

Press Release

ProStrakan Group plc

ProStrakan to Establish US Sales Force through Strategic Alliance with NovaQuest

Galashiels, Scotland, 22 October, 2007 – ProStrakan Group plc (LSE: PSK), the international specialty pharmaceutical company, today announces the formation of a strategic alliance with NovaQuest, the strategic partnering group of Quintiles Transnational Corporation, to commercialise ProStrakan's products in the United States of America.

Highlights of the collaboration include:

- An exclusive 75-person US sales force for ProStrakan, provided by NovaQuest, ahead of the US launch of Sancuso, ProStrakan's medication targeted to prevent chemotherapy-induced nausea and vomiting
- NovaQuest will make up-front and milestone payments totalling US\$10 million in cash over the first three years of the collaboration, to support the marketing and promotion of Sancuso, scheduled for launch in H2 2008
- NovaQuest has been granted warrants over 2.6 million new ordinary shares in ProStrakan at 75.5 pence per share (representing a 10% premium over the previous 30 days' average share price) exercisable over 10 years
- ProStrakan will pay a tapering royalty on US Sancuso sales to NovaQuest over seven years
- Capacity for ProStrakan to market and promote further products in the US

ProStrakan and NovaQuest will work together to select the 75-person sales force from Innovex, the contract sales unit of Quintiles. These sales staff will promote products solely for ProStrakan and drive sales of Sancuso. NovaQuest will pay for the sales force for three years from launch; ProStrakan will then have the option to absorb the sales force into its own headcount. ProStrakan will pay an undisclosed tapering royalty on US Sancuso sales to NovaQuest over seven years.

The alliance is designed to establish ProStrakan's US operation in preparation for the anticipated US approval of Sancuso and its launch, planned for the second half of 2008. It also leverages NovaQuest's significant experience of launching US pharmaceutical brands and accelerating the business success of its partners.

Sancuso is a transdermal patch that delivers granisetron, an established 5-HT₃ receptor antagonist, steadily into the bloodstream, preventing the side-effects of nausea and vomiting in patients undergoing chemotherapy, without the need for injection or having to swallow pills. ProStrakan announced the filing of the New Drug Application for Sancuso in the US in July this year.

ProStrakan has two further products currently undergoing US pivotal trials in pursuit of FDA approval. Fortigel (branded Tostran in most of Europe) is a 2% testosterone gel used as replacement therapy for male hypogonadism when testosterone deficiency has been confirmed by clinical symptoms and laboratory analyses. Cellegesic (branded Rectogesic in Europe) is a rectal ointment for the relief of pain associated with chronic anal fissures. Both products are already approved in Europe and ProStrakan plans to launch Fortigel and Cellegesic in the US in 2009.

ProStrakan already has an established sales presence in Europe – with operations in the UK, France, Germany, Spain, Italy, Benelux and Sweden – and has previously stated its strategic intention of building a US-based business.

Commenting on today's announcement, Dr Wilson Totten, ProStrakan's Chief Executive, said:

"The establishment of a US sales force is a transforming step forward for ProStrakan and is the realisation of a long-held ambition. Our own sales force, marketing our own product in the world's largest market, will take ProStrakan onto a new level.

"The structure of this deal, in partnership with NovaQuest, effectively balances out the risk for ProStrakan and enables us to take this important step while retaining our ambition of reaching break-even during 2009."

Patrick Jordan, Vice President of NovaQuest, said:

"Through this alliance, ProStrakan can avoid diminishing the value of its innovation excellence, as can often happen with traditional out-licensing arrangements. Nor will ProStrakan incur the significant expense of establishing its own US sales organisation. This alliance is an excellent example of NovaQuest's ability to craft mutually beneficial solutions that enable our pharma partners to reach new heights of success."

Ends

Analyst Conference Call:

There will be a conference call for analysts at 9.30am today (Monday, 22 October). Please call Mo Noonan at Financial Dynamics on 020 7269 7116 for details.

Further enquiries:

ProStrakan

Dr Wilson Totten, Chief Executive
Paul Garvey, Chief Financial Officer
Callum Spreng, Corporate Comms Director

Tel: +44 (0) 1896 664000

Financial Dynamics

David Yates/Ben Brewerton

Tel: +44 (0) 20 7831 3113

Trout Group (for US investors)

Gitanjali Jain Ogawa

Tel: +1 (646) 378-2949

NovaQuest

Patrick Jordan, Vice President (for customers and investors)
Jay Johnson, Senior Director (for media)

Tel: +44 (0) 1344 708080

Tel: +1 (919) 998 2066

Notes to Editors:

ProStrakan

ProStrakan Group plc is a rapidly growing international specialty pharmaceutical company engaged in the development and commercialisation of prescription medicines for the treatment of unmet therapeutic needs in major markets.

ProStrakan's head office and development facilities are situated in Galashiels in Scotland. EU-wide sales and marketing of ProStrakan's portfolio of products are handled by commercial subsidiaries in the UK, France, Germany, Spain and other EU countries. **www.prostrakan.com**

NovaQuest

NovaQuest, the strategic partnering group of Quintiles Transnational, is an industry pioneer in offering tailored financial and operational solutions that help pharmaceutical and biotech companies overcome development and commercialization challenges. Its unique managed-partnership approach ensures sponsorship by senior-level executives; access to global development and commercial resources and expertise; and efficient operational delivery of services. Since 2000, NovaQuest partnerships have committed more than \$2 billion in capital to pharmaceutical and biotech companies of all sizes.

NovaQuest has extensive experience in building and managing U.S. sales teams to accelerate sales of a partner company's products through risk-based co-promotion agreements.

For example, NovaQuest is providing and managing, at its own expense, a 500+ member U.S. sales team to help Eli Lilly and Company promote Cymbalta[®], Lilly's treatment for depression and physical pain associated with depression. Launched in August 2004, Cymbalta became one of only a few drugs in history to exceed \$1 billion in U.S. sales in its second full year on the market (2006).

For more information, please visit **www.novaquest.com**.

Sancuso

Sancuso is a transdermal granisetron patch for the prevention of chemotherapy-induced nausea and vomiting. The NDA was filed successfully with the FDA on plan in June. Subject to successful completion of the US approval process, the US launch of Sancuso is planned for H2 2008. The European MAA for Sancuso was lodged in July 2007.

Fortigel

Branded as Tostran, Itnogen or Tostrex in the EU, Fortigel is a patented transdermal testosterone gel that utilises a proprietary metered dose delivery system for testosterone replacement therapy in male hypogonadism.

The metered dose delivery system permits dose adjustment to individual patient requirements. Hypogonadism is frequently characterised by reduced libido, loss of muscle mass, bone density and diminished energy levels. Estimates show that around one in 10 men over the age of 40 has clinically low testosterone.

Cellegesic

Branded as Rectogesic in the EU, Cellegesic is a 0.4% topical nitroglycerin ointment for the treatment of pain associated with chronic anal fissures. It is estimated that, at any time, between 500,000 and 800,000 in Europe alone experience anal fissures.