

## Invitation to the 2014 Ordinary General Meeting of Shareholders

Basel, March 19, 2014

Dear Shareholder,

We invite you to the **2014 Ordinary General Meeting of Shareholders** of Basilea Pharmaceutica Ltd. ("Basilea" or "the Company") to be held on Wednesday, **April 9, 2014** at 2 p.m. (doors open at 1:30 p.m.) in the Auditorium of the Hilton Hotel, Aeschengraben 31, in Basel, Switzerland.

Further explanation to agenda items 4-11 and related proposals of the Board of Directors can be found in the Appendix directly following the agenda.

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### Agenda and Proposals of the Board of Directors

#### 1. Annual Report, Financial Statements and Consolidated Financial Statements for 2013

Proposal:

Approval of the annual report, financial statements and consolidated financial statements for the business year 2013.

#### 2. Appropriation of the Results

Proposal:

Carry forward of accumulated deficit of CHF 1,945,128.

#### 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 to the Board of Directors

Proposals:

4a Re-election of Dr. Martin Nicklasson,  
Swedish, born 1955,  
Member of the Board of Directors of Basilea since 2013,  
Chairman of the Board of Directors of Basilea since 2013,  
as a member of the Board of Directors for a term until the end  
of the following Ordinary General Meeting of Shareholders.

4b Re-election of Mr. Domenico Scala,  
Swiss and Italian, born 1965,  
Member of the Board of Directors of Basilea since 2011,  
as a member of the Board of Directors for a term until the end  
of the following Ordinary General Meeting of Shareholders.

- 4c Re-election of Mr. Hans-Beat Gürtler,  
Swiss, born 1946,  
Member of the Board of Directors of Basilea since 2009,  
as a member of the Board of Directors for a term until the end  
of the following Ordinary General Meeting of Shareholders.
- 4d Re-election of Prof. Daniel Lew,  
Swiss, born 1948,  
Member of the Board of Directors of Basilea since 2003,  
as a member of the Board of Directors for a term until the end  
of the following Ordinary General Meeting of Shareholders.
- 4e Re-election of Dr. Thomas M. Rinderknecht,  
Swiss, born 1954,  
Member of the Board of Directors of Basilea since 2011,  
as a member of the Board of Directors for a term until the end  
of the following Ordinary General Meeting of Shareholders.
- 4f Re-election of Mr. Steven D. Skolsky,  
American, born 1956,  
Member of the Board of Directors of Basilea since 2008,  
as a member of the Board of Directors for a term until the end  
of the following Ordinary General Meeting of Shareholders.
- 4g Re-election of Dr. Thomas Werner,  
German, born 1956,  
Member of the Board of Directors of Basilea since 2011,  
as a member of the Board of Directors for a term until the end  
of the following Ordinary General Meeting of Shareholders.

## **5. Election of the Chairman of the Board of Directors**

Proposal:

- Re-election of Dr. Martin Nicklasson,  
Swedish, born 1955,  
Member of the Board of Directors of Basilea since 2013,  
Chairman of the Board of Directors of Basilea since 2013,  
as Chairman of the Board of Directors for a term until the end of the following  
Ordinary General Meeting of Shareholders.

## **6. Election of the Members of the Compensation Committee**

Proposal:

- 6a Re-election of Dr. Martin Nicklasson,  
Swedish, born 1955,  
Member of the Board of Directors of Basilea since 2013,  
Chairman of the Board of Directors of Basilea since 2013,  
Chairman of the Compensation Committee since 2013,  
as a member of the Compensation Committee for a term until the end of  
the following Ordinary General Meeting of Shareholders.

- 6b Re-election of Mr. Steven D. Skolsky,  
American, born 1956,  
Member of the Board of Directors of Basilea since 2008,  
Member of the Compensation Committee since 2008,  
as a member of the Compensation Committee for a term until the end of  
the following Ordinary General Meeting of Shareholders.
- 6c Re-election of Dr. Thomas Werner,  
German, born 1956,  
Member of the Board of Directors of Basilea since 2011,  
Member of the Compensation Committee since 2013,  
as a member of the Compensation Committee for a term until the end of  
the following Ordinary General Meeting of Shareholders.

#### **7. 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 2014.

#### **8. Election of the Independent Voting Rights Representative**

Proposal:

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.

#### **9. Adaptation of the Articles of Incorporation to the Ordinance against Excessive Compensation in Listed Companies (VegÜV)**

Proposal:

In order to adapt the Company's Articles of Incorporation to the "Ordinance against excessive compensation in listed companies (VegÜV)," the following articles must be amended or added: article 6 para. 2 clauses 2, 5, 6 (new), 7 (new) and 9 (new); article 8 para. 4; article 10 para. 2 and 3; article 13 para. 2; article 14; article 15 para. 2 clause 6 and para. 3 (new), article 18, article 19 (new), article 20 (new), article 21 (new), article 25 (new), and article 26 (new), whereby these amendments of the Articles of Incorporation will only become effective upon their registration with the Commercial Register. The exact wording is provided in the "Appendix" below.

#### **10. Other Amendments to the Articles of Incorporation**

Proposal:

Due to changes in the law, further amendments to the Articles of Incorporation are required. The following articles must be amended, added or deleted: article 6 para. 2 clauses 3, 4, 8; article 11 para. 2; article 15 para. 2 clause 10; article 19; article 20 para. 2; article 23 para 2 and current article 25, whereby these amendments of the Articles of Incorporation will only become effective upon their registration with the Commercial Register. The exact wording is provided in the "Appendix" below.

#### **11. Creation of Authorized Share Capital by Approval of Article 3b of the Articles of Incorporation**

Proposal:

Renewal of authorized share capital that expired in 2013 by again creating authorized share capital through amending the Articles of Incorporation with a new article 3b with the following wording:

### **Article 3b Authorized Share Capital**

- <sup>1</sup> 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.
- <sup>2</sup> The subscription and the acquisition of the new registered shares as well as each following transfer of shares are subject to the restrictions set forth in article 5 of the Articles of Incorporation.
- <sup>3</sup> The time of the issuance of new shares, their issue price, the manner in which they are to be paid up, the conditions for the exercise of the preferential subscription right as well as the beginning of the period of dividend entitlement will be defined by the board of directors. To that effect, the board of directors may issue shares through firm underwriting by a bank or consortium.
- <sup>4</sup> The board of directors may exclude the preferential subscription rights of the existing shareholders partly or in total, including in the event of a public offer for shares of the company, and allocate them to certain shareholders or third parties if the shares are to be used for the purposes of participations by strategic partners; or for acquisitions of or investments in businesses, parts thereof, participations, products and product development programs, intellectual property rights, or licenses to develop, manufacture or commercialize products in the field of pharmaceuticals, biologicals or diagnostics or in case of share placements for the financing or refinancing of such acquisitions or investments of the company; or for the exchange of shares to facilitate a transaction; or for expansion of the shareholder constituency in certain investor markets or in connection with the listing of the shares on foreign stock exchanges; or in order to quickly and flexibly raise equity capital by a share placement, which would otherwise be difficult to achieve. The preferential subscription rights shall be granted in all other cases. Any shares for which the granted preferential subscription rights have not been exercised, will be at the disposal of the board of directors, who may sell them at market conditions.

An explanation for the proposed amendment is given in the "Appendix" below.

## Appendix

### Explanations to the Agenda Items

#### Ad agenda items 4-6, 8 and 9

The March 2013 approval of the Minder Initiative by the Swiss voters impacts listed companies. In order to implement the new Ordinance's requirements, the Board of Directors proposes a set of changes to the Articles of Incorporation, as set forth in detail below.

In summary, in accordance with the Ordinance, all members of the Board of Directors will now be elected on an annual basis for one-year terms. The Chairman of the Board of Directors, the members of the Compensation Committee and the Independent Voting Rights Representative will now be elected by the General Meeting of Shareholders. The Articles provide the duties of the Compensation Committee and set a limit for additional mandates for members of the Board of Directors. Starting in 2015, the duties of the Board of Directors will also include the preparation of a compensation report which will be made available to the shareholders.

The complete non-amended Articles can be found on the Company's website at <http://www.basilea.com/Investor-Relations/Corporate-Governance/>.

#### Current Version

(The English version is for translation purposes only)

#### Proposed Revised Version

##### Art. 6 para. 2 (Powers)

- <sup>2</sup> The Shareholders' Meeting has the following non-transferable powers:
2. to elect and dismiss the members of the Board of Directors, the Auditors, and the Auditors of the consolidated financial statements of the Group;
  5. to pass resolutions regarding issues which are reserved to the Shareholders' Meeting by law or by the Articles of Incorporation or which are presented to it by the Board of Directors.  
[Becomes clause 10]

[No provision]

[No provision]

##### Art. 6 para. 2 (Powers)

- <sup>2</sup> The general meeting shall have the following non-transferable powers:
2. The election and dismissal of each member of the board of directors, the chairman of the board of directors, each member of the compensation committee, and the auditors;
  5. The approval of the maximum aggregate amount of compensation for the board of directors for the prospective period from one ordinary general meeting to the following ordinary general meeting;
  6. The approval of the maximum aggregate amount of fixed compensation for the management committee for the period from July 1 of the current year to June 30 of the next year;
  7. The approval of the maximum aggregate amount of variable compensation for the management committee for the period from January 1 to December 31 of the current year;

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[No provision]

#### Art. 8 para. 4 (Convening Shareholders' Meeting)

- <sup>4</sup> The business report, the audit report, as well as, if applicable, the audit report relating to the consolidated financial statements of the Group must be available for examination by the shareholders at the offices of the Company at least 20 days prior to the date of the Ordinary Shareholders' Meeting. Reference thereto shall be included in the invitation to the Shareholders' Meeting, including a reference to the right of the shareholders to request such documents to be sent to them; the registered shareholders have, within the same time period, to be informed accordingly in writing.

#### Art. 10 para. 2 and 3

(Right to Participate, Representation)

- <sup>2</sup> A shareholder may be represented, based upon a written proxy, at the Shareholders' Meeting by a third party who does not have to be a shareholder.
- <sup>3</sup> The Board of Directors shall issue procedural provisions relating to the participation and representation at the Shareholders' Meeting.  
[Becomes clause 4]

#### Art. 13 para. 2 (Number of Members, Term of office)

- <sup>2</sup> The term of office of the members of the Board of Directors is 3 years, one year being the period of time between two Ordinary Shareholders' Meetings. The term is subject to prior resignation or removal. Elections shall be made by rotation in such a way that the term of office of about one third of the members of the Board of Directors shall expire every year. Reelection is allowable. Newly appointed members shall complete the term of office of their predecessors.

#### Art. 14 (Organization)

The Board of Directors shall organize itself within the limits of the law and of the Articles of Incorporation. It appoints a Chairman and a Secretary who need not be a member of the Board of Directors and/or shareholder.

### Proposed Revised Version

9. The election of the independent voting rights representative;

#### Art. 8 para. 4 (Convening general meeting)

- <sup>4</sup> The annual report, the compensation report and the corresponding audit reports must be available, for examination by the shareholders, at the offices of the company at least 20 days prior to the date of the ordinary general meeting. Reference thereto shall be included in the invitation to the general meeting, including a reference to the right of the shareholders to request such documents to be sent to them; the registered shareholders have, within the same time period, to be informed accordingly in writing.

#### Art. 10 para. 2 and 3

(Right to participate, representation)

- <sup>2</sup> A shareholder may be represented at the general meeting by the independent voting rights representative or, based upon a written proxy, by a third party who does not have to be a shareholder.
- <sup>3</sup> The independent voting rights representative shall be elected by the general meeting for a term of office until closure of the following ordinary general meeting. Re-election is possible. The board of directors shall appoint the independent voting rights representative for the next general meeting, if the company does not have any independent voting rights representative.

#### Art. 13 para. 2 (Number of members, term of office)

- <sup>2</sup> The term of office of the members of the board of directors and, the chairman ends upon closure of the following ordinary general meeting. The term of office is subject to prior resignation or removal. Re-election is possible. If the office of the chairman of the board of directors is vacant, the board of directors shall appoint a new chairman from among its members for the remaining term of office.

#### Art. 14 (Constitution, organization)

The board of directors shall organize itself within the limits of the law and of the Articles of Incorporation. It appoints a secretary who need not be a member of the board of directors and/or shareholder.

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#### Art. 15 para. 2 (Tasks and powers)

<sup>2</sup> The Board of Directors has the following non-transferable and irrevocable duties:

6. to prepare the annual report as well as the Shareholders' Meeting and to implement the latter's resolutions;

[No provision]

#### Article 18 Compensation

The members of the Board of Directors are entitled to reimbursement of expenses incurred by them in the interest of the Company and to remuneration corresponding to their activities and responsibilities, as determined by the Board of Directors itself.

### Proposed Revised Version

#### Art. 15 para. 2 and 3 (Duties and powers)

<sup>2</sup> The board of directors has the following non-transferable and irrevocable duties:

6. the compilation of the annual and the compensation report as well as the preparation of the general meeting and the implementation of the resolutions;

<sup>3</sup> The board of directors has the following additional powers in relation to compensation:

1. The board of directors may submit for approval by the general meeting proposals in relation to maximum aggregate amounts of compensation relating to different periods, in relation to amounts for specific compensation elements for the same or different periods, and in relation to contingent amounts.
2. In the event a proposal of the board of directors has not been approved, the board of directors shall determine, taking into account all relevant factors, the respective maximum aggregate amount of compensation or partial maximum amounts for specific compensation elements, and submit the amount(s) so determined for approval by a general meeting.
3. The company or companies under its control may pay out compensation prior to approval by the general meeting subject to subsequent approval.

#### Article 18 Compensation

<sup>1</sup> The members of the board of directors are entitled to reimbursement of expenses incurred by them in the interest of the company and, subject to approval by the general meeting, to remuneration corresponding to their activities. The company or companies under its control may enter into contracts with members of the board of directors relating to compensation for a fixed term or for an indefinite term. Duration and termination of such contracts shall comply with the term of office and the law.

<sup>2</sup> In addition to a fixed compensation, members of the board of directors may be paid a variable compensation, depending on the achievement of certain performance criteria.

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**Proposed Revised Version**

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[No provisions]

- <sup>3</sup> The performance criteria may include individual targets, targets of the company or parts thereof and targets in relation to the market, other companies or comparable benchmarks, taking into account function and level of responsibility. The board of directors and/or the compensation committee determines the relative weight of the performance criteria and the respective target values.
- <sup>4</sup> Compensation may be paid or granted in the form of cash, shares, options and similar financial instruments and/or units, in kind or in the form of other benefits. The board of directors and/or the compensation committee determines forfeiture, vesting and exercise conditions; it may provide for acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. In this determination, the board of directors and the compensation committee take into account the interests of the company. The company may procure the required shares through purchases on the market or a conditional increase of its share capital. Compensation may be paid by the company or companies under its control.

**C. Compensation Committee**

**Article 19** Number of members, term of office

- <sup>1</sup> The compensation committee shall consist of up to three non-executive members of the board of directors.
- <sup>2</sup> The term of office of the members of the compensation committee ends upon closure of the following ordinary general meeting. The term of office is subject to prior resignation or removal. Any member may be re-elected. If there are vacancies on the compensation committee, the board of directors may appoint the missing members from among its members for the remaining term of office.

**Article 20** Duties and powers

- <sup>1</sup> The compensation committee shall support the board of directors in developing, establishing and reviewing the company's compensation strategy and guidelines as well as performance criteria and targets.

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[No provisions]

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- 2 The compensation committee shall support the board of directors in preparing the proposals regarding compensation of the members of the board of directors and the management committee. The board of directors shall issue a respective regulation. The compensation committee may make proposals and recommendations to the board of directors regarding the compensation of the members of the board of directors and the management committee or any Basilea employee. The compensation committee shall support the board of directors in drafting the compensation report. The compensation committee may submit proposals and recommendations to the board of directors for other compensation-related issues. In line with its delegation powers the board of directors may delegate further tasks to the compensation committee.

**Article 21 Compensation**

- 1 The members of the compensation committee are entitled to reimbursement of expenses incurred by them in the interest of the company. Subject to approval by the general meeting, the members of the compensation committee are entitled to remuneration corresponding to their activities.
- 2 Article 18 of the articles of incorporation shall apply mutatis mutandis.

**V. Management Committee****Article 25 Appointment and compensation**

- 1 In line with its duties and powers the board of directors may entrust the management of the company to natural persons who need not be shareholders of the company.
- 2 The company may enter into indefinite or fix-term employment contracts with members of the management committee. The indefinite employment contracts may be subject to a maximum notice period of up to 12 months. The fix-term employment contracts are limited to 12 months. Renewal is permissible.
- 3 If the maximum aggregate amount of compensation already approved by the general meeting is not sufficient to also cover compensation of a member who becomes a member of or is being promoted within the executive management after the general meeting has approved the compensation, the company or companies under its control shall be authorized to grant and pay to each such member a supplementary amount during the compensation period(s) already approved. The supplementary amount per compensation period per each such member shall not exceed 40% of the aggregate amounts of fixed and variable compensation last approved by the general meeting.

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- 4 In addition to a fixed compensation, members of the management committee may be paid a variable compensation, depending on the achievement of certain performance criteria.
- 5 The performance criteria may include individual targets, targets of the company or parts thereof and targets in relation to the market, other companies or comparable benchmarks, taking into account function and level of responsibility. The board of directors and/or the compensation committee determines the relative weight of the performance criteria and the respective target values.
- 6 Compensation may be paid or granted in the form of cash, shares, options and similar financial instruments and/or units, in kind or in the form of other benefits. The board of directors and/or the compensation committee determines forfeiture, vesting and exercise conditions; it may provide for acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. In this determination, the board of directors and/or the compensation committee takes into account the interests of the company, including its ability to recruit talent and retain employees. The company may procure the required shares through purchases on the market or a conditional increase of its share capital. Compensation may be paid by the company or companies under its control.

[No provisions]

**VI. Mandates outside the group****Article 26** Permissible mandates

- 1 No member of the board of directors may hold more than twelve additional mandates and whereof not more than four mandates in listed companies.
- 2 No member of the management committee may hold more than five additional mandates and whereof not more than one mandate in listed companies.
- 3 The following mandates are not subject to these limitations:
  - (a) mandates in companies which are controlled by the company or which control the company;
  - (b) mandates which a member of the board of directors or of the executive management holds by order and on behalf of the company or companies under its control. No member of the board of directors shall hold more than ten such mandates; and

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(c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the board of directors or of the management committee shall hold more than ten such mandates.

<sup>4</sup> Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a similar foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

## Ad agenda item 10

In order to implement recent changes in the Swiss Code of Obligations including to Art. 698 para 2, no. 3; Art. 957 et seqq. as amended by the Federal Act of December 23, 2011 (Financial Reporting Law), as well as for consistency, the Board of Directors proposes certain additional changes to the Articles of Incorporation which are summarized below.

The General Meeting of Shareholders remains competent to elect Basilea's auditor, but the separate election of an auditor of the Group's consolidated financial statements is no longer required. Moreover, due to changes in the Swiss Code of Obligations concerning the powers of the General Meeting of Shareholders, article 6 is amended. Finally, the article concerning the acquisition of assets from F. Hoffmann-La Roche Ltd. at Basilea's founding should be deleted as it is no longer relevant.

### Current Version

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#### Art. 6 para. 2 (Powers)

- <sup>2</sup> The Shareholders' Meeting has the following non-transferable powers:
3. to approve the annual report and the annual financial statements as well as to pass resolutions regarding the appropriation of profits resulting from the balance sheet, in particular to determine the amount of the dividend;
  4. to discharge the members of the Board of Directors;

#### Art. 11 para. 2 (Voting rights, resolutions)

- <sup>2</sup> The Shareholders' Meeting shall pass its resolutions and carry out its elections upon an absolute majority of the share votes represented, to the extent that neither the law (art. 704 CO) nor the Articles of Incorporation (art. 12) provide otherwise.

#### Art. 15 para. 2 (Tasks and powers)

- <sup>2</sup> The Board of Directors has the following non-transferable and irrevocable duties:
10. to examine the professional qualifications of the particularly qualified Auditors.

### Proposed Revised Version

#### Art. 6 para. 2 (Powers)

- <sup>2</sup> The general meeting shall have the following non-transferable powers:
3. The approval of the management report and the consolidated accounts;
  4. The approval of the financial statements and the appropriation of retained earnings, in particular the determination of the amount of the dividend;
  8. The discharge of the members of the board of directors and the management committee;

#### Art. 11 para. 2 (Voting rights, resolutions)

- <sup>2</sup> The general meeting shall pass its resolutions and carry out its elections upon an absolute majority of the share votes represented, to the extent that neither the law nor the articles of incorporation (art. 12) provide otherwise.

#### Art. 15 para. 2 (Duties and powers)

- <sup>2</sup> The board of directors has the following non-transferable and irrevocable duties:
- [Deleted]

**Current Version**

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**Proposed Revised Version****C. Auditors and Auditors of the consolidated financial statements of the Group****Art. 19** Election, tasks

- <sup>1</sup> The Shareholders' Meeting elects one or more particularly qualified auditors for the term of one year, and if required by the law, an auditor of the consolidated financial statements of the Group.
- <sup>2</sup> The auditor as well as the auditor of the consolidated financial statements of the Group have the tasks and competences provided by the law.

**IV. Accounts and appropriation of profits****Art. 20 para. 2** (Financial year and business report)

- <sup>2</sup> For every financial year, the Board of Directors shall prepare a business report consisting of annual financial statements (composed of the profit and loss statement, the balance sheet and the notes) of the consolidated financial statements of the Group (if required by law) and the annual report. The Board of Directors determines the currency of the consolidated financial statements of the Group.

**Art. 25** Foreseen acquisition of assets

The Company intends to, after its creation, take over lab equipment (in particular scientific equipment and IT-equipment) as well as patents in the field of infective diseases and dermatology from F. Hoffmann-La Roche AG, in Basel, for a maximum price of CHF 6'000'000.-.

**D. Auditor****Art. 22** Election, tasks

- <sup>1</sup> The general meeting elects the auditor for the term of one year.
- <sup>2</sup> The auditor has the tasks and competences pursuant to the law.

**IV. Accounts and appropriation of profits****Art. 23 para. 2** (Financial year and annual report)

- <sup>2</sup> For every financial year the board of directors shall prepare an annual report consisting of annual financial statements (composed of the statement of operations, the balance sheet and the notes), of the consolidated financial statements of the group and the management report (if required by law). The board of directors determines the currency of the consolidated financial statements of the group.

[Deleted]

### **Ad agenda item 11**

The proposed new article 3b of the Articles of Incorporation is a renewal of authorized share capital that expired in 2013 and concerns the amount of the authorized share capital. The authorized capital shall, as allowed by the law, be limited for two years.

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. The Board of Directors therefore requests the shareholders to renew Article 3b for this purpose.

Due to the amendments of the Articles of Incorporation set out above, the numbering of the articles in the Articles of Incorporation was adjusted accordingly.

### **Right to Participate/Proxies**

Only shareholders and usufructuaries who as per March 28, 2014 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 SIX SAG AG, Basilea Pharmaceutica Ltd., P.O. Box, 4609 Olten, Switzerland, by means of the enclosed form "registration to attend".

**Proxies:** If you do not wish to attend the general meeting in person, you can be represented by any other person or 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 enclosed form "registration to attend" can be used to grant a proxy as well as to give voting instructions to the Independent Voting Rights Representative.

**Annual Report 2013:** You will find enclosed a copy of our Annual Report 2013, which is also available on the internet at [www.basilea.com](http://www.basilea.com). From March 19, 2014, the Annual Report and the reports of the Statutory Auditors will be available for inspection by shareholders at our Basilea offices. These reports can also be obtained by shareholders upon request from the Corporate Secretary at Basilea Pharmaceutica Ltd., P.O. Box, 4005 Basel, Switzerland.

Yours sincerely

**Basilea Pharmaceutica Ltd.**  
Board of Directors