



PRESS RELEASE AUGUST 17, 2005

Biovitrum and Santhera sign an exclusive license and collaboration agreement for the development of DPP-IV inhibitors for the treatment of type 2 diabetes and other metabolic diseases

Biovitrum AB, Sweden, and Swiss-based Santhera Pharmaceuticals AG have signed a license and collaboration agreement that grants Biovitrum the exclusive worldwide rights to Santhera's DPP-IV inhibitor program to select and develop compounds and sell future drugs for a range of metabolic diseases, including type 2 diabetes, obesity and metabolic syndrome.

Under the terms of the agreement, Santhera will receive an upfront payment of Euro 4 million. In addition, this Biotech to Biotech deal allows both parties to receive a significant part of the commercial value of the overall project. Biovitrum and Santhera will share revenues according to a fixed percentage split of future revenues which could include milestones and royalties from sub-licensees. This means Santhera could receive milestone payments which exceed Euro 50 million per marketed product before royalties.

The DPP-IV inhibitor program comprises several distinct chemical series which are protected by a very solid and diverse IP estate. The compounds' excellent selectivity towards DPP-IV related enzymes, non-covalent binding mode, and attractive pharmacokinetic data results in an overall profile which is highly competitive as compared to other published DPP-IV inhibitors. It is anticipated that the first candidate drug from the DPP-IV program will be selected in Autumn 2005 with Phase I studies starting in 2006.

DPP-IV inhibitors represent one of the most promising new diabetes treatments. They act through enhancing glucose sensitive insulin secretion and insulin sensitivity and, compared to existing treatments, are expected to offer a superior side effect profile in terms of greatly reduced risk of hypoglycemia, weight gain, fluid retention and nausea. DPP-IV inhibitors also offer the convenience of oral dosing. Type 2 diabetes is the most common form, accounting for approximately 90% of all diabetes and affecting some 17 million people in the US alone.

"We are very pleased to collaborate with Santhera on the development of this important new class of oral anti-diabetic drugs, which is generally considered to be among the most promising future treatments for diabetes," says Mats Pettersson, Chief Executive Officer at Biovitrum.

"Santhera has developed an excellent and innovative medicinal chemistry capability with the diabetes DPP-IV inhibitor project as one of the strongest examples. Santhera's DPP-IV inhibitors' excellent safety and therapeutic profile will potentially

offer a strong competitive advantage in the marketplace. The signed agreement further consolidates our strength in the metabolic therapeutic area where Biovitrum has significant interests.”

Klaus Schollmeier, Ph.D., Chief Executive Officer of Santhera stated, “Biovitrum is an excellent partner because of its strategic focus on metabolic diseases and specialization in this field. We explored a number of competitive offers for our program and chose to work with Biovitrum as we were impressed by their level of expertise and commitment to developing products quickly and successfully.”

“Out-licensing the DPP-IV program fits perfectly with our corporate strategy to focus our pre-clinical and clinical development as well as commercialization activities in the field of neuromuscular diseases.”

Biovitrum

Biovitrum is one of the largest biotechnology companies in Europe, with operations in Stockholm and Uppsala, Sweden and in Cambridge, in the UK. The company combines research and development with commercial operations. The company's Research & Development operations focus on new pharmaceuticals in primarily obesity and diabetes, inflammation and pain as well as in cancer and eye diseases, while Biovitrum's Biopharmaceuticals develops and produces protein-based drugs on a contractual basis. Biovitrum also markets a number of specialist pharmaceuticals primarily in the Nordic countries. Within Biovitrum, approximately 300 people work in R&D and about 200 in Biopharmaceuticals and Product Sales.

For more information see www.biovitrum.com/.

Santhera Pharmaceuticals AG

Santhera Pharmaceuticals AG is a Swiss biopharmaceutical company focused on the discovery, development and marketing of small molecule pharmaceutical products for the treatment of neuromuscular disease. The company's lead product, SNT-MC17 (idebenone) is about to enter Phase III for the treatment of Friedrich's Ataxia, a niche indication for which it has orphan drug designation in both the US and EU. Santhera intends to market the product in the US, and has signed an agreement with Takeda to commercialise SNT-MC17 (idebenone) in Europe. Santhera was formed in 2004 through the merger of MyoContract AG and Graffinity Pharmaceuticals AG. For further information, please visit www.santhera.com

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