



BAVARIAN NORDIC

Company Announcement

21 March 2012

## Bavarian Nordic A/S - Notice Convening Ordinary General Meeting

Pursuant to Article 10 of the Articles of Association, the shareholders of Bavarian Nordic A/S are hereby convened to the ordinary General Meeting to be held on

**Monday, 16 April 2012 at 16.00 o'clock**

at Comwell Borupgaard, Nørrevej 80, 3070 Snekkersten, Denmark with the following agenda:

- 1) The Board of Directors' report on the Company's activities in the past year.
- 2) Presentation of the Annual Report for adoption.
- 3) A proposal from the Board of Directors regarding the application of profit or covering of loss pursuant to the Annual Report as adopted.
- 4) A resolution to discharge the Board of Directors and the Board of Management from their obligations.
- 5) Election of Members to the Board of Directors.
- 6) Election of Auditors.
- 7) Any proposal from the Board of Directors or shareholders.

The Board of Directors has proposed the following resolutions:

- a. Proposal to divide the authorisation of the Board of Directors in Article 5a of the Articles of Association into two separate authorisations (Articles 5a(1) and 5a(2)) as a consequence of the Danish Business Authority's altered interpretation of Article 155(3) of the Danish Companies Act on pre-emption rights in connection with a capital increase, as well as to increase and extend the two authorisations so that the Board of Directors overall is authorised to increase the share capital of the Company with a total of nominally DKK 26,000,000 until 30 June 2013.
  - b. Proposal to increase the authorisation of the Board of Directors in Article 5b of the Articles of Association, so that until 31 December 2013 the Board of Directors is authorised to issue warrants which entitle the holders to subscribe for shares in the Company at a nominal value of up to DKK 6,000,000.
  - c. Proposal to increase and extend the authorisation of the Board of Directors in Article 5h of the Articles of Association to take up a loan against convertible notes.
  - d. Proposal to approve remuneration of the Board of Directors for the current financial year.
  - e. Proposal to authorise the Board of Directors to purchase own shares.
- 8) Any other business.

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## Elaboration on selected items of the agenda:

### Re 5) Election of Members of the Board of Directors

The Board of Directors proposes that Asger Aamund, Claus Bræstrup, Gerard van Odijk, Anders Gersel Pedersen and Erik G. Hansen are re-elected. Erling Johansen has notified the Board of Directors that he does not wish to be re-elected.

The members of the Board of Directors are as follows:

- **Asger Aamund, Chairman**  
Mr Aamund is President & CEO of A.J. Aamund A/S, a holding company focusing on the field of biotechnology. He was previously CEO of Ferrosan, a Danish pharmaceutical group. Mr Aamund is Chairman of the Board of Directors of Rehfeld Partners A/S and a member of the Board of Directors of A.J. Aamund A/S. The special competencies possessed by Mr Aamund that are important for the performance of his duties in the Company are his management experience from many years in the Danish and international pharmaceutical industry. As a pioneer in Danish biotech, Mr Aamund has had a key role in the establishment and commercialisation of several companies and he is well experienced in collaborations and partnering in the international pharmaceutical industry.
- **Claus Bræstrup**  
Dr Bræstrup is former President and CEO of H. Lundbeck A/S. He has previously served at Novo Nordisk A/S as Vice President of Pharmaceutical Research, President of its CNS Division and President of the Diabetes Care Division, and at Schering AG as Head of Preclinical Drug Research. Dr Bræstrup is Chairman of the Board of Probiobio AG and a member of the board with Santaris Pharma A/S and Evolva Holding SA. The special competencies possessed by Dr Bræstrup that are important for the performance of his duties in the Company are his scientific qualifications and his extensive executive background within the international pharmaceutical industry.
- **Gerard van Odijk**  
Dr van Odijk is President and CEO of Teva Pharmaceuticals Europe B.V. Dr van Odijk's international executive career has led to a variety of senior positions in GlaxoSmithKline (GSK). Dr van Odijk is Chairman of the Board of Merus Biopharmaceuticals B.V. The special competencies possessed by Dr van Odijk that are important for the performance of his duties are his medical qualifications and his extensive executive background within the international pharmaceutical industry.
- **Anders Gersel Pedersen**  
Dr Pedersen is Executive Vice President of Research & Development at H. Lundbeck A/S. Before joining H. Lundbeck A/S in 2000, he worked for Eli Lilly for 11 years, ten of them as a director overseeing worldwide clinical research in oncology. He is a member of the European Society of Medical Oncology, the International Association for the Study of Lung Cancer, the American Society of Clinical Oncology, the Danish Society of Medical Oncology and the Danish Society of Internal Medicine. Dr Pedersen is Chairman of the Board of Lundbeck International Neuroscience Foundation and a member of the Board of Directors of Lundbeck Cognitive Therapeutics A/S, ALK-Abelló A/S and Genmab A/S (Deputy Chairman). The special competencies possessed by Dr Pedersen that are important for the performance of his duties in the Company are his scientific qualifications and his extensive executive background within the international pharmaceutical and biotech industries.
- **Erik G. Hansen**  
Mr Hansen is Director of Rigas Holding ApS. He previously held the positions as Managing Director at Dansk Portefølje A/S (now Nykredit Asset Management) and CFO in A.P. Møller - Maersk A/S. Mr Hansen is Chairman of the Board of Directors of A/S af 26. marts 2003, COMX Networks A/S, DTU Symbion Innovation A/S, NPT A/S, Polaris Management A/S, TTI A/S and TTI Ejendomme A/S; he is also a member of the Board of Directors of Fertin Pharma A/S (Deputy Chairman), Gumlink A/S (Deputy Chairman), Bagger-Sørensen & Co. A/S (Deputy Chairman), Lesanco ApS, OKONO A/S, PFA Holding A/S, PFA Pension Forsikring A/S, Polaris Invest II ApS, Wide Invest ApS and Aser Ltd. In addition, Mr Hansen is a member of the Executive Boards of Rigas Holding ApS, Rigas Invest ApS, Tresor Asset Advisers ApS, E.K.P. Invest ApS, Berco ApS, BFB ApS, Sirius Holding ApS, Tresor ApS, EGH Private Equity ApS and Hansen Advisers ApS. The special competencies possessed by Mr Hansen that are important for the performance of his duties are his training and experience in and thorough understanding of managing finance operations. Mr Hansen is also Chairman of the audit committee of Bavarian Nordic.

## Re 6) Election of Auditors

The Board of Directors proposes that Deloitte is re-elected as the Company's auditor.

Re 7a) Proposal to divide the authorisation of the Board of Directors in Article 5a to increase the share capital into two separate authorisations (Articles 5a(1) and 5a(2)), as a consequence of the Danish Business Authority's altered interpretation of Article 155(3) of the Danish Companies Act on pre-emption rights in connection with a capital increase, as well as to increase and extend the two authorisations to the Board of Directors to increase the share capital

The Board of Directors proposes to divide the authorisation of the Board of Directors in Article 5a of the Articles of Association into two separate authorisations (Articles 5a(1) and 5a(2)), as a consequence of the Danish Business Authority's altered interpretation of Article 155(3) of the Danish Companies Act on pre-emption rights in connection with a capital increase, and to insert a new provision as a new Article 5a(3) stating the maximum nominal share capital increase that the Board of Directors overall is authorized to carry out. The Board of Directors further proposes to increase and extend the two authorisations, so that the Board of Directors overall is authorised to increase the share capital of the Company in one or more issues with a total of nominally DKK 26,000,000 until 30 June 2013. The proposal entails amending Article 5a of the Articles of Association to the following:

### *"Subsection 1*

*For the period ending on 30 June 2013, the Board of Directors shall be authorised to increase the Company's share capital in one or more issues with a total of nominally DKK 26,000,000 (26,000,000 shares of DKK 1 and multiples hereof) by the subscription of new shares. The existing shareholders shall have pre-emption right to subscribe for the amount by which the share capital is increased, proportional to their shareholdings. The share capital shall be increased by cash payment at a subscription price which may be lower than the value of the shares.*

*The terms and conditions of the subscription for shares shall be determined by the Board of Directors.*

*The new shares shall be negotiable instruments and shall be issued to bearer, but they may be registered in the bearer's name in the Company's register of shareholders. No restrictions shall apply to the transferability of the new shares, and no shareholder shall be obliged to have his shares redeemed - in whole or in part. The shares shall carry the right to dividend as from the date fixed by the Board of Directors, but not later than the first financial year following the capital increase.*

### *Subsection 2*

*For the period ending on 30 June 2013, the Board of Directors shall be authorised to increase the Company's share capital in one or more issues with a total of nominally DKK 26,000,000 (26,000,000 shares of DKK 1 and multiples hereof) by the subscription of new shares. The existing shareholders shall not have pre-emption right to subscribe for the amount by which the share capital is increased.*

*The share capital may be increased by cash payment or in other ways, such as by conversion of debts or in payment of a contribution in kind. The share capital shall in any event be increased at a subscription price, which is not lower than market value.*

*The terms and conditions of the subscription for shares shall be determined by the Board of Directors.*

*The new shares shall be negotiable instruments and shall be issued to bearer, but they may be registered in the bearer's name in the Company's register of shareholders. No restrictions shall apply to the transferability of the new shares, and no shareholder shall be obliged to have his shares redeemed - in whole or in part. The shares shall carry the right to dividend as from the date fixed by the Board of Directors, but not later than the first financial year following the capital increase.*

### *Subsection 3*

*When exercising the authorisations given in Articles 5a(1) and 5a(2) the Board of Directors is overall authorised to increase the share capital of the Company with a total of nominally DKK 26,000,000 (26,000,000 shares of DKK 1 and multiples hereof)."*

## Re 7b) Proposal to increase the authorisation of the Board of Directors in Article 5b to issue warrants

The Board of Directors proposes to increase the authorisation of the Board of Directors in Article 5b of the Articles of Association so that until 31 December 2013 the Board of Directors is authorised to issue warrants which entitle the holders to subscribe for shares in the Company at a nominal value of up to DKK 6,000,000.

The Board of Directors also proposes authorising the Board of Directors to reuse or reissue any lapsed and unexercised warrants under the terms and within the time limitations set out in this authorisation. The proposal entails authorising the Board of Directors to increase the share capital of the Company as a consequence of the issuance of warrants until 1 April 2017 as well as amending Article 5b of the Articles of Association to the following:

*"During the period ending 31 December 2013, the Company may issue warrants, in one or more portions by resolution of the Board of Directors. The warrants may be issued to the management and employees of the Company or its subsidiaries, including to consultants and the Company's Board of Directors, for the subscription of shares of a nominal value of up to DKK 6,000,000 by cash contribution at a subscription price and on such other terms as the Board of Directors may determine. Notwithstanding the foregoing, the issuances of warrants to members of the Board of Directors may not exceed a nominal value of DKK 300.000. Any issuance of warrants to the Board of Directors and/or management shall be made in accordance with the Company's policy for incentive remuneration of the Board of Directors and the Management, prepared in accordance with section 139 of the Danish Companies Act and approved by the general meeting, cf. Article 17a of the Articles of Association.*

*Holders of warrants shall have pre-emption right to subscribe for the shares, issued based on the warrants, meaning that the pre-emption rights to subscribe to warrants and new shares for existing shareholders are deviated from.*

*As a consequence of the exercise of awarded warrants, the Board of Directors is authorised during the period until 1 April 2017 to increase the share capital by a nominal value of up to DKK 6,000,000 in one or more portions by resolution of the Board of Directors by cash contribution at a subscription price and on such other terms as the Board of Directors may determine without pre-emption right for the existing shareholders.*

*The new shares issued based on warrants shall have the same rights as existing shares according to the Articles of Association. The new shares shall be negotiable instruments and shall be issued to the bearer, but they may be registered in the bearer's name in the Company's register of shareholders. No restrictions shall apply to the transferability of the new shares and no shareholder shall be obliged to have his shares to be redeemed - in whole or in part. The new shares shall carry the right to dividend from the time of subscription.*

*Subject to the rules in force at any time, the Board of Directors may reuse or reissue lapsed and unexercised warrants if any, provided that the reuse or reissue occurs under the terms and within the time limitations set out in this authorisation. Reuse is to be construed as the Board of Directors' entitlement to let another party enter into an existing agreement on warrants. Reissue is to be construed as the Board of Directors' option to reissue new warrants, under the same authorisation, if previously issued warrants have lapsed."*

Re 7c) Proposal to increase and extend the authorisation of the Board of Directors in Article 5h of the Articles of Association to take up a loan against convertible notes

The Board of Directors proposes that the General Meeting resolves to increase and extend the authorisation of the Board of Directors contained in Article 5h of the Articles of Association to take loans against convertible notes and to carry out the capital increase related hereto. It is proposed that the size of the loan, which the Board of Directors is authorised to take against the issuance of convertible notes, is increased by DKK 111,000,000, so that the Board of Directors henceforth is authorised to take loans of up to DKK 150,000,000 against the issuance of convertible notes. It is also proposed that the authorisation is extended until 1 April 2017.

The proposal entails amending Article 5h of the Articles of Association to the following:

*"During the period ending 1 April 2017, the Company may in one or more portions by resolution of the Board of Directors obtain loans in an amount of up to DKK 150,000,000 against issue of convertible notes which gives the right to subscribe for shares in the Company. The Company's existing shareholders shall not have pre-emption right. The loans shall be paid in cash. The terms and conditions for the convertible notes shall be determined by the Board of Directors.*

*As a consequence of the conversion of the convertible notes, the Board of Directors is authorised during the period until 1 April 2017 to increase the share capital by a nominal value of up to DKK 26,000,000 in one or more portions by resolution of the Board of Directors by conversion of the convertible notes and on*

*such other terms as the Board of Directors may determine. The Company's existing shareholders shall not have pre-emption right to subscribe for shares issued by conversion of the convertible notes.*

*The new shares issued based on convertible notes shall have the same rights as existing shares according to the Articles of Association. The new shares shall be negotiable instruments and shall be issued to the bearer, but they may be registered in the bearer's name in the Company's register of shareholders. No restrictions shall apply to the transferability of the new shares and no shareholder shall be obliged to have his shares to be redeemed - in whole or in part. The new shares shall carry the right to dividend from the time of conversion of the issued convertible notes, i.e. from the time of subscription."*

#### Re 7d) Proposal to approve remuneration of the Board of Directors for the current financial year

The Board of Directors proposes that the Board of Directors receives remuneration for the current financial year in the amount of DKK 1,400,000 distributed with DKK 400,000 to the Chairman and DKK 200,000 to each of the other members of the Board of Directors. The Board of Directors also proposes that each board member is awarded 5,000 warrants which entitle the holders to subscribe for shares in the Company. The granting of warrants takes place in accordance with the authorisation of the Board of Directors in Clause 5 of the Articles of Association to issue warrants.

#### Re 7e) Proposal to authorise the Board of Directors to purchase own shares

The Board of Directors proposes that the Board of Directors is authorised on behalf of the Company to acquire own shares in the Company.

It is therefore proposed that the following authorisation is granted to the Company's Board of Directors pursuant to Article 198 of the Danish Companies Act:

The General Meeting hereby authorises the Board of Directors to acquire own shares on behalf of the Company in accordance with Article 198 of the Danish Companies Act. The Company may only acquire own shares for a total nominal value of up to 10 % of the Company's share capital for the time being. The remuneration paid for the Company's shares may not deviate by more than 10 % from the bid rate established by NASDAQ OMX Copenhagen at the time of acquisition. The bid rate shall be the closing rate at NASDAQ OMX Copenhagen - all trades at 17.00 o'clock.

This authorisation is granted to the Company's Board of Directors for the period until the next ordinary General Meeting.

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Adoption of the proposals referred to in items 1, 2, 3, 4, 5, 6, 7d, and 7e requires a simple majority of votes.

Adoption of the remaining proposals referred to in items 7a, 7b, and 7c requires a special majority, cf. Section 106 of the Danish Companies Act and Article 16 of the Articles of Association. According to this, the adoption of such proposals requires the affirmative votes of at least two-thirds of the votes cast as well as at least two-thirds of the votes represented at the General Meeting.

Shareholders who wish to attend the General Meeting must order admission cards no later than on 12 April 2012 in accordance with Article 11 of the Articles of Association. Please be informed that attendance of the General Meeting requires ordering an admission card prior to the General Meeting. Admission cards may be ordered from Bavarian Nordic A/S at [www.bavarian-nordic.com](http://www.bavarian-nordic.com), by telephone: +45 3326 8383, by fax: +45 3326 8380, or by submission of the enclosed order form for registered shareholders who receive the convening notice by post.

Admission cards will be provided to shareholders who are entitled to attend and vote at the General Meeting. Anyone who is registered as a shareholder in the register of shareholders on the date of registration, 9 April 2012, or who has made a request to such effect by that date is entitled to attend and vote at the General Meeting.

The ordered admission cards will to the extent possible be forwarded to the shareholders prior to the General Meeting. Admission cards, which have been ordered in due time, but which have not been received by the shareholder prior to the General Meeting, will be handed out at the entrance to the General Meeting upon the shareholder showing identification (for example a passport or driver's license).

A voting ballot will be handed out with the admission card specifying the number of votes of each shareholder.

Shareholders may vote by proxy. The proxy holder must provide a written and dated instrument of proxy. An instrument of proxy issued to the Board of Directors of the Company may only concern a specific General Meeting with an agenda that is known in advance. The Company will provide the shareholders with both written and electronic proxy forms. A written proxy form may be ordered from Bavarian Nordic A/S at [www.bavarian-nordic.com](http://www.bavarian-nordic.com), by telephone: +45 3326 8383, or by fax: +45 3326 8380 and is enclosed the convening notice sent to the registered shareholders, who have requested to receive the convening notice etc. by post. Shareholders may also notify the Company electronically of the appointment of a proxy at [www.bavarian-nordic.com](http://www.bavarian-nordic.com).

It is also possible for shareholders to vote by post. The Company will from 23 March 2012 make a postal voting form available for the shareholders on the Company's website [www.bavarian-nordic.com](http://www.bavarian-nordic.com). A postal voting form may also be ordered from Bavarian Nordic A/S at [www.bavarian-nordic.com](http://www.bavarian-nordic.com), by telephone: +45 3326 8383, or by fax: +45 3326 8380 and is enclosed the convening notice sent to the registered shareholders who have requested to receive the convening notice etc. by post. Postal votes must be sent to the Company at Bavarian Nordic, Hejreskovvej 10A, 3490 Kvistgård, Denmark, and must be received by the Company no later than 13 April 2012. Once the postal vote has been received by the Company, the vote cannot be revoked by the shareholder.

Shareholders may submit questions in writing to the Company regarding the agenda, the documents to be presented at the General Meeting or the general position of the Company. Questions may be submitted by post or e-mail to [info@bavarian-nordic.com](mailto:info@bavarian-nordic.com). Questions will be answered in writing or orally at the General Meeting.

The following documents and information will be available on the Company's website at [www.bavarian-nordic.com](http://www.bavarian-nordic.com) from 23 March 2012 to 16 April 2012 (both days included): 1) The notice convening the General Meeting; 2) The total number of shares and voting rights as at the date of the convening notice; 3) All documents to be submitted to the General Meeting, including the annual report for 2011 containing the audited annual and consolidated accounts etc.; 4) The agenda and the full text of all proposals to be submitted to the General Meeting; and 5) Postal and proxy voting forms.

The Company's share capital amounts to DKK 260,943,610 divided into shares in the denomination of DKK 1 and multiples thereof. Each share of a nominal value of DKK 10 gives one vote.

Kvistgård, 21 March 2012

Asger Aamund  
Chairman of the Board

#### Contact

Anders Hedegaard, President & CEO. Phone +45 23 20 30 64

#### About Bavarian Nordic

Bavarian Nordic is a vaccine-focused biotechnology company developing and producing novel vaccines for the treatment and prevention of life-threatening diseases with a large unmet medical need. The company's pipeline targets cancer and infectious diseases, and includes ten development programs. In oncology, the company's lead program is PROSTVAC<sup>®</sup>, a therapeutic vaccine candidate for advanced prostate cancer that is the subject of an ongoing pivotal Phase 3 trial and is being developed under a collaboration agreement with the National Cancer Institute. In clinical Phase 1 and Phase 2 trials, PROSTVAC<sup>®</sup> has been tested in nearly 600 patients. In infectious diseases, the company's lead program is IMVAMUNE<sup>®</sup>, a third-generation smallpox vaccine candidate that is being developed and supplied for emergency use to the U.S. Strategic National Stockpile under a contract with the U.S. Government. For more information, visit [www.bavarian-nordic.com](http://www.bavarian-nordic.com)