

# BioGaia®

**Press release**  
**18 March 2009**

## **NOTICE TO ATTEND**

### **the Annual General Meeting of BioGaia AB (publ)**

BioGaia AB (publ) will hold its Annual General Meeting at 4:00 p.m. on Wednesday, 22 April 2009, at World Trade Center, Manhattan Room, Kungsbron 1, in Stockholm. The doors will be opened for registration at 3:00 p.m. Registration will end at 4:00 p.m.

#### **Right to participate**

In order to be entitled to participate in the Annual General Meeting (AGM), shareholders must be recorded in the register of shareholders maintained by Euroclear Sweden AB (formerly VPC AB) no later than Thursday, 16 April 2009 and must provide notice of participation to the Company's head office no later than 4:00 p.m. on Friday, 17 April 2009. Notification can be made by mail to BioGaia AB (publ), Box 3242, SE-103 64 Stockholm, Sweden, by telephone +46 (0)8-555 293 00, by fax +46 (0)8-555 293 01, by e-mail [info@biogaia.se](mailto:info@biogaia.se), or by returning the reply card that has been sent to all shareholders. The notification should include the shareholder's name, personal or corporate identity number, address, telephone number, registered shareholding and the names of any proxies or assistants.

In order to vote in the Meeting, shareholders whose shares are registered in the name of a trustee must temporarily re-register the shares in their own name. Such re-registration must be completed no later than Thursday, 16 April 2009.

#### **Power of attorney**

Shareholders who are represented by a proxy must issue a dated power of attorney. The power of attorney may not be more than one year old. If the power of attorney is issued by a legal entity, a copy of the certificate of registration or other proof of authorisation for the legal entity must be attached. Form for the power of attorney can be downloaded from the Company's website [www.biogaia.se](http://www.biogaia.se).

#### **Proposed agenda**

1. Opening of the Meeting.
2. Election of the Chairman of the Meeting.
3. Drawing up and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two minutes-checkers.
6. Determination as to whether the Meeting has been duly convened.
7. Address by the Managing Director.
8. Presentation of the annual report, the audit report, the consolidated financial statements and consolidated audit report.
9. Resolution's regarding:
  - a) Adoption of the income statement and balance sheet and the consolidated income statement and balance sheet,
  - b) Appropriation of the Company's earnings according to the adopted balance sheet,
  - c) Discharge from liability for the Board of Directors and the Managing Director.
10. Presentation of the Nominating Committee's proposals regarding items 11- 14 and 16 below
11. Resolution regarding the number of Board members.
12. Determination of fees to be paid to the Board of Directors and auditors.
13. Election of Board members.
14. Election of the Board Chairman.
15. Proposed principles for remuneration of senior executives.

16. Resolution regarding the Nominating Committee.
17. Resolution regarding amendments to the Articles of Association.
18. Adjournment of the Meeting.

#### **Resolutions, etc.**

#### **The Nominating Committee's proposals**

The Nominating Committee, formed according to the ownership conditions at 30 June 2008, consists of Lars Hallén, the Company's second largest shareholder, Board Chairman David Dangoor, the Company's third largest shareholder, and Sven Zetterqvist, representative for Livförsäkringsaktiefbolaget Skandia, the Company's fourth largest shareholder. Annwall & Rothschild Investment AB, the Company's largest shareholder, has declined participation in the Nominating Committee.

#### **Item 2 - Election of the Chairman of the Meeting**

Attorney Peter Vennerstrand.

#### **Item 11 - Resolution regarding the number of Board members**

Seven (7) regular Board members with no (0) deputies.

#### **Item 12 - Determination of fees to be paid to the Board of Directors and auditors**

The Board Chairman shall receive SEK 200,000 and the other Board members not employed by the Company shall receive SEK 100,000 each. Auditors' fees shall be paid according to approved account.

#### **Item 13 - Election of Board members**

Re-election of Jan Annwall, David Dangoor, Stefan Elving, Thomas Flinck, Inger Holmström, Paula Zeilon and Jörgen Thorball.

A detailed description of the members of the Board is provided in the 2008 annual report and on the Company's website [www.biogaia.com](http://www.biogaia.com).

#### **Item 14 - Election of the Board Chairman**

Re-election of David Dangoor.

#### **Item 16 - Resolution regarding the composition and duties of the Nominating Committee**

The Board Chairman shall convene the three largest shareholders in the company, each of which has the right to appoint a member to the Nominating Committee together with the Board Chairman. In determining the composition of the Nominating Committee, the largest shareholders in terms of voting power shall be based on the ownership conditions at 30 June 2009. The Nominating Committee shall be chaired by the member representing the largest shareholder on this date. If any of the three largest shareholders should waive this right, the shareholder next in order of voting power will be given the opportunity to appoint a member. The names of the shareholder representatives shall be announced as soon as they are appointed, although no later than six months prior to the 2010 AGM. The mandate period of the Nominating Committee shall extend until such time as the new Nominating Committee has been appointed.

Should the ownership composition change in such a way that the shareholder represented by a member of the Nominating Committee is no longer among the three largest shareholders in terms of voting power, the Nominating Committee may, if deemed appropriate, remove such member and the shareholder next in order of voting power be given the right to appoint a member to the Nominating Committee. The same applies of a member of the Nominating Committee should leave the Nominating Committee for other reasons.

The Nominating Committee shall prepare proposals on the following matters to be put before the 2010 AGM for decision:

- a) recommendations for election a Chairman of the AGM,
- b) recommendations for election of Board members,
- c) recommendations for election of the Board Chairman,
- d) recommendation of Board fees,

- e) recommendation of auditor's fees,
- f) recommendations for the Nominating Committee ahead of the 2011 AGM.

### **The Board's proposals for decision**

#### **Item 9 b – Appropriation of the Company's earnings**

The Board of Directors and Managing Director propose that the shareholders be paid a dividend of SEK 0.40 per share, with the record date on 27 April 2009. Dividends are expected to be disbursed by Euroclear Sweden AB on 30 April 2009. In view of the proposed dividend, the Company has issued a separate statement in accordance with Chapter 18, Section 4, of the Swedish Companies Act (SFS 2005:551)

#### **Item 15 - Proposed principles for remuneration of senior executives**

The Board of Directors proposes that the AGM approve the following guidelines for remuneration and other terms of employment of senior executives in the Group. These principles apply to employment contracts entered into after the decision of the AGM and in the event that changes are made in the existing terms after this time. It is of fundamental importance for the Board that the principles for remuneration and other terms of employment of senior executives in the Group create long-term motivation and enable the Company to retain competent employees who work to attain maximum shareholder and customer value. In order to achieve this, it is vital to uphold fair and internally balanced terms that are market-based and competitive with respect to the structure, scope and level of remuneration. The total remuneration package for the affected individuals should contain a well balance mix of fixed salary, long-term incentive schemes, pension benefits, other benefits and terms of notice/termination benefits.

Fixed salary – Fixed salary shall be differentiated on the basis of the individual's role and responsibilities, as well as competence and experience in relevant positions.

Long-term incentive schemes – Every year, the Board of Directors shall evaluate whether a share-based or share price-based incentive scheme should be proposed to the AGM. Other types of long-term incentive schemes can be decided on by the Board. Any remuneration in the form of long-term incentive schemes shall be consistent with generally accepted practices in the respective market.

Pensions – Senior executives who are entitled to pension benefits shall have pension agreements of the defined contribution type. The mandatory age of retirement for senior executives who are Swedish citizens is 65 years, and for others according to the pension rules in their respective countries. The amount of benefit payable depends on the amount payable under the pension agreements in force.

Other benefits – Other benefits shall be of limited value in relation to the other remuneration and shall be consistent with general norms in the respective geographic market.

Terms of notice and termination benefits – On termination of employment, whether initiated by the employee or the Company, the mutual term of notice for the Managing Director and Deputy Managing Director is 18 months, during which time both are entitled to full salary. For other senior executives, the term of notice is three months.

The Board of Directors proposes that the Board be authorised to deviate from the above proposed guidelines in individual cases when there is special reason to do so.

#### **Item 17 – Resolution regarding amendments to the Articles of Association**

The Board proposes that the Meeting resolve on two separate amendments to the Articles of Association according to the following.

(1) The Board proposes that Section 3 of the Articles of Association be changed to the following wording:

“The Company, directly or through subsidiaries or other types of joint ownership or partnerships, shall develop, produce, market and sell health-enhancing products in the form of

pharmaceuticals, natural health products, dietary supplements, additives to food products and animal feed, suitable delivery systems for these products and other operations compatible therewith.”

(2) The Board proposes that Section 9, Paragraph 2, of the Articles of Association be changed to the following wording:

“Notice of General Meetings shall be given through an announcement in Post- och Inrikes Tidningar and on the Company’s website. Notice of General Meetings shall be published in Svenska Dagbladet.”

The Board also proposes that the instructions and time indications regarding notice of general meetings as stated in Section 9 of the Articles of Association, i.e. those parts of the current wording of Section 9 that do not concern the manner for calling such meetings, be removed from the Articles of Association since these time indications are provided in the Swedish Companies Act (2005:551).

The Board proposes furthermore that the Meeting’s decision to amend Section 9, Paragraph 2, of the Articles of Association be conditional on the entry into force of an amendment to the Swedish Companies Act (SFS 2005:551) regarding the procedures for notice of general meetings, whereby the proposed wording of Section 9, Paragraph 2, is compatible with the Swedish Companies Act.

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#### **Number of shares/votes and AGM documents**

On the record date, the total number of shares in the Company is 17,207,562, consisting of 740,668 class A shares and 16,466,894 class B shares, carrying a combined total of 23,873,574 votes.

The financial statements and audit report will be sent to the shareholders in March 2009. The Board of Directors’ complete proposals for resolution under items 15 and 17 above, the Nominating Committee’s proposal according to the above, the auditor’s statement on compliance with Board’s guidelines for remuneration of senior executives, the Board’s report in respect of the proposed appropriation of earnings and proposed conditions for payment of dividends, a motivated statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act (2005:551) and power of attorney form will be available at the Company starting on 8 April 2009 and will be sent to all shareholders who so request and who provide their mailing address. The documents will also be posted on the Company’s website [www.biogaia.se](http://www.biogaia.se).

Stockholm, March 2009

The Board of Directors of BioGaia AB (publ)

#### **Latest press releases from BioGaia:**

2009-03-11	BioGaia signs distribution agreement for Serbia and Croatia
2009-03-04	BioGaia product launched as pharmaceutical in India
2009-03-02	BioGaia Probiotic chewable tablets effective in decreasing diarrhoea caused by antibiotics

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***BioGaia is a biotechnology company that develops, markets and sells probiotic products with documented health benefits. The products are primarily based on the lactic acid bacterium *Lactobacillus reuteri* (Reuteri), which has probiotic, health-enhancing effects. The class B share of the Parent Company BioGaia AB is quoted on the Small Cap list of the Nordic Stock Exchange in Stockholm.***  
[www.biogaia.com](http://www.biogaia.com)