



## **MEDA AB (publ) NOTICE OF ANNUAL GENERAL MEETING 2015**

Notice is hereby given that the Annual General Meeting (AGM) of Meda AB, corporate ID 556427-2812, will be held at 5.00 PM on Wednesday, May 6, 2015, at Meda's headquarters at Pipers väg 2A, Solna, Sweden. Registration starts at 4.00 PM.

### **Right to participate**

Shareholders who wish to participate in the AGM shall:

- be registered in the share register held by Euroclear Sweden AB on Wednesday, April 29, 2015, and
- send notice of their intention to participate in the AGM to Meda by Wednesday, April 29, 2015.

In order to be entitled to vote at the AGM, shareholders whose shares are registered in the names of nominees must temporarily register their shares in their own names with Euroclear Sweden AB by Wednesday, April 29, 2015. Consequently, shareholders should notify nominees well in advance of that date.

### **Notification of AGM attendance**

Notice of AGM participation shall be given via mail to Meda AB, Annual General Meeting, Box 7835, 103 98 Stockholm, Sweden, via phone at +46-8-402 90 49, or on the company's website [www.meda.se](http://www.meda.se). In the notice the shareholder's name, Swedish civil registration number or corporate ID, address, number of shares, phone number (daytime), and information about accompanying assistants (at most two) shall be stated. If participating by proxy, please submit the original proxy document to Meda before the AGM. The expiry date of the proxy document may be no more than five years from its issue. If the proxy is issued by a legal entity, a notarized copy of the registration certificate for the legal entity must also be submitted. The proxy form is available at [www.meda.se](http://www.meda.se), and will be sent to shareholders who request the form and specify an address.

### **Admission cards**

Admission cards that entitle shareholders to participate in the AGM will be sent out in advance. Admission cards should be received by shareholders no later than May 4, 2015. If a shareholder has not received an admission card before the AGM, a new admission card can be requested at the information desk at the entrance of the AGM upon presentation of proper identification.

Bus transportation to and from the AGM will be arranged from Stockholm's Central Station. Buses will be available at 3:45 PM and depart shortly thereafter. Preregistration is required. When registering for the AGM, indicate if bus transportation is desired.

### **Proposed agenda**

1. Opening of the AGM.
2. Election of the AGM chairperson.
3. Establishment and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to attest the minutes.
6. Consideration whether the AGM was duly convened.
7. Presentation of the annual accounts, the consolidated annual accounts and the auditors' report.
8. CEO statement.
9. Q&A session.
10. Decisions regarding:
  - Adoption of income statement and balance sheet and the consolidated income statement and consolidated balance sheet
  - Disposition of company earnings as per the adopted balance sheet
  - Discharge of the board members and CEO from liability
11. Determination of the number of board members and deputy board members to be appointed by the AGM.
12. Determination of board remuneration and auditors fees.
13. Election of board members and auditors.
14. Election of chairman of the board.
15. Resolution concerning principles for appointment of the nomination committee.
16. Resolution concerning remuneration principles for the group management.
17. Amendment of Articles of Association
18. Resolution on authorization of the board to decide on issuing new shares.
19. Resolution on authorization of the board to decide on purchase and sale of the company's own shares.
20. Resolution on a long-term performance-based incentive program
21. Other business.
22. Closing of the AGM.

## Proposed resolutions

*Item 10: Proposed dividend and record date for the dividend.*

The board proposes an unchanged dividend of two krona and fifty öre per share (SEK 2.50), and that the record date for the dividend shall be May 8, 2015. If AGM participants approve this proposal, the dividend is expected to be distributed under the direction of Euroclear Sweden AB on May 13, 2015, and the last day for trading Meda shares that include dividend rights will be May 6, 2015.

*Item 2 and items 11-14: proposed AGM chairman, board members, remuneration and more*

As per the 2014 AGM resolution, the four largest shareholders appointed the following nomination committee for the 2015 AGM: Bert Åke Eriksson (Stena Sessan Rederi AB), committee chairman, Lars Backsell (B&E Participation AB / Flerie Invest), Evert Carlsson (Swedbank Robur Fonder), Sigieri Diaz Pallavicini (Fidim S.r.l.) and Martin Svalstedt, chairman of the board of Meda AB.

Under item 2 in the agenda, the nomination committee will propose the following:

- Martin Svalstedt is appointed as AGM chairman.

Under items 11-14, the nomination committee will propose the following:

- The board shall consist of nine (9) members (unchanged) and no deputy members be appointed (unchanged).
- The board remuneration shall be SEK 4,350,000 (last year SEK 3,650,000) of which the chairman shall receive SEK 900,000 (last year 800,000), the deputy chairman shall receive SEK 650,000 (last year SEK 225,000 for part of the year) and each of the other board members shall receive SEK 400,000 (last year SEK 350,000).
- Remuneration for work in the audit committee remuneration shall be set to SEK 200,000 (unchanged) of which SEK 100,000 (unchanged) for the committee chairman and SEK 50,000 (unchanged) for each of the other members.
- Remuneration for work in the remuneration committee shall be set to SEK 200,000 (unchanged) of which SEK 100,000 (unchanged) for the committee chairman and SEK 50,000 (unchanged) for each of the other members.
- Remuneration may be paid to a company designated by the board member against invoice provided that such arrangement is cost neutral to Meda.
- Remuneration to the auditing firm be paid as per invoice for review of accounts and company administration as well as group audit.
- The following board members be re-elected:

Peter Claesson  
Peter von Ehrenheim  
Luca Rovati  
Martin Svalstedt  
Karen Sörensen  
Lars Westerberg  
Guido Oelkers

- The following persons be elected:

Kimberly Lein-Mathisen  
Lillie Li Valeur

Kimberly Lein-Mathisen was born 1972 and is a US citizen living in Oslo. She is managing director of Lilleborg in Norway. Kimberly is educated at i.e. Harvard Business School. She has 20 years of experience from Branded Consumer Goods and pharmaceuticals in USA, Europe and Asia through various positions in Procter & Gamble and Eli Lilly & Co.

Lillie Li Valeur was born 1970 and is a Chinese citizen living in Denmark. She is vice president for South East Asia at Arla Foods in Denmark. Lillie is educated at Shanghai Medical University and China Europe International Business School. She has a long experience from consumer goods and pharmaceuticals mainly in the near East Asia through various positions in Novartis, H Lundbeck A/S and Arla Foods.

- Martin Svalstedt be appointed as chairman of the board.
- PricewaterhouseCoopers AB be appointed as audit firm until the end of the next AGM.

Shareholders, who together represent about 35% of all votes in the company, have stated that they intend to vote in favor of the proposals.

*Item 15: Establishment of principles for appointment of the Nomination committee*

The nomination committee proposes that the AGM approves the following guidelines for the appointment of the nomination committee.

Meda's nomination committee shall consist of one representative of each of the four largest shareholders and the chairman of the board.

The chairman of the board will contact the four largest shareholders, based on information in the Euroclear Sweden AB share register as of the last banking day in August. Within fourteen (14) days of being contacted, the shareholders shall submit a response as to whether they wish to participate in the nomination work or not. If any of the four largest shareholders declines to exercise the right to appoint a member to the nomination committee, then the next largest shareholder shall be given the opportunity to appoint a member and shall submit a response within one week as to whether they wish to participate or not.

The names of the four owner representatives and the shareholders whom they represent shall be publicly announced as soon as the committee is appointed but not later than seven months before the AGM. If at that point of time four owners have not declared their interest in participating in the nomination committee, the committee may then consist of fewer members.

The nomination committee's term of office extends until a new committee is appointed.

The nomination committee chairman shall be the committee member who represents the largest shareholder unless committee members agree otherwise. The nomination committee's first meeting will be opened by the chairman of the board. If a member leaves the committee before his/her work is completed, then the owner that appointed the member has the right to appoint a new committee member. Nomination committee members will receive no remuneration.

If a significant change occurs in Meda's ownership structure and a shareholder which after this significant ownership change becomes one of the four largest shareholder expresses the desire

to be a nomination committee member, then the committee shall offer the shareholder a place on the committee by either deciding to replace the smallest shareholder (with the least number of votes) on the committee by this shareholder or to increase the committee's size by yet another member – but not to more than six members.

Changes in the nomination committee's composition must be announced as soon they occur.

The committee's task is to prepare and submit proposals to the AGM for:

- The AGM chairman
- Chairman of the board and board members
- Board remuneration with specification for the chairman of the board, the deputy chairman of the board (if any) and other board members plus remuneration for committee work
- An auditor, deputy auditor (if any), and auditors' fees
- Principles for appointment of the nomination committee

The nomination committee may charge the company for costs that are necessary for enabling the committee to fulfill its obligations, such as costs for recruitment consultants and other consultants.

In conjunction with its assignment, the nomination committee shall comply with the Corporate Governance Code concerning nomination committee responsibilities.

*Item 16: Establishment of remuneration principles for the group management*

The board proposes that the AGM approves these guidelines for senior executives. The proposal reflects Meda's need to be able to recruit and motivate qualified employees via compensation that is competitive in various countries. The group's executive management team consists of the chief executive officer (CEO) and such senior executives as report directly to the CEO.

The guidelines for remuneration and other employment terms for Meda's group executives are based on existing agreements and mean:

- (i) that Meda shall strive to offer its executives market-based remuneration/compensation,
- (ii) that the criteria shall be based on the significance of responsibilities, competence requirements, experience and performance, and
- (iii) that the remuneration will consist of:
  - Fixed base salary
  - Short-term variable pay
  - Long-term variable pay
  - Pension benefits, and
  - Other benefits and severance terms and conditions

Distribution between base salary and variable pay shall be proportionate to the executive's responsibility and authority levels.

The short-term variable pay is entirely performance-based, partly on group profit and partly on individual qualitative parameters. The variable pay, in the case of the CEO, must not exceed 80% of the fixed base salary and, in the case of other senior executives, must not exceed 50% of the fixed base salary.

The long-term variable pay includes one or more share-related incentive programs.

Pension benefits will reflect customary market conditions. Pension basing salary consists of base salary and variable salary. Other benefits will be mainly a company car. Further benefits may be customary benefits in connection with an executive moving for work abroad. Such benefits may consist of temporary accommodation, tuition fees, moving costs, tax advice and similar benefits.

Fixed salary during the period of notice of termination and severance pay shall together not exceed an amount corresponding to two years' fixed salary.

The remuneration committee shall prepare matters concerning remuneration to group executives for resolution by the board. If there are justifiable reasons, the board may deviate from the above remuneration principles for executives.

#### *Item 17: Amendment of the Articles of Association*

The board proposes to amend the Articles of Association as follows:

§ 4 to be changed from "The share capital shall be not less than one hundred million (100,000,000) crowns and not more than four hundred million (400,000,000) crowns." to "The share capital shall be not less than two hundred million (200,000,000) crowns and not more than eight hundred million (800,000,000) crowns."

The first paragraph in § 5 to be changed from "In the company there shall be not less than one hundred million (100,000,000) shares and not more than four hundred million (400,000,000) shares." to "In the company there shall be not less than two hundred million (200,000,000) shares and not more than eight hundred million (800,000,000) shares."

For a resolution according to the boards' proposal in this item 17, the AGM resolution must be supported by shareholders representing at least two-thirds of the votes and of the shares represented at the meeting.

#### *Item 18: Authorization of the board to decide on issuing new shares*

The board proposes that the AGM authorizes it to decide on the increase of the company's share capital by share issues of Class A and/or Class B shares on one or more occasions during the period until the next AGM. Authorization shall cover a maximum of 36 546 737 shares (corresponding to a dilution effect of a maximum of about 10% of share capital and votes based on the total number of votes in the company at the time of the 2015 AGM).

The proposal would authorize the board to decide on payment in kind, offset, or other terms as specified in chapter 13, section 5, paragraph 1, item 6 in the Companies Act, on deviation from shareholders' preferential rights and on any other terms and conditions for the issues. The authorization does not extend to decisions regarding cash issues. Prevailing market conditions will determine the issue rate.

The reason for the authorization to deviate from preferential rights and to decide on issues with or without provisions specified in chapter 13, section 5, paragraph 1, item 6 in the Companies Act is that Meda would be able to issue shares as purchase price payments in connection with acquisitions of other companies, parts of companies, product rights or other assets that the board deems to be of value for the company's operation.

For a resolution according to the boards' proposal in this item 18, the AGM resolution must be supported by shareholders representing at least two-thirds of the votes and of the shares represented at the meeting.

*Item 19: Repurchase and sale of the Company's own shares*

The board proposes that the AGM authorizes the board to, at one or more occasions, decide on the purchase or sale of class A shares substantially according to the following: Shares may only be purchased at Nasdaq Stockholm at a price within the current share price interval. Shares may be purchased so that the company holds no more than ten percent of the total shares and votes in the company. Own shares may be sold at Nasdaq Stockholm at a price within the current share price interval. Shares totaling the number of own shares currently held by the company at the time may be sold.

Transfer of shares may, subject to an AGM decision under item 20 below, also be made as delivery of bought back shares, directly or indirectly, according to the incentive program proposed under item 20 as well as the incentive program that was adopted by the AGM 2014, including the right to transfer shares in deviation from shareholders' preferential rights. In such case the terms will be those specified in the incentive program, which include payment-free transfers to participants in the program, to the extent that is determined under item 20.

This authorization is valid until the 2016 AGM.

The purpose of the proposal is to facilitate adjustment of the company's capital structure and thus contribute to increased shareholder value. Subject to a decision of the AGM under item 20, the purpose is also to ensure the supply of shares for the incentive program proposed in item 20 of the agenda as well as the incentive program that was adopted by the AGM 2014.

For a resolution according to the board's proposal in this item 19, the AGM resolution must be supported by shareholders representing at least two-thirds of the votes and of the shares represented at the meeting.

*Item 20: Proposal of the board regarding a long-term performance-based incentive program*

The board of directors believes it to be an advantage to the company if key individuals within the group have a long-term interest in the healthy growth of company shares and focus their work on promoting such development. This applies in particular to key individuals such as group management, country managers, and certain other senior executives.

It is also the opinion of the board that a share-related incentive program would increase the attractiveness of the group as an employer on the global market, making it easier to recruit and retain qualified key individuals. Such a program would also, upon maturity, lead to the participants becoming shareholders and growing their own shareholdings in the company.

The board therefore proposes that the AGM approves a long-term performance-based incentive program according to the following main guidelines.

1. The program proposes to provide no more than 112 key individuals with the opportunity to be allocated payment-free company shares of series A ("shares").
2. Shares for a total value of no more than SEK 120 million will be available for allocation, but no more than corresponding to 0.5% of the company's total outstanding shares at the time of allocation, currently 1 827 337 shares.

3. The number of shares that may be allocated shall be related to the degree of achievement during 2015 of certain objectives relating to sales, EBITDA margin and cash flow. The results hereof will be published in the company's annual report for 2015 and on the company's web site. Shares will be allocated as soon as the results of achievement of objectives have been determined. The allocation involves no transfer of shares to participants. The maturity period for the program is three years. Transfer of shares may take place in 2018, according to item 20.5 below.

4. Participants in the program may be allocated at most the number of shares per person that corresponds to a portion of the number of shares that will be allocated as specified in the program to the participant's main group as follows:

- a. The CEO – 4.5%, although no more than SEK 5,455,000
- b. Group management, about 11 individuals – 23.5%, although no more than SEK 2,560,000 per person
- c. Country managers and other senior executives in category 1, about 35 individuals – 37.3%, although no more than SEK 1,280,000 per person
- d. Country managers and other senior executives in category 2, about 65 individuals – 34.7%, although no more than SEK 640,000 per person

The amounts specified refer to the market value of the shares at the time of allocation. The market value may have increased or decreased by the time of transfer. When determining the distribution of shares within each main group, the board shall take into account that the cost of the program shall give as positive effects as possible for shareholders.

5. If the transfer criteria are obtained shares shall be transferred against no remuneration in 2018. Transfer of shares presumes that the individuals covered by the program are employed on a permanent basis at the time of transfer. Exceptions from this rule may be determined in individual cases, such as in case of death, disability, retirement or disposal of the unit in which the participant is employed.

6. Participants shall not make any payment for their rights under this program.

7. To equivocate the participants' interest with the shareholders', participants shall receive compensation corresponding to the dividend paid during the three-year vesting period until the time of transfer. Compensation will only be made for dividend determined after the time of allocation.

8. The board shall have the right to introduce alternative incentive solutions for key individuals in countries where participation in the program is not suitable due to local conditions. Such alternative incentive solution shall, as far as practicable, contain corresponding provisions subject to being feasible with reasonable administrative costs and financial efforts.

9. Costs for the program are calculated using the financial accounting standard found in IFRS 2, and distributed over the years 2015-2018. The program does not include any pension obligations. Assuming that the objectives for allocation of shares are achieved at 50%, that the number of participants who will leave the group before the transfer time corresponds to the historic staff turnover for key individuals in the group, and that the share price at the time of allocation is SEK 130 and increases by 10% each year until the time of transfer, the total annual cost for the program, including social fees, will amount to about SEK 27 million. At a share price of SEK 130 at the allocation date under the company's incentive program 2014 in April 2015, a maximum of 846,154 shares will be allocated under the program, representing 0.2% of the company's



outstanding shares. Together with shares that may be allocated in accordance with the now proposed program shares representing up to 0.7% of the company's outstanding shares may be allocated to participants under both programs.

10. The board shall have the right to make decisions as to such further terms that it may find suitable for the implementation of the program and the execution of the AGM's decision. Minor deviations from these guidelines may be made if the board in individual cases determines that there is a special reason to do so. Before the allocation or transfer of shares, the board shall analyze if the allocation and/or transfer is reasonable in relation to the company's growth, earnings, position and development compared with competitors and other factors. If significant changes take place within the Meda group, or on the market, which, by the assessment of the board, would mean that the terms for allocation/transfer of shares according to the program is no longer reasonable, the board shall have the right to implement an adjustment to the program, including, among others, reduction of the number of shares allocated/transferred, or not to allocate/transfer shares at all.

11. After evaluating various methods to ensure the company's ability to deliver shares according to the program, the board proposes that the AGM decides to transfer bought-back shares to participants in the program as follows:

- a. Not more than 1 827 337 Class A shares may be transferred.
- b. The right to receive shares applies to participants who, according to the program, shall have the right to receive shares, with the right for each individual to receive not more than the number of shares that each individual is entitled to, according to the program.
- c. The participant's right to receive shares can be used as transfer of shares shall be done according to the program, i.e. in 2018.
- d. Participants shall receive the shares free of cost during the period specified in the terms of the program.
- e. The number of shares that may be transferred may be recalculated according to the program terms, among others as a result of issues, reverse stock-split, stock split, or other changes to the capital structure.

The reason for the proposal and for the deviation from shareholders' preferential rights during the transfer of shares is to enable the company to transfer shares to participants in the program according to the terms adopted for the program.

12. As an alternative to using bought-back treasury shares as per item 20.11 above, delivery of the shares as per the program can be secured by the company entering a share swap agreement or other similar agreement with a third party. This alternative will be brought up if the requisite voting quorum to approve the decision as per item 20.11 is not achieved.

13. In manner similar to the proposal under paragraph 11 above the board proposes that the AGM decides to transfer bought-back shares to participants in the long-term performance-based incentive program that was adopted by the AGM 2014 as follows:

- a. Not more than 846 154 Class A shares may be transferred.
- b. The right to receive shares applies to participants who, according to the program, shall have the right to receive shares, with the right for each individual to receive not more than the number of shares that each individual is entitled to, according to the program.
- c. The participant's right to receive shares can be used as transfer of shares shall be done according to the program, e.g. in 2017.

- d. Participants shall receive the shares free of cost during the period specified in the terms of the program.
- e. The number of shares that may be transferred may be recalculated according to the program terms, among others as a result of issues, reverse stock-split, stock split, or other changes to the capital structure.

The reason for the proposal and for the deviation from shareholders' preferential rights in transferring shares is to enable the company to transfer shares to participants in the program that was adopted by the AGM 2014 according to the terms adopted for such program.

There are two other share-related incentive programs in the company as described on the company's website and in the company's annual report.

This proposal has been prepared by the remuneration committee and the board of directors with the support of external advisors and in consultation with specific major shareholders. The board has then decided to present this proposal to the AGM. Aside from the employees who have prepared the question according to instructions from the board and remuneration committee, no employees who may be covered by the program have participated in determining the terms of the program.

A valid resolution to establish the program specified in items 20.1-10, a majority is required of more than half of the votes cast by the AGM. A valid resolution as per the board's proposal in item 20.11 respectively item 20.13 requires that the decision is supported by at least nine-tenths of the votes cast as well as represented shares at the AGM. To reach a valid resolution to ensure the program via a share swap agreement or similar as specified in item 20.12, a majority is required of more than half of the votes cast by the AGM.

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### **Further information**

At the time of publication of this notice, the number of shares and votes in Meda total 365 467 371. Only class A shares have been issued. The company holds no own shares.

On or before 16 April 2015, the board's complete proposal, the 2014 annual accounts, documentation as per Chapter 18, section 4, Chapter 19 Section 22 and auditor statement as per Chapter 8 section 54 of the Swedish Companies act and the nomination committee's motivated opinion on the proposed board will be made available at company headquarters at Pipers väg 2, Solna, Sweden and on the company's website ([www.meda.se](http://www.meda.se)) at least as from April 15. The documentation will be sent by mail to shareholders who so request and submit their address; it will also be available at the AGM.

On the request by a shareholder the board and the CEO shall provide information at the AGM concerning conditions that could influence the assessment of an item on the agenda, the company's financial situation, or a subsidiary's financial situation or its relations to another group company, provided that the board deems that disclosure its possible without causing material damage to the company.

Solna, Sweden, March 2015

The board of directors

Meda Aktiebolag (publ)