

Aerocrine

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PRESS RELEASE

May 15, 2015

Statement by the Board of Directors of Aerocrine in relation to Circassia's public cash offer

The Board of Directors of Aerocrine unanimously recommends Aerocrine's shareholders to accept the offer by Circassia.

Background

This statement is made by the Board of Directors of Aerocrine AB (the "Board") pursuant to Section II.19 of Nasdaq Stockholm's Takeover Rules (the "Takeover Rules").

Circassia Pharmaceuticals plc has today announced a public cash offer to Aerocrine's shareholders to sell their Aerocrine shares to Circassia (the "Offer"). Circassia is offering SEK 2.55 per Aerocrine share (the "Offer Price").

The total value of the Offer, based on 698,766,052 shares in Aerocrine, amounts to SEK 1,781,853,433.¹ The Offer Price corresponds to a premium of:

85 per cent to Aerocrine's undisturbed closing price on April 22, 2015, and premiums of 92 per cent and 99 per cent to the three month and six month volume-weighted average prices preceding April 22, 2015. The Offer represents a multiple of 8.7x EV/LTM sales.²

The acceptance period of the Offer is expected to commence on May 19, 2015 and expire on June 11, 2015, subject to any extensions.

The completion of the Offer is conditional upon, amongst other things, being accepted to such an extent that Circassia becomes the owner of more than 90 per cent of the total

¹ On 13 May 2015 (the last trading day prior to the announcement of the Offer), there were 698,766,052 shares in Aerocrine registered with the Swedish Companies Registration Office. Additional shares in Aerocrine may be issued following this point in time as a result of exercise of outstanding personnel stock options and warrants in Aerocrine, and any such additional shares shall be included in the Offer. Aerocrine does not hold any own shares in treasury.

² Enterprise Value includes effect of dilutive instruments at the corresponding offer price, as well as debt and cash items as of March 31, 2015. Sales figure represents last 12 months as of March 31, 2015.

number of shares in Aerocrine, approval of the transaction and the equity financing by Circassia's shareholders and the receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions, including from competition authorities, in each case on terms which, in Circassia's opinion, are acceptable. Circassia has reserved the right to waive these and other conditions for completion of the Offer.

The Board has, at the written request of Circassia, permitted Circassia to carry out a confirmatory due diligence review of Aerocrine in connection with the preparation of the Offer. In connection with such due diligence review Circassia has received information concerning Aerocrine's financial results with respect to the first quarter 2015. Aerocrine's report for the first quarter 2015 was announced on May 12, 2015. Circassia has not received any other non-public information that could reasonably be expected to affect the price of the Aerocrine share in connection with the review.

Novo A/S and Investor AB, Aerocrine's largest shareholders, with shareholdings representing approximately 50% of the total number of shares and votes in Aerocrine, have under separate agreements with Circassia undertaken to accept the Offer subject to certain conditions (please refer to Circassia's announcement of the Offer for more information about this acceptance undertaking).

As a result of Novo A/S and Investor AB having undertaken to accept the Offer subject to certain conditions, Michael Shalmi and Lennart Johansson have not participated in the Board's decision regarding the statement of the Board in relation to the Offer.

The Board has retained Moelis & Company UK LLP as financial adviser and Mannheimer Swartling Advokatbyrå as legal adviser in relation to the Offer.

Nordea Bank AB has at the request of the Board provided an opinion according to which the Offer Price is fair to Aerocrine's shareholders from a financial point of view (subject to the assumptions and considerations set out in the opinion) (the "Opinion"). The Opinion is attached to this statement.

The Board's evaluation of the Offer

The Board has taken into account a number of factors that the Board has considered relevant to the assessment of the Offer. These include, but are not limited to, Aerocrine's current business and financials and Aerocrine's potential future development as well as related opportunities and risks. In particular, the Board has taken into account Aerocrine's ability, on a stand-alone basis, to continue driving commercialisation and adoption of FeNO and development and penetration of markets in Asia, Europe and US; ability to drive penetration in defined US professional segments; ability to attain profitability and any potential future financing requirements; and ability to finalise and commercialise a home device product.

It is the opinion of the Board that the combined company will be well positioned as a fully integrated speciality pharma company, with a platform to become the allergy/asthma speciality pharma champion. Moreover, it is the Board's opinion that the Offer Price reflects the fair value of Aerocrine and represents an attractive premium to Aerocrine's shareholders.

In arriving at its recommendation, the Board has also considered the Opinion rendered by Nordea Bank AB according to which the Offer Price is fair to Aerocrine's shareholders from a financial point of view (subject to the assumptions and considerations set out in the Opinion).

The Board notes that Aerocrine's credit agreement with ROS Acquisition Offshore LP (an affiliate of OrbiMed Advisors LLC) and Novo A/S, dated April 29, 2013 contains change of control provisions, giving the lenders a right to declare outstanding credit amounts due and payable along with prepayments penalties associated with such acceleration. The effect of any such acceleration would be that Aerocrine would be required to pay a prepayments penalty equal to 50 per cent of the amount being prepaid. However, if the entire amount of the loan is prepaid, the penalty would be reduced by interest and milestone payments already paid. The change of control provisions would be triggered if a party would acquire shares representing more than 40 per cent of the votes of Aerocrine. This means that in case Circassia completes the Offer, even if such completion is made at a lower acceptance level than more than 90 per cent of the shares, the payment under the credit agreement may be accelerated and the prepayment penalty may become due and payable. This may adversely affect Aerocrine's financial position, leading to an earlier requirement for further capital contribution from shareholders and/or lenders, which the Board would like to highlight to the shareholders who decide not to tender their shares.

Under the Takeover Rules the Board is required, on the basis of Circassia's statements in the announcement of the Offer, to make public its opinion of the effects the implementation of the Offer may have on Aerocrine, specifically employment, and its views on Circassia's strategic plans for Aerocrine and the effect these may be expected to have on employment and the places where Aerocrine carries on its business. Circassia has in this respect stated that Circassia appreciates the work of Aerocrine's management team and dedicated employees. Circassia's future plan for Aerocrine is one of growth. In view of the complementary nature of Circassia's and Aerocrine's businesses, the envisaged integration between the companies is expected to generally have a limited effect on the employee relationships at Aerocrine as well as on the future businesses of both companies. Even though changes may occur with respect to certain functions or positions at both companies, the current view of Circassia is that there will not be any material change to Aerocrine's operational sites or its employees, including the employee's terms of employment.

The Board assumes that this description is accurate and has in relevant aspects no reason to take a different view.

Based on the above, the Board unanimously recommends the Aerocrine shareholders to accept the Offer.

This statement shall in all respects be governed by and construed in accordance with substantive Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

This statement has been made in a Swedish and English version. In case of any discrepancies between the Swedish and the English text, the Swedish text shall prevail.

Stockholm, May 15, 2015
Aerocrine
The Board of Directors

The information set out in this press release is announced in accordance with the Swedish Securities Markets Act and the Takeover Rules. The Information was submitted for publication on May 15, 2015 at 08:30 CET.

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