

By Electronic Mail & Courier Service

Basilea Pharmaceutica Ltd.
The Board of Directors
Grenzacherstrasse 487
CH-4005 Basel
Switzerland

Attention: Mr. Werner Henrich, Chairman

Grand Cayman, October 4, 2011

Request to call an Extraordinary Shareholders Meeting

[Antrag auf Durchführung einer a.o. Generalversammlung]

Dear Mr. Henrich,

Reference is made to the telephone conversation between yourself, Hans Peter Hasler, Chairman of HBM BioVentures AG, and Dr. Andreas Wicki, CEO of HBM BioVentures AG on September 28, 2011 and we summarize the same as follows:

As reported on September 17, 2011, HBM BioVentures (Cayman) Ltd. held 1,460,179 registered shares or 15.23% of the outstanding shares of your company, making it its largest single shareholder. HBM BioVentures (Cayman) Ltd, is a wholly owned subsidiary of HBM BioVentures AG, Zug , listed on SIX Swiss Exchange (ticker: HBMN).

HBM BioVentures (Cayman) Ltd. is invested globally in mature companies in the biotechnology / human medicine, diagnostics and medical technology sectors and holds and

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manages an international portfolio of some twenty five promising companies, closely tracking these companies and actively participating in the definition of their strategy. This was the reason for the before-mentioned telephone conversation and is the purpose of this letter.

After assessing Basilea's business case independently, the conclusion was that a number of steps need to be taken in order to unlock what we see as Basilea's substantial untapped potential. Releases of important data can be expected to take place in the very near future, triggering business negotiations with potential industry partners. A solid negotiating position is in the interest of all stakeholders in Basilea.

In order to support the evaluation and implementation of strategic decisions and to unlock Basilea's untapped potential, we propose to strengthen the Board of Directors with the following independent candidates:

Dr. Thomas WERNER, 1956, German citizen. Dr. Werner is a senior-level pharmaceutical executive with over 26 years experience in the pharmaceutical industry, most recently as Managing Director and Senior Vice President of GlaxoSmithKline Germany. Prior to that, he held senior positions at Glaxo Wellcome Germany, Bristol-Myers Squibb Germany and Convatec Germany. Dr. Werner sits on the Board of SkyePharma plc and on the Board of Trustees of both the Paul Ehrlich Association and the Robert Koch Foundation. He holds a degree in chemistry from the University of Göttingen.

Dr. Seng Chin MAH, 1959, Swiss citizen. Dr. Mah is an accomplished leader in pharma and biotech with over twenty years experience of operating in various challenging global leadership positions. He is CEO of Canyon Pharmaceutical Group AG, Switzerland. Prior to that, he had a long and distinguished career at Ciba-Geigy Ltd / Novartis, Switzerland, in regulatory affairs and as Global Head of Clinical Safety and Epidemiology. Dr. Mah holds a PhD in biochemistry from the University of Basel and a BSc in pharmacology from the University of London.

Dr. Thomas M. RINDERKNECHT, 1954, Swiss citizen. Dr. Rinderknecht is an accomplished attorney at law and senior partner at Badertscher Rechtsanwälte AG, Zurich and Zug. He has particular experience in the pharma business, having served on the Board of directors of many biotech, pharma and medtech companies including Speedel AG, Basel, and GlycArt Biotechnology AG, Schlieren. He currently serves as chairman of Canyon Pharmaceuticals AG, Zug, and vice-chairman of APR Applied Pharma Research SA, Balerna. Dr. Rinderknecht holds a PhD in law from the University of Zurich and is admitted to the Bar in Zurich, Switzerland.

In order to implement these changes, we are calling for an extraordinary shareholders' meeting to take place no later than November 30, 2011.

We are convinced that our proposal offers Basilea's stakeholders a unique opportunity to profit from these three new and independent Board members with extensive and recent experience across the biotech, pharmaceutical and corporate finance sectors – skills and experience that will serve the Board well. Equally important is that these new Board members will bring new ideas and perspectives. Going forward, the objective evaluation of all available options and avenues will be crucial to create a secure workplace for the employees and value for the shareholders. In addition, we will propose in due course an additional Board candidate with a convincing background in financial management.

Based hereupon and on the applicable rules and regulations, **we ask you to convene an extraordinary meeting of the Basilea shareholders. The invitations shall be sent to the shareholders by October 31, 2011, and the shareholders' meeting shall take place no later than November 30, 2011.**

[HBM stellt dem Verwaltungsrat der Gesellschaft den Antrag, dass dieser bis am 31. Oktober 2011 eine a.o. Generalversammlung einberuft, und dass diese spätestens am 30. November 2011 stattfindet:]

We request to have the following agenda items and proposals submitted to this extraordinary shareholders meeting:

[Wir verlangen, dass dieser ausserordentlichen Generalversammlung das nachfolgenden Traktandum und Antrag vorgelegt werden:]

Board of Directors**Election of New Board Members**

[Traktandum Zuwahl in den Verwaltungsrat]

Proposal of HBM BioVentures to the extraordinary shareholders meeting:

[Antrag von HBM BioVentures an die ausserordentliche Generalversammlung:]

The following individuals shall be elected as Board members:

[Die nachfolgend genannten Personen seien zu wählen:]

- **Dr. Thomas WERNER**
- **Dr. Seng Chin MAH**
- **Dr. Thomas M. RINDERKNECHT**

for a term of three years, i.e. until the ordinary shareholders meeting 2014, covering the business year 2013.

[für eine Amtsdauer von drei Jahren, das heisst bis zur ordentlichen Generalversammlung 2014 über das Geschäftsjahr 2013.]

End of Agenda Item and proposals

[Ende der Anträge]

We welcome your suggestion to add a fourth proposed new member to the Board of Directors, a candidate with suitable financial background (ex-CFO). We are aware of a number such candidates and will provide you with their CVs' in order to select, by mutual agreement, a person to be included in the proposals to the extraordinary shareholders meeting.

In light of Basilea's current and excessively low share price, we expect the Board of Directors to seriously consider repurchases of the company's shares. Because the responsibility for the use of the company's liquidity belongs to the Board, we will at this time

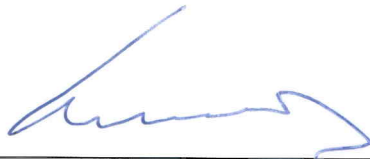
abstain requesting that share repurchases be put on the agenda for the requested shareholders' meeting.

The aforementioned opinions and requests should not prevent further dialogue and we are certainly willing to discuss the matter with you, and address your questions, explain our concerns about the current share price development and give you our view regarding the implementation of a new long term strategy.

On the whole, we simply believe that Basilea is entering a phase in its development where several crucial decisions need to be taken by the Board of Directors. The new Board composition will ensure that these decisions are taken with the interests of all stakeholders in mind.

Please be assured that, as a major shareholder of your company, we are committed to a long-term effort and a close relationship with the Board of Directors and we will be happy to meet you or your representatives at your earliest convenience.

Yours sincerely,
HBM BioVentures (Cayman) Ltd.



John Arnold,
Chairman & Managing Director