



Chairman's presentation at the AGM 2011

Dear shareholders, guests and employees,

The past financial year, 2010 was successful, and in many respects, exciting. Not least, the company's shareholders were able to witness the share price increasing by over 70%, significantly outperforming the sector average and the stock market generally.

The strategic change process that began some two years ago with our research portfolio and then transformed into the first steps of putting the strategic components in place to build Medivir into *a profitable, innovative, research-based Nordic specialty pharmaceutical company with its own marketing organization*, initially on its home market, took clearer shape in the year:

- Our preclinical projects are now fully focused on infectious diseases.
- We are continuing clinical development of projects further into the clinical phases, thus building more shareholder value before entering commercial partnership solutions. This also applies to projects outside the infection segment.
- We have introduced, what we think, are effective and value-creating project management systems, so we are better able to prioritize and match the best projects.
- We have extended and deepened our partnership relations within research and development, and commercially.
- Our competent people were not only driven by 'innovation' in the year, but also by better interaction in project groups, which will be the key to continued success—first and foremost on projects, but also in the process of finding good commercial collaboration partners.
- *An Extraordinary General Meeting follows immediately after this Annual General Meeting*, where we are seeking our shareholders' support to take a major commercial step forward by requesting that you support the Board of Directors' proposal to acquire BioPhausia, which would confer us with a good platform and the necessary infrastructure, in particular for launching TMC435 for treating hepatitis C on the Nordic market ourselves.
- With support from you, our shareholders, we also conducted two new share issues in the year (one rights issue and one private placement). They enabled us to increase the company's pace of strategic development. In addition, the private placement extended and internationalized our shareholder base.

In a moment, our CEO Ron Long will go over 'the past year' in more detail, while also dealing with the BioPhausia acquisition a little more closely. Instead, I will be offering a brief summary of the work of the Board and its Committees. The full Corporate Governance Report can be found on page 38 of our Annual Report.

- The work of the Board of Directors and its Committees conforms to the Swedish Code of Corporate Governance.

- Naturally, the Board of Directors has rules of procedure and instructions for the CEO that regulate when Board meetings should take place and the division of duties between the Board and CEO.
- The Board elected its officers on 29 April 2010, and held 17 minuted meetings in the year, all of which were quorate. Anna Malm Bernsten did not participate at a number of Board meetings to avoid conflict of interest from her simultaneous membership of BioPhausia's Board.
- Iain Morrison, Medivir's Patent Lawyer, was Board Secretary, although he was not a member of the Board. Other employees also participated at Board meetings, but to report on various matters.
- In the year, the Board primarily dealt with matters relating to strategy, research and development, collaborations with other companies, finance, quarterly reports, and naturally, our annual financial statement.
- In 2010, the Board of Directors had three committees:
 - Remuneration Committee
 - R&D Committee
 - Audit Committee

Since the previous year, the members of the Remuneration Committee have been Ingemar Kihlström as Chairman, and myself. The Committee has a consultative function and has submitted recommendations to the whole Board of Directors for decision. The Remuneration Committee held two recorded meetings in the year, and a large number of informal contacts in the intervening periods. The matters the Committee considered included:

- remuneration and other employment terms for senior managers including the CEO
- principles and guidelines for remuneration to all employees
- appraisal of management's and the CEO's performance.

The duty of the R&D Committee is to help ensure that management, measurement and prioritization systems are in place for our projects in consultation with management, and to review Medivir's project portfolio in depth twice yearly. The R&D Committee should also approve when a project enters specific phases, takes decisions on appointing project managers, and offers general guidance on complex scientific issues.

Ingemar Kihlström and our CEO, Ron Long, were the members of this Committee, with Ron Long as Chairman. The R&D Committee had one experienced international expert co-opted. The R&D Committee held three minuted meetings in the year.

Björn Andersson was Chairman and Anna Malm Bernsten was a member of the Audit Committee. Björn and Anna both possess audit competence and are not affiliated to the company or shareholders. Christina Kassberg, who is Medivir's Vice President of Business Control and Administration, was Secretary of the Audit Committee. The Audit Committee held three minuted meetings in the year.

The Committee offered assistance to the Board of Directors on evaluating the company's risk management, the company's governance and internal controls, and quality-assured its



financial reporting. The Audit Committee met the company's Auditors on a continuous basis, and continuously appraises audit work. The company's Auditor also participated in those Board meetings where audit issues were dealt with. Through its Chairman, the Audit Committee also supported the Nomination Committee in selecting Auditors.

In my capacity as Chairman of Medivir, I personally participated in the work of the Nomination Committee for the Annual General Meeting, which the Chairman of the Nomination Committee, Maria Wikström of Länsförsäkringar Fonder, will review a little later.

The whole Board was also involved in the preparation of the Board of Directors' proposal for authorization to conduct a new share issue in the year and as will be handled in the subsequent EGM, the Board's proposal to acquire BioPhausia. However (as previously stated) Anna Malm Bernstein did not participate in the latter work.

Are there any questions regarding the work of the Board of Directors?

Thank you. I now hand over the floor to our CEO, Ron Long.

Stockholm 5 May 2011