



Santhera Pharmaceuticals Holding AG
Hammerstrasse 47
CH-4410 Liestal / Switzerland
Switzerland
Phone +41 (0)61 906 89 50
Fax +41 (0)61 906 89 51
www.santhera.com

Santhera Licenses Omigapil for Treatment of Rare Neuromuscular Diseases

Santhera to Develop Omigapil as Potential Treatment for Congenital Muscular Dystrophy

Liestal, Switzerland, July 2, 2007 – Santhera Pharmaceuticals (SWX: SANN), a Swiss specialty pharmaceutical company with a focus on neuromuscular diseases, announced today a licensing agreement with Novartis covering the compound omigapil for the treatment of Congenital Muscular Dystrophy (CMD). Under this agreement Santhera will develop omigapil as a potential treatment for this severe, genetically determined neuromuscular condition which frequently affects infants or young children with life-threatening progressive muscle weakness. Santhera expects to commence a Phase II trial in CMD patients by the end of 2008. Santhera also has the option to expand the development of omigapil (internal project number SNT-317) into other neuromuscular indications while Novartis retains a buy-back option confirming Novartis' continuing interest in the compound and its potential as identified by Santhera.

Under the terms of the in-licensing agreement, Santhera will pay Novartis an upfront fee, and a further milestone payment upon entering into the pivotal clinical trial in CMD. In return Santhera will have the right to use all preclinical and clinical data generated on omigapil and receives the remaining drug substance on stock at Novartis. Furthermore, Novartis will receive an additional payment if the drug receives market approval in the EU and the United States as well as royalties based on the sales of the product.

Novartis, on its part, retains the option to buy back the rights to omigapil under certain conditions. If Novartis decides to exercise this buy back option Santhera would be reimbursed a multiple of its development costs and would receive milestone payments upon market approval as well as royalties based on future product sales. In addition, Novartis is committed to use Santhera's specialized sales and marketing organization in the US, which is expected to be in place to support the launch and marketing of Santhera's lead compound SNT-MC17 (INN: idebenone) for Friedreich's Ataxia and other indications.

Santhera will need to perform additional preclinical development work with SNT-317, given its intended use in children, before commencing a Phase II clinical trial in CMD patients. This trial is expected to start before the end of 2008.

Thomas Meier, Chief Scientific Officer of Santhera, commented: "CMD refers to a group of genetically determined devastating neuromuscular diseases which frequently affect infants or

Santhera Licenses Omigapil for Treatment of Rare Neuromuscular Diseases

July 2, 2007 / page 2 of 3

newborn babies. Our preclinical research to-date has shown that omigapil could reduce the progressive loss of muscle tissue, weight loss, skeletal deformations and early mortality in a disease-relevant model. Based on these data, we believe omigapil is a potential therapeutic option for CMD. Together with internationally leading clinical experts we are currently defining the details of the clinical development plan.”

Klaus Schollmeier, Chief Executive Officer of Santhera, said: “We are very pleased that we have been able to further strengthen our clinical development pipeline by reaching this agreement with Novartis to develop omigapil for the treatment of CMD. At present there are no drugs approved or in advanced clinical development for the treatment of this very devastating disease. Today’s in-licensing deal clearly highlights the strength of our research which has the expertise needed to identify new indications for novel or existing compounds in the field of neuromuscular diseases.”

* * *

About Congenital Muscular Dystrophy (CMD)

CMD refers to a group of inherited neuromuscular disorders which frequently affects infants. CMD is a devastating condition characterized by progressive loss of muscle tissue which in severe forms can already affect newborn babies (“floppy infant syndrome”). Severe forms of CMD cause immobility frequently at young age and reduced life expectancy. Important aspects of disease management include orthopedic surgery of scoliosis as well as supplementary nutrition to avoid malnutrition and ventilatory support. There is currently no effective pharmaceutical treatment available or in advanced clinical development for CMD. In the absence of recent epidemiological studies the British Muscular Dystrophy Campaign estimates that one in every 20,000 – 50,000 children is born with CMD.

About Santhera

Santhera Pharmaceuticals (SWX: SANN) is a Swiss specialty pharmaceutical company focusing on the discovery, development and marketing of small molecule pharmaceutical products for the treatment of severe neuromuscular diseases. Santhera’s vision is to become a leading specialty pharmaceutical company offering therapies for a number of indications in this area of high unmet medical need which includes many orphan indications with no current therapy.

Santhera currently has five clinical-stage development programs, three of which are investigating its lead compound, SNT-MC17 (INN: idebenone), in the treatment of Friedreich’s Ataxia (FRDA), Duchenne Muscular Dystrophy (DMD) and Leber’s Hereditary Optic Neuropathy (LHON). Another clinical program is investigating JP-1730 (INN: fipamezole) for the treatment of Dyskinesia in Parkinson’s Disease (DPD) in cooperation with Juvantia, the compound’s owner. The fifth program comprises SNT-317 (INN: omigapil) in Congenital Muscular Dystrophies (CMD), a compound in-licensed from Novartis. The most advanced program, SNT-MC17 in FRDA, is currently in preparation for Marketing Authorization Approval (MAA) filing in Europe and in Phase III clinical development in the US while the other clinical programs are in Phase II. For further information, please visit www.santhera.com.

Santhera Licenses Omigapil for Treatment of Rare Neuromuscular Diseases

July 2, 2007 / page 3 of 3

For Further Information, Contact

Santhera Pharmaceuticals

Barbara Heller, Chief Financial Officer

phone: +41 (0)61 906 89 54

barbara.heller@santhera.com

Thomas Meier, Chief Scientific Officer

phone: +41 (0)61 906 89 87

thomas.meier@santhera.com

Media Contacts: Citigate Dewe Rogerson

David Dible

phone: +44 207 638 95 71

david.dible@citigate.dr.co.uk

Conference Call

At 15.00 CET / 14.00 UKT / 09:00 EST today July 2, 2007, the Company will host a conference call. People interested in participating may join the teleconference facility using the following dial-in in **Switzerland +41 52 267 07 31 (no PIN code needed)**. Slides for the conference call are available from the Company's website www.santhera.com, either from the Ticker on Home or under Pipeline/Omigapil. The conference call will be recorded for playback and is available one hour after the conference call ends and for 10 days under +41 52 267 07 00, reference number 523655.

Disclaimer/Forward-looking Statements

This news release is not and under no circumstances is to be construed as a solicitation, offer, or recommendation, to buy or sell securities issued by Santhera. Santhera makes no representation (either express or implied) that the information and opinions expressed in this news release are accurate, complete or up to date. Santhera disclaims, without limitation, all liability for any loss or damage of any kind, including any direct, indirect or consequential damages, which might be incurred in connection with the information contained in this news release.

Forward-looking statements and other information contained in this release involve risks and uncertainties. Such statements reflect the current views, intentions and estimates of the Company. They are based on assumptions that may be inaccurate. Results could differ materially from those anticipated. Certain of these forward-looking statements can be identified by the use of forward-looking terminology such as "believe", "expect", "may", "are expected to", "will", "will continue", "should", "would be", "seek" or "anticipate" or by discussions of strategy, plans or intentions. Furthermore, the Company does not assume any obligation to update these forward-looking statements.