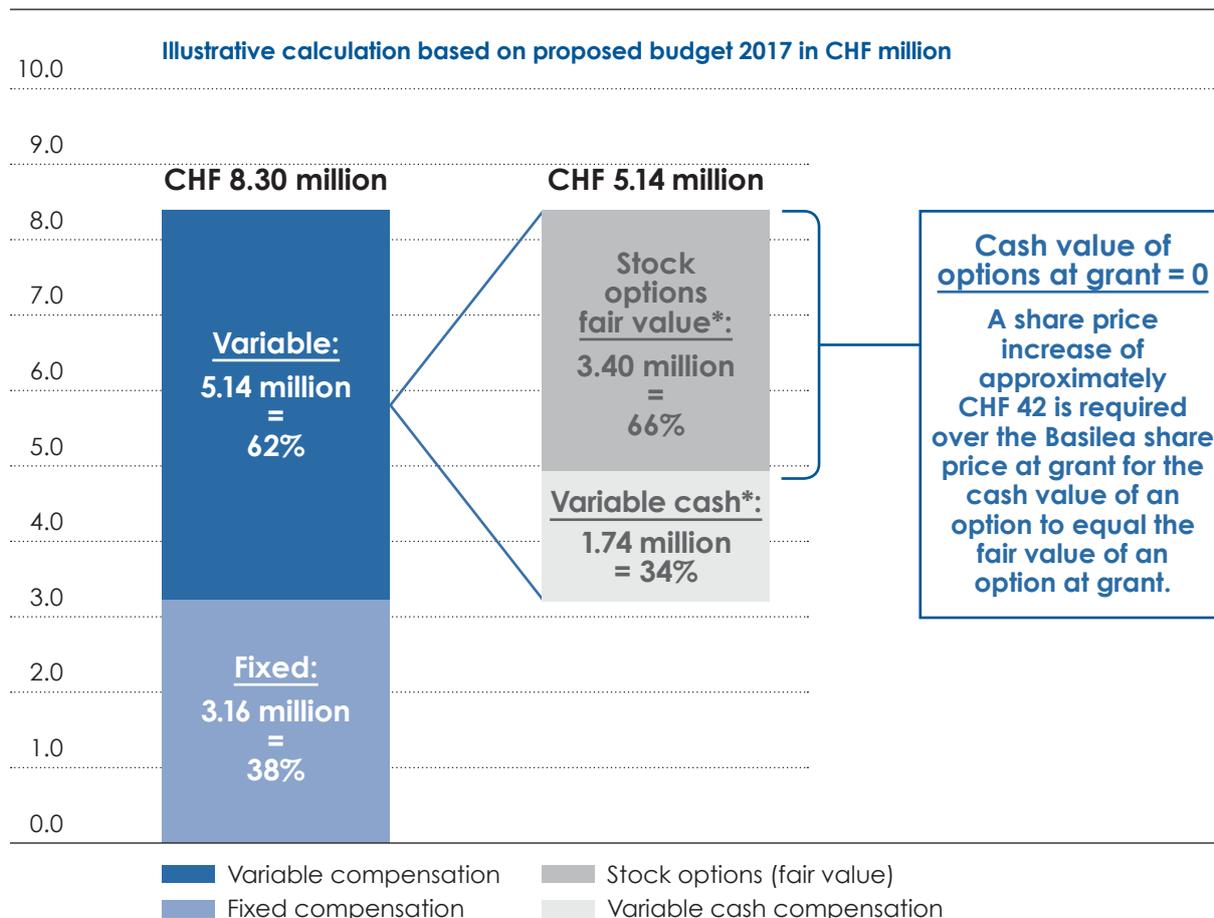


¹ Swiss smaller mid-caps without financial companies (n=26)
 MC (Management Committee except CEO)
 Source: Data from HCM International Ltd.

Stock option program

The value of the stock options corresponds to a calculated value for accounting purposes, the so-called "fair value," which is determined at the time of allocation in accordance with accepted valuation methods. However, the cash value for the members of the Management Committee at the time of grant is zero, since the exercise price of the stock options is equal to the Basilea share price at the time of grant and the stock options are not immediately vested. Figure 9 below shows that a substantial part of the maximum aggregate amount for the Management Committee variable compensation submitted to shareholders for approval is not paid in cash but granted as long-term incentive in the form of stock options which have no cash value at the time of the grant.

Figure 9: Stock option fair value



* The amount of CHF 0.42 million social security contributions have been added to the budgeted elements: Budget of CHF 1.74 million cash bonus (includes 0.14 million social contributions) and budget of CHF 3.40 million stock option value (includes 0.28 million social contributions)

Stock options do not immediately vest and, once vested, only have a cash value in the event the Basilea share price increases over the share price at the grant date (strike price). Therefore the value appreciation is only available to the Management Committee and CEO once the options have vested and in the event the share price after vesting exceeds the share price at the grant date (strike price).

To increase the long-term nature of this compensation element, the stock option plan was amended in 2016 so that 50% of stock options granted in 2016 and beyond will vest three years from grant and the remaining 50% will vest four years from grant. The term of a stock option grant is ten years.

Based on the 11,811,973 registered shares (with a nominal value of CHF 1 per share) per December 31, 2016, the 1,407,915 outstanding employee options as of December 31, 2016 represent a potential maximum dilution of the share capital by employee stock options of 10.7% fully diluted. Even though certain vested options have historically been “in the money” at certain times, the weighted average option holding period is currently at 7.6 years showing employees’ commitment to the long-term success of the Company.

More detailed information about Basilea's performance evaluation system and KPIs can be found in the Compensation Report 2016 contained in the Annual Report (pages 38–53)

Explanations to Agenda Item 9:

Amendment of Article 3b par. 1 of the Articles of Association

Basilea's shareholders have previously approved the creation and renewal of authorized share capital to provide Basilea with the flexibility to quickly respond to strategic opportunities such as partnerships, business or product acquisitions or investments in businesses, products or product development programs and for expansion of the shareholder constituency. The Board of Directors therefore requests the shareholders to approve the amendment of Article 3b par. 1, which previously provided for CHF 1,000,000 of authorized share capital, to now provide CHF 2,000,000 of authorized share capital (the same amount authorized in past years) for this purpose.

Article 3b Authorized Share Capital

Previous version

¹ The board of directors is authorized, for a period of two years, to increase the share capital, all at once or in portion by a maximum of CHF 1,000,000 by issuing a maximum of 1,000,000 registered shares having a nominal value of CHF 1 each. The new shares have to be fully paid up.

Proposed version (with changes in bold)

¹ The board of directors is authorized, for a period of two years, to increase the share capital, all at once or in portion, by a maximum of **CHF 2,000,000** by issuing a maximum of **2,000,000** registered shares having a nominal value of CHF 1 each. The new shares have to be fully paid up.