



Plan-les-Ouates, April 6, 2010

To the shareholders of Addex Pharmaceuticals Ltd

## Invitation to the Annual General Meeting

Thursday, April 29, 2010, 14:30 at Addex Pharmaceuticals Ltd, Chemin des Aulx 12, CH-1228 Plan-les-Ouates, Geneva (doors open at 14:00).

### Agenda

1. Approval of the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements for the business year 2009
2. Appropriation of the results
3. Discharge to the members of the Board of Directors and the Executive Management
4. Elections to the Board of Directors
5. Election of the Auditors
6. Amendments to the Articles of Association
  - 6.1 Creation and issue of 891 bons de jouissance (Genussscheine)
    - adoption of a new Article 3a of the Articles of Association;
    - amendment to the title of Section II of the Articles of Association;
    - renumbering of the current Article 3a and Article 3b of the Articles of Association; and
    - amendment to Article 25 of the Articles of Association.
  - 6.2 Amendment to the provision on conditional share capital (Article 3c of the Articles of Association)
  - 6.3 Adoption of the French text of the Articles of Association as the official version thereof (Article 29 of the Articles of Association)
7. Miscellaneous

## Motions and Explanations

### 1. Approval of the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements for the business year 2009

The Board of Directors **proposes** to approve the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements for the business year 2009.

### 2. Appropriation of the results

The Board of Directors **proposes** to:

- carry forward the accumulated loss of CHF 57,872,740 for the business year 2009 in full; and
- release CHF 3,116 from share premium to the treasury share reserve.

### 3. Discharge to the members of the Board of Directors and the Executive Management

The Board of Directors **proposes** that discharge be granted to the members of the Board of Directors and the Executive Management for their activities in the business year 2009.

### 4. Elections to the Board of Directors

The Board of Directors **proposes** to re-elect

- Vincent Mutel for a term of 3 years;
- Andrew Galazka for a term of 3 years; and
- Beat E. Lüthi for a term of 3 years,

as member of the Board of Directors.

#### ***Explanations***

The term of office of Vincent Mutel, Andrew Galazka and Beat E. Lüthi expires at the 2010 Annual General Meeting. Vincent Mutel has been the Vice-Chairman of the Board of Directors and Chief Executive Officer (CEO) of the Company and its predecessor company since 2003. He stands for re-election for a term of 3 years. Andrew Galazka has been a member of the Board of Directors of the Company and its predecessor company since 2004. He stands for re-election for a term of 3 years. Beat E. Lüthi has been a member of the Board of Directors of the Company since 2007. He stands for re-election for a term of 3 years.

Detailed CVs are available at the Company's website at <http://www.addexpharma.com/about-us/board-of-directors>.

### 5. Election of the Auditors

The Board of Directors **proposes** the re-election of PricewaterhouseCoopers SA, Geneva, as Auditors for the business year 2010.

## 6. Amendments to the Articles of Association

### ***Introductory explanations***

The Company has experienced a serious set back in its product development pipeline that was announced on December 15, 2009 (termination of the development of the Company's lead product, ADX10059) and consequently its share price has experienced a decline of approximately 70% since the December 14, 2009 pre-announcement closing share price of CHF 39.75.

As a result, all employee share options are significantly out of the money and consequently no longer function as an effective equity incentive. At December 31, 2009, 275,550 options were outstanding with an average strike price of CHF 37.26 (ranging from CHF 30.42 to CHF 65.27) compared to the current share price (as of March 24, 2010) of CHF 13.15.

While the Board of Directors is fully aware of the impact this set back has had on our shareholders, the Board of Directors believes that it is imperative to maintain an effective equity incentive programme for the employees of the Group. The Board of Directors currently has at its disposal the employee share option plan (ESOP) and the shareholders have approved a related conditional share capital of CHF 900,000 at the AGM of April 16, 2009, of which CHF 891,250 has not been used and remains available. The Board of Directors intends to replace the current ESOP and all outstanding options with an equity incentive plan based on bons de jouissance. The creation of 891 bons de jouissance will provide the Company with an instrument for the Board of Directors to efficiently use the CHF 891,250 of already approved available conditional share capital. In this regard, the Board of Directors is proposing certain amendments to the Articles of Association to effect the creation of bons de jouissance.

### **6.1 Creation and issue of 891 Bons de jouissance (Genussscheine)**

The Board of Directors **proposes** to (i) create and issue 891 registered bons de jouissance (Genussscheine) within the meaning of article 657 of the Swiss Code of Obligations to be granted to employees and/or directors of the Company or Group companies, and accordingly to (ii) adopt a new Article 3a, amend the title of Section II, renumber the current Article 3a and Article 3b and amend Article 25 of the Articles of Association, as follows:

#### **(i) Proposed New Article 3a**

##### Article 3a

##### **Bons de jouissance**

The Company has issued 891 (eight hundred and ninety-one) registered bons de jouissance (bons de jouissance/Genussscheine) to be granted to employees and/or directors of the Company or a group company according to respective regulations of the Board of Directors.

The bons de jouissance are uncertificated.

The bons de jouissance are transmissible only with the prior consent of the Board of Directors.

The bons de jouissance do not form part of the share capital and do not have a nominal value. They do not grant any right to vote nor the right to attend Meetings of Shareholders. Each bon de jouissance grants (i) a right to subscribe for 1,000 shares and (ii) a right to liquidation proceeds of the Company identical to that of a registered share.

The Company shall maintain a register of holders of bons de jouissance listing the surname and first name (in the case of legal entities, the company name), address and nationality (in the case of legal entities, the registered office) of the holders of bons de jouissance.

The provisions regarding the share register (Article 5 of the Articles of Association) shall apply mutatis mutandis to the register of holders of bons de jouissance.

The Board of Directors may at any time hold, acquire or alienate bons de jouissance for the account of the Company. The Company can at any time cancel bons de jouissance.

## (ii) Amendment to the title of Section II

### Current title of Section II

II. Share Capital, Shares Certificates, Shares Register, Nominees

### Proposed title of Section II

II. Share Capital, Bons de Jouissance, Share Certificates, Share Register, Nominees

## (iii) Renumbering of the current Article 3a and Article 3b

### Current version

Article 3a

#### Authorized Share Capital

[...]

Article 3b

#### Conditional Share Capital

[...]

### Proposed new version

Article ~~3a~~3b

#### Authorized Share Capital

[...]

Article ~~3b~~3c

#### Conditional Share Capital

[...]

## (iv) Amendment to Article 25

### Current version

Article 25

#### Dissolution, Liquidation

The Meeting of Shareholders may at any time resolve the dissolution and liquidation of the Company in accordance with the provisions of the law and of the Articles of Association.

The liquidation shall be carried out by the Board of Directors to the extent that the Meeting of Shareholders has not entrusted the same to other persons.

The liquidation of the Company shall take place in accordance with article 742 seq. CO. The liquidators are authorized to dispose of the assets (including real estate) by way of private contract.

After all debts have been satisfied, the net proceeds shall be distributed among the shareholders in proportion to the amounts paid-in.

### Proposed new version

Article 25

#### Dissolution, Liquidation

The Meeting of Shareholders may at any time resolve the dissolution and liquidation of the Company in accordance with the provisions of the law and of the Articles of Association.

The liquidation shall be carried out by the Board of Directors to the extent that the Meeting of Shareholders has not entrusted the same to other persons.

The liquidation of the Company shall take place in accordance with article 742 seq. CO. The liquidators are authorized to dispose of the assets (including real estate) by way of private contract.

After all debts have been satisfied, the net proceeds shall be distributed among the shareholders and the holders of bons de jouissance in proportion to the ~~amounts paid in~~ number of shares and the number of subscription rights attached to the bons de jouissance.

### **Explanations**

The Board of Directors would like to grant bons de jouissance to employees and/or directors of the Company or Group companies under a new incentive plan to be set up, thus providing an increased incentive for them to contribute to the success of the Company and the long-term business value of the Group. Each bon de jouissance shall grant its holder (i) a right to subscribe for 1,000 shares in the Company, and (ii) a right to liquidation proceeds equal to that of shareholders. It shall not grant any right to vote or to attend general meetings of the shareholders, nor any right to a share of the profit or to dividend. The conditions and modalities of the grant and disposal of the bons de jouissance and of the exercise of subscription rights attached thereto shall be governed by the respective regulations of the Board of Directors.

## **6.2 Amendment to the provision on conditional share capital (Article 3c of the Articles of Association)**

Subject to the approval by the shareholders of the Company of item 6.1 above, the Board of Directors **proposes** to amend the new Article 3c (currently Article 3b) of the Articles of Association as follows:

### **Current Version**

Article 3b

#### **Conditional Share Capital**

A) The share capital of the Company may be increased by a maximum aggregate amount of CHF 891,250.– through the issuance of a maximum of 891,250 registered shares, which shall be fully paid-in, with a par value of CHF 1 per share by the exercise of option rights which the employees or directors of the Company or a group company are granted according to respective regulations of the Board of Directors. The pre-emptive rights of the shareholders are excluded. The acquisition of registered shares through the exercise of option rights and the subsequent transfer of the registered shares shall be subject to the transfer restrictions provided in Article 5 of the Articles of Association.

B) [...].

### **Proposed New Version**

Article ~~3b~~3c

#### **Conditional Share Capital**

A) The share capital of the Company may be increased by a maximum aggregate amount of CHF 891,250.– through the issuance of a maximum of 891,250 registered shares, which shall be fully paid-in, with a par value of CHF 1 per share by the exercise of option rights or subscription rights attached to bons de jouissance which the employees and/or directors of the Company or a group company are granted according to respective regulations of the Board of Directors. The pre-emptive rights of the shareholders are excluded. The acquisition of registered shares through the exercise of option rights or subscription rights granted to the holders of bons de jouissance and the subsequent transfer of the registered shares shall be subject to the transfer restrictions provided in Article 5 of the Articles of Association.

B) [...].

### **Explanations**

At present, the Company has a conditional share capital pursuant to which its share capital may be increased by a maximum amount of CHF 891,250 by issuing a maximum of up to 891,250 shares, to directors and/or employees of the Company or a Group company who exercise option rights granted to them under the Company's equity incentive plans. The shareholders of the Company have accepted both the issue of such share capital and the exclusion of their pre-emptive rights in this respect.

To date, the Company has granted 331,300 option rights, of which 275,500 were outstanding at December 31, 2009; 8,750 options were exercised in 2009, as a consequence of which the share capital was increased by CHF 8,750 and the initial conditional share capital of CHF 900,000 was reduced to CHF 891,250.

The Board of Directors proposes to amend the existing provision on conditional share capital to cover not only shares issued pursuant to the exercise of option rights granted to directors and/or employees of the Company or a Group company, but also those issued pursuant to the exercise by the holders of bons de jouissance of their subscription rights.

The proposal does not impact the potential dilution of the shareholders which remains the same. The proposal only aims at securing that shares issued under any equity incentive plan set up by the Board of Directors including any equity incentive plan with bons de jouissance, be treated similarly and that shares can be issued out of the conditional share capital which was initially created to cover all equity incentive plans.

The conditional share capital for the exercise of warrants and/or notes granted in connection with bonds, obligations or similar debt instruments or options granted by the Company shall remain unaffected.

### **6.3 Adoption of the French text of the Articles of Association as the official version thereof (Article 29 of the Articles of Association)**

The Board of Directors **proposes** to amend Article 29 of the Articles of Association as follows:

<b>Current version</b>	<b>Proposed new version</b>
<u>Article 29</u>	<u>Article 29</u>
<b>Translation of the Articles of Association</b>	<b>Translation of the Articles of Association</b>
The Articles of Association are translated in French. The English text is the only official version.	The Articles of Association are translated in <del>French</del> <u>English</u> . The <del>English</del> <u>French</u> text is the only official version.

#### ***Explanations***

Further to a recent change of practice, pursuant to which the commercial register of Geneva is reluctant to accept articles of association in a language other than French or in two languages with the language other than French being the prevailing language, the commercial register of Geneva has recommended to the Company, for the sake of convenience, that the French text of the Articles of Association be adopted as the official version thereof.

On behalf of the Board of Directors of Addex Pharmaceuticals Ltd



André J. Mueller, Chairman

#### Enclosures:

- Registration and Power of Attorney Form
- Return envelope to Addex Pharmaceuticals Ltd, Aktienregister, c/o ShareCommService AG, Europastrasse 29, CH-8152 Glattbrugg

## **Attendance Procedures and Documentation**

### **Registration and Participation to the Annual General Meeting**

Only shareholders entered in the share register with the right to vote on April 22, 2010 will be entitled to participate in the Annual General Meeting. From April 23, 2010 until April 29, 2010 no registrations will be entered in the share register. Shareholders with the right to vote will receive their admission cards upon request using the Registration and Power of Attorney Form enclosed with this invitation. The Registration and Power of Attorney Form should be sent to the Company's share register (ShareCommService AG, Aktienregister der Addex Pharmaceuticals Ltd, Europastrasse 29, CH-8152 Glattbrugg) as soon as possible. Admission cards will be sent out starting April 16, 2010.

Please note that you do not need to attend the Annual General Meeting in person and that you may be represented by:

- a) Addex Pharmaceuticals Ltd, as corporate proxy holder to exercise your voting rights in accordance with the proposals of the Board of Directors. Proxies with different instructions will be transferred to the independent proxy holder; or
- b) Robert P. Briner, attorney-at-law, Briner & Brunisholz, Cours des Bastions 5, CH-1205 Geneva, as independent proxy holder.

You can authorize Mr. Briner to act as your representative (with substitution rights) in accordance with article 689c of the Swiss Code of Obligations. Mr. Briner will vote as instructed by you. If no instructions have been given, or shall the instructions not be clear, Mr. Briner will vote in favour of the Board's proposal(s); or

- c) a proxy which can be another person who does not need to be a shareholder, e.g. your depository bank (in accordance with article 689d of the Swiss Code of Obligations).

To authorize another person, e.g. your depository bank, you have to fill in this person's name on the proxy form on the reverse side of the admission card, which you will receive upon request using the Registration and Power of Attorney Form enclosed with this invitation. In order to allow the authorized person to participate in the Annual General Meeting you need to hand the admission card to that person.

### **Documentation**

The invitation to the Annual General Meeting, the agenda and the proposals of the Board of Directors has been sent to the duly registered shareholders of the Company.

The Annual Report, including the Annual Financial Statements, the Group Consolidated Financial Statements for the business year 2009 containing the reports of the Auditors and the French text of the Articles of Association will be mailed upon request, which may be made by returning the Registration and Power of Attorney Form enclosed with this invitation.

The Annual Report and the French text of the Articles of Association are also available to the shareholders at the Company's head office at Chemin des Aulx 12, 1228 Plan-les-Ouates, Geneva, Switzerland or on the internet via [www.addexpharma.com](http://www.addexpharma.com) from March 26, 2010.

### **Language**

The Annual General Meeting will be held partially in French and partially in English. There will be no simultaneous translation of the Annual General Meeting