



Algeta signs \$800 million (€560m) global agreement with Bayer for development and commercialization of Alpharadin for bone metastases

Algeta retains option for co-promotion and profit sharing in USA

- **Potential deal value of \$800 million (€560m*) plus tiered double digit royalties**
- **Algeta to receive \$61 million (€42.5m) cash upfront, followed by development and sales milestones**
- **Algeta retains option for co-promotion and profit-sharing in USA**
- **Algeta and Bayer will jointly develop Alpharadin, with Bayer contributing a substantial majority of the costs of future development**

Oslo, Norway, 3 September 2009 - Algeta ASA (OSE:ALGETA), the cancer therapeutics company, announces today that it has entered into a global agreement with Bayer for the development and commercialization of Algeta's first in class alpha-pharmaceutical, Alpharadin. Alpharadin is currently being evaluated in a global phase III trial in men with hormone-refractory prostate cancer (HRPC) that has spread to the bone.

A conference call for analysts, press and investors hosted by President & CEO Andrew Kay will be held today at 10:00 CET – dial in details are given below.

Under the terms of the agreement, Algeta has an option for up to 50% co-promotion with Bayer in the United States under a profit-share arrangement. Bayer will commercialize Alpharadin globally and pay tiered double-digit royalties on net sales in markets where there is no co-promotion.

The Alpharadin deal with Bayer totals up to \$800 million (€560m) to Algeta. This is made up of an upfront payment of \$61 million (€42.5m) plus further cash payments based upon the achievement of certain development, production and commercialization milestones. Algeta will be responsible for manufacturing and supply of the commercial product.

Bayer will also contribute a substantial majority of the costs of future development of Alpharadin as a treatment for bone metastases resulting from HRPC and from other cancer indications, and will fully fund any additional late-stage trials.

Alpharadin is Algeta's lead cancer therapeutic. It is the first in a new class of alpha-emitting pharmaceuticals ('alpha-pharmaceutical') and is based on radium-223. Alpharadin is in a global phase III clinical trial (ALSYMPCA) designed to confirm its efficacy and safety as a targeted treatment for bone metastases in patients with HRPC. Alpharadin is administered as a simple injection and has a unique mode of action whereby it targets bone metastases specifically and exerts a highly localized effect on tumor cells while minimizing damage to normal surrounding tissues. In phase II studies, Alpharadin demonstrated strong evidence that it can prolong patient survival, improve quality of life and offer a benign safety profile.

Andrew Kay, CEO of Algeta, said, "This agreement is the culmination of an extensive process to establish and deliver the best possible commercialization strategy for Alpharadin. In Bayer we have selected a world-class oncology company with a proven global track record of launching major cancer products. We are very excited about working with the Bayer team to deliver this novel and potentially first choice treatment for cancer patients with bone metastases."

Kemal Malik, Head of Global Development and member of the Bayer HealthCare Executive Committee said, "We recognize the tremendous potential of Algeta's Alpharadin as a possible treatment for bone metastases in cancer patients – a serious, life-threatening condition. The data we have seen suggest that Alpharadin represents a highly targeted treatment option with convenient handling and manageable side effects. Bayer is committed to its global oncology franchise and has made significant progress in building a comprehensive pipeline of promising compounds that may provide innovative therapies to cancer patients in need of treatment."

Conference call details

A conference call for analysts, investors and press will take place today at 10:00 CET.

To participate in the conference call, please dial the appropriate number below:

800 80 119 (from Norway)
+47 23 00 04 00 (from abroad)

The presentation will be made available on www.algeta.com in the Investors section from 09:00 CET.

To access the replay, please dial +47 67 89 40 91. Enter account no. 1428 followed by #, then press 1, conference no. 428 followed by #. Press 1 to play. A replay version of the conference call will also be available at www.algeta.com

* Upfronts, milestones and royalty payments according to the agreement between Bayer and Algeta will be in EUR. USD amounts provided in this release have been translated at 1 Euro: USD1.43

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About Algeta

Algeta ASA is a cancer therapeutics company built on world-leading, proprietary technology. Algeta is developing a new generation of targeted cancer therapeutics (alpha-pharmaceuticals) that harness the unique characteristics of alpha particle emitters and are potent, well-tolerated and convenient to use.

Algeta's lead alpha-pharmaceutical candidate, Alpharadin (based on radium-223), has blockbuster potential for treating bone metastases arising from multiple major cancer types, owing to its bone-targeting nature, potent efficacy (therapeutic and palliative) and benign, placebo-like safety profile. Development of Alpharadin is most advanced targeting bone metastases resulting from hormone-refractory prostate cancer (HRPC), and it entered an

international phase III clinical trial (ALSYMPCA) in mid-2008 based on compelling clinical results from a comprehensive phase II program. This trial is currently open for recruitment.

In September 2009, Algeta entered into an global agreement with Bayer Healthcare AG for the development and commercialization of Alpharadin. As part of the agreement, Algeta retains an option to co-promote Alpharadin in the United States and to share profits from future sales.

Algeta is also developing other technologies for delivering alpha-pharmaceuticals. These include methods to enhance the potency of therapeutic antibodies and other tumor-targeting molecules by linking them to the alpha particle emitter thorium-227. The Company is headquartered in Oslo, Norway, and was founded in 1997. Algeta listed on the Oslo Stock Exchange in March 2007 (Ticker: ALGETA).

Alpharadin and Algeta are trademarks of Algeta ASA.

About Bayer Schering Pharma

The Bayer Group is a global enterprise with core competencies in the fields of health care, nutrition and high-tech materials. Bayer HealthCare, a subsidiary of Bayer AG, is one of the world's leading, innovative companies in the healthcare and medical products industry and is based in Leverkusen, Germany. The company combines the global activities of the Animal Health, Bayer Schering Pharma, Consumer Care and Medical Care divisions. Bayer HealthCare's aim is to discover and manufacture products that will improve human and animal health worldwide. Find more information at www.bayerhealthcare.com.

Bayer Schering Pharma is a worldwide leading specialty pharmaceutical company. Its research and business activities are focused on the following areas: Diagnostic Imaging, General Medicine, Specialty Medicine and Women's Healthcare. With innovative products, Bayer Schering Pharma aims for leading positions in specialized markets worldwide. Using new ideas, Bayer Schering Pharma aims to make a contribution to medical progress and strives to improve the quality of life. Find more information at www.bayerscheringpharma.de.

Forward-looking Statement

This news release contains forward-looking statements and forecasts based on uncertainty, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on results of operations and the financial condition of Algeta. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, among other things, risks associated with technological development, the risk that research & development will not yield new products that achieve commercial success, the impact of competition, the ability to close viable and profitable business deals, the risk of non-approval of patents not yet granted and difficulties of obtaining relevant governmental approvals for new products.

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