

## **Appendix 1 to the Articles of Association of LifeCycle Pharma A/S**

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Pursuant to authorization granted by the shareholders of LifeCycle Pharma A/S (hereinafter "LifeCycle Pharma") the Board of Directors of LifeCycle Pharma has resolved that the following terms and conditions shall apply to warrants granted to employees, consultants, advisors and board members during 2003, 2004, 2005, 2006 and 2007:

### **1. General**

- 1.1** LifeCycle Pharma A/S (hereinafter "LifeCycle Pharma") has decided to introduce an incentive scheme for LifeCycle Pharma's employees, consultants, advisors and board members (hereinafter collectively referred to as "Warrant Holders"). The scheme is based on issuance of options, also called warrants (hereinafter only referred to as "warrants"), which are not subject to payment.
- 1.2** A warrant is a right, but not an obligation, during fixed periods (exercise periods) to subscribe for new shares in LifeCycle Pharma at a price fixed in advance (the exercise price). The exercise price, which shall correspond to the market price at the date of issuance, shall be determined by the board of directors. Each warrant carries the right to subscribe for nominal DKK 1 share in LifeCycle Pharma at the subscription price determined by the board of directors at the date of issuance.
- 1.3** Warrants will be offered to employees, consultants, advisors and board members in LifeCycle Pharma at the discretion of the Board of Directors after suggestion from the management. The number of warrants offered to each individual shall be based on an individual evaluation of the Warrant Holder's duties. It shall appear from the individual Warrant Holder's warrant certificate how many warrants have been granted to the Warrant Holder and what the exercise price for the warrant is.

### **2. Granting/subscription of warrants**

- 2.1** Warrant Holders who wish to subscribe the offered warrants shall sign a Warrant Certificate with this Appendix attached.
- 2.2** The granting of warrants shall not be subject to payment from the Warrant Holders.
- 2.3** LifeCycle Pharma shall keep records of granted warrants and update the records at suitable intervals.

### **3. Vesting**

- 3.1** The warrants shall be vested with 1/36 per month from the date of grant of the warrants. The board may have determined a different vesting period in its decision to issue warrants.

727,364 warrants, which are issued to LifeCycle Pharma's employees, consultants, advisors and board members on board meetings of respectively 4 April 2003, 3 October 2003 and 19 December 2003, shall, however, be vested with 1/36 per month from the date of employment.

554,580 warrants, which are issued to JMM Invest ApS on board meetings of respectively 4 April 2003, 29 August 2003 and 22 March 2004 shall be fully vested as from the time of the issuance.

227,636 warrants which are issued to JMM Invest ApS and 83,244 warrants which are issued to LifeCycle Pharma's Chief Financial Officer Michael Wolff Jensen on the board meeting of 22 March 2004 vest fully and may, in addition to the ordinary exercise periods, (in case they have not lapsed before then) be exercised immediately before one of the events described in clauses 5.10, 5.11 and/or 6.1 below.

- 3.2** If the stipulated fraction does not amount to a whole number of warrants, the number shall be rounded down to the nearest whole number.
- 3.3** Warrants shall only be vested to the extent the Warrant Holder is employed by LifeCycle Pharma, cf. however clause 3.4 to 3.6 below.
- 3.4** In the event that the Warrant Holder terminates the employment contract and the termination is not a result of breach of the employment terms by LifeCycle Pharma, and in the event that LifeCycle Pharma terminates the employment contract and the Warrant Holder has given LifeCycle Pharma good reason to do so, then the vesting of warrants shall cease from the time the employment is terminated, meaning from the first day when the Warrant Holder is no longer entitled to salary from LifeCycle Pharma, notwithstanding that the Warrant Holder has actually ceased to perform his/her duties at an earlier date. In addition hereto the Warrant Holder's right, if any, to receive warrants granted after termination of the employment shall cease. With respect to warrants issued to employees of LifeCycle Pharma on the board meetings of 4 April 2003, 3 October 2003, 19 December 2003, 22 March 2004, 28 April 2004 and on the General Meeting on 16 June 2004 (previous Appendices A, B and D) excluding warrants granted to JMM Invest ApS on the board meetings held on 4 April 2003 and 22 March 2004 (previous Appendix C) the foregoing clause 3.4 applies regardless of the reason for termination of the employment contract.

- 3.5** In the event that the Warrant Holder terminates the employment contract and the termination is a result of breach of the employment terms by LifeCycle Pharma, or in the event that LifeCycle Pharma terminates the employment contract and the Warrant Holder having not given LifeCycle Pharma good reason to do so, then warrants shall continue to vest as if the Warrant Holder was still employed by LifeCycle Pharma. This clause 3.5 only applies to warrants issued to employees of LifeCycle Pharma on the board meetings held on 20 June 2005, 21 September 2005, 17 October 2005 og 12 December 2005 as well as the General Meetings held on 16 December 2004, 17 March 2005, as well as 7 November 2005 (previous Appendices E and F) as well as on board meetings or General Meetings held after 7 November 2005.
- 3.6** Should the Warrant Holder materially breach the terms of the employment, the vesting of warrants shall cease from the date when the Warrant Holder is dismissed due to the material breach.
- 3.7** Warrants issued to consultants, advisors and board members only vest to the extent that the consultant, advisor or board member acts on behalf of LifeCycle Pharma as a consultant, advisor or board member.
- 3.8** If the Warrant Holder takes leave – other than maternity leave – and the leave exceeds 60 days, the dates when the warrants shall be vested shall be postponed by a period corresponding to the duration of the leave.

#### **4. Exercise**

- 4.1** When a warrant has been vested, it may be exercised during the exercise periods. The exercise periods run for 21 days from and including respectively the day after the Company's publication of i) the annual report notification – or if such notification is not published – the annual report and ii) the interim report (6 months report). The last exercise period shall run for 21 days following the date of the publication of the interim report for the first 6 months of 2012.

As concerns 2,145,820 warrants, which are issued to JMM Invest ApS and to LifeCycle Pharma's employees, consultants, advisors and board members on board meetings of respectively 4 April 2003, 29 August 2003, 3 October 2003, 19 December 2003, 22 March 2004, 28 April 2004 and on the General Meeting on 16 June 2004, the last exercise period is, however, 21 days following the date of the publication of the interim report for the first 6 months of 2011.

- 4.2** If the last day of an exercise period is Saturday or Sunday, the exercise period shall also include the first weekday following the stipulated period.

- 4.3** When warrants have been vested, the Warrant Holder shall be free to choose, which exercise period to apply for the vested warrants, cf. however, clause 4.5 below regarding material breach. It is, however, a condition for exercise that the Warrant Holder in a given exercise period exercises warrants, which give a right to subscribe minimum nominal DKK 1,000 shares.
- 4.4** Warrants not exercised by the Warrant Holder during the last exercise period shall become null and void without further notice or compensation or payment of any kind to the Warrant Holder.
- 4.5** The Warrant Holder's exercise of warrants is in principle conditional upon the Warrant Holder being employed in LifeCycle Pharma at the time when warrants are exercised. In case of termination of the employment the following shall apply:
- a. In the event that the Warrant Holder is terminating the employment contract and the termination is not a result of breach of the employment by LifeCycle Pharma, and in the event that LifeCycle Pharma terminates the employment contract and the Warrant Holder having given LifeCycle Pharma good reason to do so,, the Warrant Holder is only entitled to exercise the warrants vested at the time of termination. Exercise shall take place during the first coming exercise period after termination of the employment, however the Warrant Holder shall always have minimum 3 months from the date of termination to decide if warrants shall be exercised. To the extent that the first coming exercise period commences within 3 months from the date of actual termination the Warrant Holder shall be entitled to exercise the warrants in the exercise period following the first coming exercise period. All vested warrants not exercised by the Warrant Holder according to this clause shall become null and void without further notice or compensation or payment of any kind.

With respect to warrants issued to employees of LifeCycle Pharma on the board meetings of 4 April 2003, 3 October 2003, 19 December 2003, 22 March 2004, 28 April 2004 and on the General Meeting on 16 June 2004 (previous Appendices A, B and D) excluding warrants granted to JMM Invest ApS on the board meetings held on 4 April 2003 and 22 March 2004 (previous Appendix C), clause 4.5 (a) above applies in all instance where the employment of the warrant holder by LifeCycle Pharma ceases including also as a result of illness, death, disability, retirement or death, cf. however, clause 4.5(d) in fine, below.

As concerns 554,580 warrants, which are issued to JMM Invest ApS on the board meetings held on 4 April 2003, 29 August 2003 and 22 Marts 2004 (previous Appendix C), clause 4.5(b) above does not apply. Rather, Clause 4.5(a) as written be-

low applies:

In the event that the CEO's employment is terminated by LifeCycle Pharma due to a material breach by the CEO of the employment contract or in the event that the CEO should terminate the employment contract without this being due to a breach of the employment contract by the LifeCycle Pharma, the Warrant Holder shall (irrespective of clauses 3.1 – 3.3.), to the extent that it wishes to exercise warrants, exercise the warrants in the first coming exercise periode after the date of the CEO's actual cessation of the employment. If warrants are not exercise accordingly the warrant shall automatically be deemed null and void without any compensation or payment of any kind to the Warrant Holder.

- b. In the event that the Warrant Holder terminates the employment contract and the termination is a result of breach of the employment by LifeCycle Pharma, or in the event that LifeCycle Pharma terminates the employment contract and the Warrant Holder have not given LifeCycle Pharma good reason to do so, the Warrant Holder is entitled to exercise the warrants as if the Warrant Holder were still employed with LifeCycle Pharma. Exercise shall take place in accordance with the general terms and conditions regarding exercise of warrants stipulated in clause 4.1 – 4.5. This provision shall apply if the employment contract is terminated due to your retirement This clause 5.5(b) only applies to warrants issued to employees of LifeCycle Pharma on the board meetings held on 20 June 2005, 21 September 2005, 17 October 2005 og 12 December 2005 as well as the Geneal Meetings held on 16 December 2004, 17 March 2005 and 7 November 2005 (previous Appendices E and F) as well as on board meetings or General Meetings held after 7 November 2005.
- c. If the employment is terminated as a consequence of summary dismissal of the Warrant Holder on grounds of material breach, all warrants not exercised at that time shall become null and void without notice or compensation. As concerns warrants issued to employees of LifeCycle Pharma on the board meetings held on 20 June 2005, 21 September 2005, 17 October 2005 og 12 December 2005 as well as the Geneal Meetings held on 16 December 2004, 17 March 2005, and 7 November 2005 (previous appendices E and F) as well as on board meetings or General Meetings held after 7 November 2005 then if the material breach is committed prior to the dismissal the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach. The Warrant Holder shall in this case, after demand from LifeCycle Pharma, be obligated to sell to LifeCycle Pharma shares which have been subscribed though exercise of warrants, after the date of the material breach. The shares shall be sold at a price corresponding to the subscription price paid by the Warrant Holder.

- d. As concerns warrants issued to employees of LifeCycle Pharma on the board meetings held on 20 June 2005, 21 September 2005, 17 October 2005 og 12 December 2005 as well as the General Meetings held on 16 December 2004, 17 March 2005, and 7 November 2005 (previous appendices E and F) as well as on board meetings or General Meetings held after 7 November 2005 then if the employment is terminated due to the death of the Warrant Holder all warrants not exercised by the Warrant Holder shall become null and void. For all warrants issued during 2003 – 2005 as well as on board meetings or General Meetings held after 7 November 2005, however, the LifeCycle Pharma Board of Directors may decide to enable the estate of the Warrant Holder to exercise the issued warrants whether they have been vested at the time of the death or not on the condition that exercise be effected during the first exercise period commencing after the death.

- 4.6** If the The Warrant Holder is a consultant, advisor or board member the exercise of warrants is in principle conditional upon the Warrant Holder being connected to LifeCycle Pharma in this capacity at the time when warrants are exercised. In case that the consultant's, advisor's or board member's relationship with LifeCycle Pharma should cease without this being attributable to the Warrant Holder's actions or omissions the Warrant Holder shall be entitled to exercise vested warrants in the exercise periods set forth in clause 4.1 above.

LifeCycle Pharma's board of directors is in the event of a listing of the company's shares on a stock exchange entitled at its discretion to change the exercise periods in order to coordinate these with applicable rules for insider trading.

## **5. Adjustment of warrants**

- 5.1** Changes in LifeCycle Pharma's capital structure causing a change of the potential possibility of gain attached to a warrant shall require an adjustment of the warrants.
- 5.2** Adjustments shall be made so that the potential possibility of gain attached to a warrant in so far as possible shall remain the same before and after the occurrence of an incident causing the adjustment. The adjustment shall be carried out with the assistance of LifeCycle Pharma's external advisor. The adjustment may be effected either by increase or reduction of the number of shares that can be issued in accordance with a warrant and/or an increase or reduction of the exercise price.
- 5.3** Warrants shall not be adjusted as a result of LifeCycle Pharma's issue of employee shares, share options and/or warrants as part of employee share option schemes (including options to Directors, advisors and consultants) as well as future exercise of such op-

tions and/or warrants. Warrants shall, furthermore, not be adjusted as a result of capital increases following the Warrant Holders' and others' exercise of warrants in LifeCycle Pharma.

#### 5.4 Bonus shares

If it is decided to issue bonus shares in LifeCycle Pharma, warrants shall be adjusted as follows:

The exercise price for each warrant not yet exercised shall be multiplied by the factor:

$$\alpha = \frac{A}{(A+B)}$$

and the number of warrants not yet exercised shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = the nominal share capital before issue of bonus shares, and

B = the total nominal value of bonus shares.

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

#### 5.5 Changes of capital at a price different from the market price:

If it is decided to increase or reduce the share capital in LifeCycle Pharma at a price below the market price (in relation to capital decreases also above the market price), warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{(A \times K) + (B \times T)}{(A+B) \times K}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = nominal share capital before the change in capital

B = nominal change in the share capital

K = market price of the share prior to change in the share capital, and

T = subscription price/reduction price in relation to the change in the share capital

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

#### **5.6** Changes in the nominal value of each individual share:

If it is decided to change the nominal value of the shares, warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{A}{B}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = nominal value of each share after the change, and

B = nominal value of each share before the change

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

#### **5.7** Payment of dividend:

If it is decided to pay dividends, the part of the dividends exceeding 10 per cent of the equity capital shall lead to adjustment of the exercise price according to the following formula:



$$E2 = E1 - \frac{U - U_{\max}}{A}$$

where:

E2 =	the adjusted exercise price
E1 =	the original exercise price
U =	dividends paid out
U <sub>max</sub> =	10 per cent of the equity capital, and
A =	total number of shares in LifeCycle Pharma

If the adjusted exercise price does not amount to a whole number, it shall be rounded down to the nearest whole number.

The equity capital that shall form the basis of the adjustment above is the equity capital stipulated in the Annual Report to be adopted at the General Meeting where dividends shall be approved before allocation hereof has been made in the Annual Report.

#### **5.8** Other changes in LifeCycle Pharma's capital position:

In the event of other changes in LifeCycle Pharma's capital position causing changes to the financial value of warrants, warrants shall (save as provided above) be adjusted in order to ensure that the changes do not influence the financial value of the warrants.

The calculation method to be applied to the adjustment shall be decided by an external advisor appointed by the Board of Directors.

It is emphasized that increase or reduction of LifeCycle Pharma's share capital at market price does not lead to an adjustment of the subscription price or the number of shares to be subscribed.

#### **5.9** Winding-up:

Should LifeCycle Pharma be liquidated, the vesting time for all non-exercised warrants shall be changed so that the Warrant Holder may exercise his/her warrants in an extraordinary exercise period immediately preceding the relevant transaction.

#### **5.10** Merger and split:

If LifeCycle Pharma merges as the continuing company, warrants shall remain unaffected unless, in connection with the merger, the capital is increased at a price other than the market price and in that case warrants shall be adjusted in accordance with

clause 5.5.

If LifeCycle Pharma merges as the terminating company or is split, the continuing company may choose one of the following possibilities:

- The Warrant Holder may exercise all non-exercised warrants (inclusive of warrants not yet vested) immediately before the merger/split, or
- New share instruments in the continuing company/companies of a corresponding financial pre-tax value shall replace the warrants. On split the continuing companies may decide in which company/companies the Warrant Holders shall receive the new share instruments.

#### **5.11** Sale and exchange of shares:

If more than 50 per cent of the share capital in LifeCycle Pharma is sold or is part of a share swap, LifeCycle Pharma may choose one of the following possibilities:

- The warrant scheme shall continue unchanged.
- The Warrant Holder may exercise all non-exercised warrants that are not declared null and void (inclusive of warrants not yet vested) immediately before the sale/swap of shares. Furthermore, the Warrant Holder shall undertake an obligation to sell the acquired shares on the same conditions as the other shareholders (when selling).
- Share instruments in the acquiring company of a corresponding pre-tax value shall replace the issued warrants.

#### **5.12** Common provisions regarding 5.9-5.11:

If one of the transactions mentioned above is made, LifeCycle Pharma shall inform the Warrant Holder hereof by written notice. Upon receipt of the written notice, the Warrant Holder shall have 2 weeks – in cases where the Warrant Holder may extraordinarily exercise warrants, see 5.9-5.11 – to inform LifeCycle Pharma in writing whether he/she will make use of the offer. If the Warrant Holder has not answered LifeCycle Pharma in writing within the limit of 2 weeks or fails to pay within the fixed time, warrants shall become null and void without further notice or compensation.

The warrant holder's rights in connection with decisions made by any competent company body, see 5.9-5.11, shall be contingent on subsequent registration of the relevant

decision with the Danish Commerce and Companies Agency provided that registration is a condition of its validity.

## **6. Transfer, pledge and enforcement**

- 6.1** Issued warrants shall not be subject to charging orders, transfer of any kind, including in connection with division of property on divorce or legal separation, for ownership or as security without the consent of the Board of Directors. The Warrant Holder's warrants may, however, be transferred to the Warrant Holder's spouse/cohabitant and/or issue in the event of the Warrant Holder's death.

## **7. Subscription for new shares by exercise of warrants**

- 7.1** Subscription for new shares by exercise of issued warrants must be made through submission by the Warrant Holder no later than the last day of the relevant exercise period at 16:00 to LifeCycle Pharma of an exercise notice drafted by LifeCycle Pharma. The exercise notice shall be filled in with all information. The company must have received the exercise price for the new shares, payable as a cash contribution, by the last day of the relevant exercise period.
- 7.2** If the limitation period set forth in clause 7.1 expires as a result of LifeCycle Pharma not having received the filled-in exercise notice or the payment by 16:00 of the last day of the exercise period, the subscription shall be deemed invalid, and in this situation the Warrant Holder shall not be considered as having exercised his/her warrants for a possible subsequent exercise period.
- 7.3** Warrants not exercised by the Warrant Holder during the last exercise period, cf. above, shall become null and void without notice or compensation.
- 7.4** When the capital increase caused by exercise of warrants has been registered with the Danish Commerce and Companies Agency, the Warrant Holder shall receive proof of his shareholding in LifeCycle Pharma.

## **8. The rights of new shares**

- 8.1** New shares subscribed for by exercise of issued warrants shall in every respect have the same rights as the present shares in LifeCycle Pharma in accordance with the Articles of Association for LifeCycle Pharma in force from time to time. For the time being, the following shall apply:

- the value of each share shall be DKK 1 or multiples hereof,
- the shares are bearer shares, but may be recorded on name in the Company's share register,
- the shares shall be negotiable instruments,
- the shares are issued through the VP Securities Services
- no shares shall carry special rights.
- no shareholder shall be obliged to have his shares redeemed in whole or in part by the Company or others.
- LifeCycle Pharma's shareholders shall hold no pre-emptive rights to subscribe for warrants;
- LifeCycle Pharma's shareholders shall hold no pre-emptive rights to subscribe for new shares issued on the basis of warrants;
- new shares issued as a result of exercise of warrants shall carry the right to dividend and other rights in LifeCycle Pharma from the time of registration of the capital increase with the Danish Commerce and Companies Agency.

**8.2** LifeCycle Pharma shall pay all costs connected with granting of warrants and later exercise thereof. LifeCycle Pharma's costs in connection with issue of warrants and the related capital increase are estimated to DKK 45,000.

## **9. Other provisions**

**9.1** The value attached to the subscription right shall not be included in the Warrant Holder's salary, and any agreement made between the Warrant Holder and LifeCycle Pharma regarding pension or the like shall therefore not include the value of the Warrant Holder's warrants.

**9.2** If a relevant authority should establish that the issuance and/or exercise of warrants shall be considered a salary allowance with the consequence that LifeCycle Pharma shall pay holiday allowance or the like to the Warrant Holder on the basis of the value of warrants, the subscription price shall be increased in order to compensate LifeCycle Pharma for the amounts that have been paid to the Warrant Holder in the form of holiday allowance or the like.

- 9.3** The fact that LifeCycle Pharma offers warrants to Warrant Holders shall not in any way obligate LifeCycle Pharma to maintain the employment.

## **10. Tax implications**

- 10.1** The tax implications connected to the Warrant Holder's subscription for or exercise of warrants shall be of no concern to LifeCycle Pharma.

## **11. Governing Law and Venue**

- 11.1** Acceptance of warrants, the terms and conditions thereto and the exercise, and terms and conditions for future subscription for shares in LifeCycle Pharma shall be governed by Danish law.
- 11.2** Any disagreement between the Warrant Holder and LifeCycle Pharma in relation to the understanding or implementation of the warrant scheme shall be settled amicably by negotiation between the parties.
- 11.3** If the parties fail to reach consensus, any disputes shall be settled in accordance with "Rules for hearing of cases in the Copenhagen Arbitration". The Copenhagen Arbitration shall appoint one arbitrator who shall settle the dispute according to Danish law.
- 11.4** In the event of discrepancies between the English and the Danish text the Danish text shall prevail.

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05.03.2007