



Press Release, 29 March 2010

Medivir announces a rights offering of SEK 300 million, fully covered by subscription undertakings, declarations of intent and underwriting undertakings

The Board of Directors of Medivir has resolved to conduct a rights offering of approximately SEK 300 million, after transaction costs, subject to approval by the Annual General Meeting. The rights offering will enable Medivir to create value for shareholders by developing its projects further under its own management, strengthen the company's commercial organization and capabilities, invest in additional research projects targeting infectious diseases and create operational and financial flexibility.

Summary

- The Board of Directors of Medivir has resolved to conduct a rights offering of approximately SEK 300 million, after transaction costs, through an issue of class B shares with preferential rights for existing shareholders in Medivir (the "Rights Offering")
- The Rights Offering is fully covered by subscription undertakings, declarations of intent and underwriting undertakings by a combination of major shareholders in Medivir and a guarantee consortium
- The proceeds will be used to create value for shareholders by developing Medivir's projects further under its own management, strengthen its commercial organization and capabilities, invest in additional research projects targeting infectious diseases and create operational and financial flexibility
- The Rights Offering is subject to approval by the Annual General Meeting, which is scheduled to be held on 29 April 2010
- The subscription price and offer ratio are expected to be announced on 27 April 2010
- Trading in subscription rights is expected to occur from 6 May to 25 May 2010
- Subscription period from 6 May to 28 May 2010
- A telephone conference will be held today at 10.00 am (CET)

Background and reasons

Medivir AB (publ) ("Medivir" or the "Company") has in recent years taken several important steps towards becoming a profitable research-based pharmaceutical company with own marketing capability. The Company has independently and successfully guided Xerclear™ through phase III clinical studies, regulatory approvals, market registration in the United States and EU and product launch in Sweden and Finland. The North American marketing rights for Xerclear™ (marketed as Xerese™ in North America) have been licensed to Meda AB. Xerclear™ is a topical cream and the only FDA-approved cold sore treatment with a label, that describes a clinically documented reduction in the likelihood of ulcerative cold sores and healing time. Medivir believes that an expansion of the commercial organization will make the Company a more attractive partner for in-licensing of products for the Nordic markets.

TMC435, Medivir's most promising clinical program, is presently in clinical phase IIb studies. This project is being developed in collaboration with Tibotec/Johnson & Johnson for the treatment of hepatitis C, and is expected to have significant advantages over current approved treatments as well as products under clinical development. TMC435 is an example of Medivir's best-in-class protease and polymerase inhibitor development platform.

The Company recently conducted a comprehensive review of its R&D portfolio, which led to a decision to focus future projects on the Company's core competency of infectious diseases. The intention is to

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continue to concentrate on drugs that target the enzymes protease and polymerase, but to bring a clearer prioritization on infectious diseases to the currently mixed preclinical portfolio.

The portfolio will consist of ten projects, of which Xerclear™ is in the market launch phase, six projects are in clinical or preclinical development stage and the remaining three are in earlier phases.

Infectious diseases are the target of seven of the projects, while the other three primarily target diseases in the central nervous system or diseases of the bone.

In terms of partnerships, three of the projects are partnered with Tibotec/Johnson & Johnson and three have been licensed to other partners. These partners are responsible for all development and funding of the projects towards market registration.

As part of the review of its R&D portfolio, Medivir intends to take cathepsin S and cathepsin K (MIV-710/711), two projects with significant commercial potential, further towards and into clinical development. The Company believes this will enable it to increase the value of future out-licensing agreements considerably.

Against this background the Board of Directors has resolved to conduct a Rights Offering of approximately SEK 300 million, after transaction costs, subject to approval by the Annual General Meeting. The proceeds of the Rights Offering is expected to enable Medivir to:

- **Create value for shareholders by developing its projects further under its own management**
The Rights Offering will provide the Company with flexibility to out-license projects at a stage when large shareholder value is created. Taking preclinical projects further into clinical development under own management is expected to create higher values at the time of out-licensing and greater commercial opportunities for the Company. This also includes the possibility to retain marketing rights outside the Nordic region.
- **Strengthen the Company's commercial organization and capabilities**
Medivir intends to strengthen the commercial organization in order to be able to, under its own management, capitalize on the progress of the most advanced projects. This is expected to enable Medivir to launch Xerclear™ in the Nordic markets during 2010. A strengthened commercial organization will help support the launch of products like TMC435, and is expected to make Medivir a more attractive partner for in-licensing products for the Nordic markets. Medivir also has the objective to acquire additional product rights in selected territories.
- **Invest in additional research projects targeting infectious diseases**
The market for drugs targeting infectious diseases is expected to grow considerably over the coming five to ten years, and Medivir believes that the proposed new share issue will enable the Company to further leverage its research and development competence and experience within the area of infectious diseases.
- **Create operational and financial flexibility**
The Rights Offering will provide Medivir with greater operational and financial flexibility. This will reduce the need to early out-licensing of the most promising product candidates and reduce the dependence on early milestone payments from partners.

The Rights Offering

The Board of Directors resolved on 28 March 2010, subject to approval by the Annual General Meeting, to raise approximately SEK 300 million, after transaction costs, through an issue of new class B shares, with preferential right for the Company's existing shareholders. The Annual General Meeting is scheduled to be held on 29 April 2010.

The Board of Directors expects to announce the final terms of the Rights Offering, including the maximum increase of the share capital and the number of shares to be issued and the subscription price for the new shares, on or about 27 April 2010. The final terms will be agreed between the Board of Directors and its financial advisors.

A number of Swedish and international shareholders, including among others the founders of Medivir, Staffan Rasjö, Länsförsäkringar, DNB NOR Asset Management, Carlsson Fonder, the Third National Swedish Pension Fund, Carnegie Funds and Alecta, representing approximately in aggregate 62.7 percent of the votes in Medivir (approximately 52.1 percent of the capital), have stated that they are

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supportive of the Rights Offering, and have undertaken or, expressed their intention to, vote in favor of the Rights Offering at the Annual General Meeting.

Alecta, Carnegie Global Healthcare Fund, Carnegie Fund – Medical Sub-Fund, Carnegie Fund II – Biotechnology Sub-Fund and the Third National Swedish Pension Fund, among others, have undertaken to subscribe for their respective pro rata share in the Rights Offering, corresponding to approximately 16.3 percent of the Rights Offering.

In addition to the undertakings mentioned above, Länsförsäkringar, DNB NOR Asset Management and Carlsson Fonder, among others, representing approximately in aggregate 18.8 percent of the total number of shares in the Company have stated that they are supportive of the Rights Offering and intend to subscribe for their respective pro rata share.

The Third Swedish National Pension Fund has undertaken to underwrite an amount corresponding to approximately 7.0 percent of the Rights Offering, bringing the total amount of the Rights Offering covered by subscription undertakings, declarations of intent and underwriting undertakings by existing shareholders to approximately 42.0 percent. In addition, Volati Ltd has committed to underwrite an amount corresponding to approximately 14.9 percent of the Rights Offering.

The remaining portion of the Rights Offering is, subject to customary terms and conditions, underwritten by Carnegie and Jefferies, the Joint Bookrunners in the Rights Offering.

Indicative timetable for the Rights Offering

27 April 2010	Subscription price and offer ratio announced in a press release
29 April 2010	Annual General Meeting of shareholders to decide on the Rights Offering resolved by the Board of Directors
30 April 2010	The Medivir share is traded excluding subscription right
30 April 2010	Estimated date of publication of the prospectus
4 May 2010	Record date for participation in the Rights Offering, i.e. shareholders registered in the share register of Medivir as of this date will receive subscription rights for participation in the Rights Offering
6 May–25 May 2010	Trading in subscription rights
6 May–28 May 2010	Subscription period
3 June 2010	Announcement of preliminary outcome

Financial and legal advisors

Carnegie and Jefferies are acting as financial advisors to Medivir and as Joint Bookrunners. Vinge is acting as legal advisor to Medivir. Gernandt & Danielsson and Cleary Gottlieb Steen & Hamilton LLP are acting as legal advisors to the Joint Bookrunners.

Conference call

Date: 29 March 2010

Time: 10.00 am (CET)

Call-in number: SE + 46 (0)8-619 75 30, UK +44 (0)20-707 532 17

Confirmation code: 841185#

For additional information, please contact

Ron Long, CEO, +46 (0) 8-5468 3100

Rein Piir, CFO & VP Investor Relations, +46 (0)8-5468 3123 or +46 708 537 292.

For more information about the Company, please visit; www.medivir.se

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Huddinge, 29 March 2010
Medivir AB (publ)

The above information has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was published at 08.30 am (CET) on 29 March 2010.

IMPORTANT INFORMATION

This press release is not an offer for subscription for shares in Medivir. A prospectus relating to the Rights Offering referred to in this press release and the subsequent listing of the new class B shares at NASDAQ OMX Stockholm will be filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on inter alia Medivir's website.

The distribution of this press release in certain jurisdictions may be restricted. This press release does not constitute an offer of, or an invitation to purchase, any securities of Medivir in any jurisdiction.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended. Medivir does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. Copies of this announcement should not be made in and may not be distributed or sent into the United States, Canada, Australia, Singapore, South Africa, Switzerland, Japan or Hong Kong.

Carnegie Investment Bank AB and Jefferies International Limited (the "Joint Bookrunners") are acting exclusively for Medivir and no one else in connection with the Rights Offering. They will not regard any other person (whether or not a recipient of this release) as their respective clients in relation to the Rights Offering and will not be responsible to anyone other than Medivir for providing the protections afforded to their respective clients nor for giving advice in relation to the Rights Offering or any transaction or arrangement referred to herein. No representation or warranty, express or implied, is made by each of the Joint Bookrunners as to the accuracy, completeness or verification of the information set forth in this release, and nothing contained in this release is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Each of the Joint Bookrunners assume no responsibility for its accuracy, completeness or verification and, accordingly, disclaim, to the fullest extent permitted by applicable law, any and all liability which they might otherwise be found to have in respect of this release or any such statement.

This press release contains "forward-looking statements", which are statements related to future events. In this context, forward-looking statements often address Medivir's expected future business and financial performance, and often contain words such as "expect", "anticipate", "intend", "plan", "believe", "seek", or "will". Forward-looking statements by their nature address matters that are, to different degrees, uncertain and can be influenced by many factors, including the behaviour of financial markets, fluctuations in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of regulation and regulatory, investigative and legal actions; strategic actions; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These factors may cause Medivir's actual future results to be materially different than those expressed in its forward-looking statements. Medivir does not undertake to update its forward-looking statements.

Medivir has not authorized any offer to the public of shares or rights in any Member State of the European Economic Area other than Sweden. With respect to each Member State of the European Economic Area other than Sweden and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken to date to make an offer to the public of shares or rights requiring a publication of a prospectus in any Relevant Member State. As a result, the shares or rights may only be offered in Relevant Member States:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity meeting two or more of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43 million and (3) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances, not requiring Medivir to publish a prospectus as provide under Article 3(2) of the Prospectus Directive.

For the purposes hereof, the expression an "offer to the public of shares or rights" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares and rights to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.