

## ÖSSUR HF.'S ANNUAL GENERAL MEETING 2013

### PROPOSED RESOLUTIONS AND COMMENTS ON EACH ITEM ON THE AGENDA

1. *The Board of Directors' report on the activities of the Company for the preceding year.*

The report will be presented by Mr. Niels Jacobsen, the Chairman of the Board of Directors.

2. *Decision on the distribution of the net profit of the Company over the fiscal year 2012.*

The Board of Directors proposes the Company pays a dividend of DKK 0.10 per share to shareholders for the year 2012, corresponding to approximately 22% of the Company's net profits. The Ex-Date is 18 March 2013, the Record Date is 20 March 2013 and the Payment Date is 5 April 2013.<sup>1</sup>

The Board proposes the remaining net profits in 2012 are carried over to the following year.

The proposal is made in conformity with the Company's Dividend Policy approved by the Board of Directors in February 2013:

*Össur's policy is to distribute a relatively stable dividend. The dividends will be decided annually in DKK per share based on realized earnings, the operational outlook and capital considerations, starting at DKK 0.10 per share equivalent to 22% of net earnings in 2012.*

*In addition, Össur intends to purchase own shares with the aim to maintain a desired capital level of net interest bearing debt at USD 40 – 120 million.*

*Össur will continue to evaluate annual dividends and the purchase of own shares against the objectives of maintaining a solid financial position and the need for strategic investments.*

Shareholders, who have their Össur shares on a Danish (non-Icelandic) custody account, will receive the dividends in DKK.

Shareholders, who have their Össur shares on an Icelandic custody account, can elect to receive the dividend in DKK if they notify the Company no later than on the date of the AGM by email to [ir@ossur.com](mailto:ir@ossur.com) which includes information on the shareholder's DKK bank account, i.e. the account holder's name and address, IBAN number and SWIFT code. If no request is received which fulfills the aforementioned conditions, the dividend will be paid out to the relevant shareholders in ISK as per the Icelandic Central Bank's official mid-DKK exchange rate on the date of the AGM.

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<sup>1</sup> **Ex-Date:** The day when trading commences without dividends (the next business day after the AGM).

**Record Date:** The day shareholders have to be registered in the share registry to be entitled to receive dividends (the third business day after the AGM). This means that shareholders that have purchased shares on the day of the AGM will receive dividends, see comment on Ex-Date above.

**Payment Date:** The day when dividends are paid out to shareholders (three weeks after the AGM).

3. *Submission of the Consolidated Financial Statements of the Company for the preceding year for confirmation.*

The Board of Directors proposes the Consolidated Financial Statements for 2012 are approved.

The Consolidated Financial Statements are available on the Company's website, [www.ossur.com/investors/AGM](http://www.ossur.com/investors/AGM)

The Consolidated Financial Statements for 2012 will be presented by Mr. Jón Sigurðsson, President and CEO.

4. *The Board of Directors' report on remuneration and benefits.*

A report on the remuneration and benefits of the Board of Directors, the CEO and Executive Management, the expected costs related to share option agreements and execution of the Remuneration Policy.

The report will be presented by Mr. Niels Jacobsen, the Chairman of the Board of Directors.

5. *Decision on the Company's Remuneration Policy.*

The Board of Directors proposes the Remuneration Policy for the Company, approved at the Annual General Meeting in 2012, is approved without any changes.

The Remuneration Policy is available on the Company's website, [www.ossur.com/investors/AGM](http://www.ossur.com/investors/AGM)

6. *Decision on remuneration to the Board of Directors for 2013.*

The Board of Directors proposes the remuneration to the Board for 2013 will be same as in 2012 (and was approved by the Annual General Meeting in 2012):

Chairman of the Board	USD 80,000
Vice Chairman of the Board	USD 48,000
Board Members	USD 32,000

In addition, the Company will pay statutory related expenses as before.

7. *Election of the Board of Directors.*

The Board proposes that its size shall remain unchanged and that all the current Board Members are re-elected, except Mr. Þórður Magnússon, who does not seek re-election. The Board proposes Guðbjörg Edda Eggertsdóttir takes his seat on the Board.

Accordingly, the Board candidates are:

Mr. Niels Jacobsen  
Dr. Kristján Tómas Ragnarsson  
Mr. Arne Boye Nielsen  
Dr. Svafa Grönfeldt  
Mrs. Guðbjörg Edda Eggertsdóttir

When evaluating its size and composition, the Board takes into account the Company's operations, policies and practices and the knowledge, experience and expertise of each Board Member. In the Board's opinion the proposed size and composition complies with the Board's aim is to discharge its duties in an efficient manner with integrity in the best interest of the Company.

Information on the Board candidates:

**Mr. Niels Jacobsen**, Chairman of the Board of Directors, born in 1957, resides in Denmark. Member of the Board since 2005 and Chairman since 2006. Mr. Jacobsen is President and CEO of William Demant Holding A/S, a Danish industrial group in the hearing healthcare field. Previous positions include President of Orion A/S and Vice President in corporate affairs for both Atlas Danmark A/S and Thrige-Titan A/S. Mr. Jacobsen is also a board member of a number of Danish companies and organizations, including LEGO A/S (chairman), KIRKBI A/S (deputy chairman), A.P. Møller-Mærsk A/S (deputy chairman) and he holds directorships in a number of wholly and partly owned companies in the William Demant Group, including Oticon A/S (chairman), William Demant Invest A/S (general manager), Sennheiser Communications A/S, HIMPP II A/S (chairman), HIMSA A/S (chairman) and HIMSA IIA/S (board member). Furthermore, he holds a seat on the central board of the Confederation of Danish Industries. Mr. Jacobsen holds a M.Sc. (Business Administration) from the University of Aarhus in Denmark (1983). He and his related parties hold 193,405 shares in the Company, but he holds no share options in the Company. Mr. Jacobsen is general manager of William Demant Invest A/S, the Company's largest shareholder, which holds 187,085,828 shares in the Company. He has no interest links with the Company's main clients or competitors. Mr. Jacobsen is a dependent member of the Board.

**Dr. Kristján Tómas Ragnarsson**, Vice Chairman of the Board of Directors, born in 1943, resides in the United States. Member of the Board since 1999 and Vice Chairman since 2012. Since 1986 Dr. Ragnarsson has served as a Professor and Chairman of the Department of Rehabilitation Medicine, the Mount Sinai Medical Center in New York City. He has also served as the Chairman of the Faculty Practice Associates Board of Governors at Mount Sinai School of Medicine and President of the Medical Board of the Mount Sinai Hospital. Dr. Ragnarsson graduated from the University of Iceland's School of Medicine in 1969 and was certified by the American Board of Physical Medicine and Rehabilitation in 1976. He and related parties hold 623,789 shares in the Company, but he holds no share options. Dr. Ragnarsson has no interest links with the Company's main clients, competitors or major shareholders. Dr. Ragnarsson is a dependent member of the Board.

**Mr. Arne Boye Nielsen**, Member of the Board of Directors since 2009, born in 1968, resides in Denmark. Mr. Nielsen has spent his entire career with William Demant Holding A/S in various and expanding roles throughout the world. After working as a management assistant to Mr. Niels Jacobsen and as an interim general manager of Oticon Australia Pty Ltd., Mr. Nielsen assumed in 1996 his current position as President of Diagnostic Instruments which has operations worldwide. In 2003 he became a member of the management group in William Demant Holding A/S. Mr. Nielsen is a member of the board of Sennheiser Communications A/S and Phonic Ear A/S as well as president of Interacoustics A/S and director of Maico Diagnostic in Berlin, Germany. Mr. Nielsen has a B.Sc. degree and a M.Sc. degree in Business Administration from the Copenhagen Business School in Denmark. He neither has shares nor share options in the Company. Mr. Nielsen was nominated to the Board by William Demant Invest A/S, the Company's largest shareholder. He has no interest links with the Company's main clients or competitors. Mr. Nielsen is a dependent member of the Board.

**Dr. Svafa Grönfeldt**, Member of the Board of Directors since 2008, born in 1965, resides in Iceland. Dr. Grönfeldt is the Chief Organizational Development Officer of Alvogen, an American generic pharmaceutical company. Previous positions include president of Reykjavik University, deputy to the CEO of Actavis Group hf., assistant professor in the Faculty of Economics and Business Administration at the University of Iceland and managing director and managing partner of IMG Gallup/Deloitte. Dr. Grönfeldt holds a doctorate in industrial relations from the London School of Economics. She neither holds shares nor share options in the Company. Dr. Grönfeldt has no interest links with the Company's main clients, competitors or major shareholders. Dr. Grönfeldt is an independent Board member.

**Mrs. Guðbjörg Edda Eggertsdóttir**, Board candidate, born in 1951, resides in Iceland. Mrs. Eggertsdóttir is the President Iceland & EVP Strategic Projects of Actavis Group hf., a global integrated specialty pharmaceutical company. Previous positions include Deputy CEO and EVP Third Party Sales at Actavis Group hf.; Deputy CEO, Head of R&D, Assistant Managing Director, Development Manager, Regulatory Manager and Marketing Manager at Delta hf.; and Medical Representative at Pharmaco hf. Furthermore, she is the President of the European Generic Medicines Association, holds a seat on the board of Iceland Chamber of Commerce and is the chairman of the Board of Directors of Auður Capital hf., and is also an alternate board member of Promote Iceland. Other board seats include Director of PrimaCare ehf., Pretium ehf., Actavis Group PTC ehf. and Medis ehf. Mrs. Eggertsdóttir holds a M.Sc. (Pharm.) from Copenhagen University (1976). She holds 26,318 shares in the Company, but she holds no share options in the Company. Mrs. Eggertsdóttir has no interest links with the Company's main clients, competitors or major shareholders. If elected, Mrs. Eggertsdóttir will be an independent Board member.

Shareholders are advised that according to Article 63 a. of the Icelandic Companies Act No. 2/1995, written notices on candidature to the Board of Directors can be made until 5 days before the Annual General Meeting. Thus, updated information on all candidates to the Board of Directors will be made available to the shareholders no later than 2 days before the Annual General Meeting.

#### *8. Election of Auditors.*

The Board of Directors proposes, in conformity with the Audit Committee's recommendations to the Board, to re-elect Deloitte hf. as the Company's Auditors.

#### *9. Motion to grant an authorization to purchase own shares.*

The Board of Directors proposes that the Annual General Meeting approves the following motion:

The Board of Directors is authorized, until the next Annual General Meeting, to allow the Company to purchase own shares of up to 10% of the Company's share capital. The purchase price shall not be more than 10% above or 10% below the market price on NASDAQ OMX where the shares are purchased. Notwithstanding the foregoing, the purchase price shall always be determined within the limits of the law at the time of purchase.

This authorization is granted in accordance with Article 55 of the Icelandic Companies Act No. 2/1995.

Shareholders are advised that the authorization may be utilized to purchase own shares with the intent to maintain a desired capital level in line with the Company's Dividend Policy approved by the Board of Directors, see item 2 above.

*10. Any other business lawfully submitted or accepted for discussion by the Annual General Meeting.*

No other business has been submitted.

Shareholders have the right to put items on the agenda and submit proposed resolutions until the final agenda and proposals are issued on Friday 1 March 2013.