

Press Release

ProStrakan Group plc

ProStrakan and Orexo Extend Licensing Agreement for Rapinyl/Abstral to include North America

Galashiels, Scotland, 31 July 2008: ProStrakan Group plc (LSE: PSK), the international specialty pharmaceutical company, and Orexo AB (OMX: ORX), the Swedish pharmaceutical company, have extended their existing European licensing agreement for Rapinyl™ (Abstral®), for breakthrough cancer pain, to include North America. This change of partner in North America follows the decision made by Endo Pharmaceuticals Holdings Inc. today, following its own internal strategy changes, to return all rights for Rapinyl™ (Abstral®) to Orexo. Endo has invested approximately \$40 million in the development of Rapinyl™, and Orexo has received an additional \$26.9 million in licensing payments. Endo will finalise and finance the current phase III studies of Rapinyl™ expected to end in December 2008.

ProStrakan is currently Orexo's exclusive partner for sales and marketing of Rapinyl™ in most of Europe where, last month, Rapinyl™ received a positive opinion, recommending the product's approval, from the Committee for Medicinal Products for Human Use of the European Medicines Agency. The plan is to launch the product, branded as Abstral®, in Sweden in Q3 2008, with further EU launches taking place from the end of 2008.

Under the terms of the new agreement with Orexo covering North America, ProStrakan will commit to upfront and certain regulatory and sales milestone payments totalling \$29m, including a \$2m signing fee.

In connection with the new agreement the conditions have changed in Europe. The approval milestones for the five biggest markets in Europe will change from €5m to \$5m.

Royalties for Europe have been increased by 7-9 percent units and the royalty rate for North America will be increased by the same percent units compared to the agreement with Endo.

Rapinyl™ is a fast-dissolving tablet for sub-lingual (under the tongue) administration of fentanyl intended for the management of breakthrough cancer pain in patients who are already receiving opioid analgesics. The product is currently in the latter stages of a Phase III efficacy and safety trial in the US. The efficacy study has already met an interim-analysis point, which was successful, demonstrating the painkilling qualities of Rapinyl™ compared to placebo. Subject to successful conclusion of these trials, the plan is to submit the new drug approval for Rapinyl™ (Abstral®) in 2009.

Subsequent to approval by the US Food and Drug Administration (FDA), ProStrakan plans to market Rapinyl™ alongside its other oncology support product, Sancuso – for the prevention of chemotherapy-induced nausea & vomiting (CINV) – which is currently under consideration for approval by the FDA. In advance, ProStrakan has established a US head office and management team including Medical Science Liaison staff, and is currently recruiting a 67-strong sales force in association with NovaQuest, the partnering group of Quintiles Transnational Corp.

It is estimated that 1.4 million people in the US are diagnosed with cancer each year, that between 30% and 40% of these people suffer pain as a result and that 64% of this group experience breakthrough pain. The US market for products for treating breakthrough cancer pain is estimated to be worth in excess of \$500m.

Dr Wilson Totten, Chief Executive of Prostrakan, said:

“As an existing partner in Europe, obtaining the North American rights to Rapinyl™ makes strong strategic sense for ProStrakan and we were delighted to be able to seize the opportunity to extend our Rapinyl franchise, and our successful relationship with Orexo.

“This deal allows us to leverage our extensive knowledge of this product and potentially provides us with a further oncology support product to be marketed by our specialist US sales force alongside Sancuso.”

Torbjörn Bjerke, President and Chief Executive of Orexo, said:

“We are delighted to expand our current partnership with ProStrakan to include the North American market. Our existing European partnership with ProStrakan has been successful, so it is natural for us to develop this relationship further. The new agreement and the higher royalties for both Europe and North America that it will provide demonstrate our commitment to delivering a profitable business in Orexo.”

Ends

For more information, please contact: ProStrakan	+44 (0)1896 664000
Dr Wilson Totten, Chief Executive	
Callum Spreng, Corporate Comms	
Financial Dynamics (for ProStrakan)	+44 (0)20 7831 3113
David Yates / John Dineen	
Trout Group (for US investor enquiries)	+1 (646) 378-2949
Brandon Lewis	
Gitanjali Jain Ogawa	

NOTES TO EDITORS

About 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 is situated in Galashiels in Scotland. The company's development capability is centred on Galashiels and Bedminster, New Jersey, USA. Sales and marketing of ProStrakan's portfolio of products are handled by commercial subsidiaries in the UK, US, France, Germany, Spain and other EU countries.

www.prostrakan.com

About Orexo

Orexo is a pharmaceutical company, focusing on development of new, patented drugs by combining well-documented substances with innovative technologies, and the development of new treatments for respiratory and inflammatory diseases.

Orexo has a broad and competitive late-stage product portfolio, including two marketed products, five products in clinical phase and two in registration stage.

To date, Orexo have out-licensed the market rights for Abstral[®]/Rapinyl[™] for the US, the EU and Japan markets and the world-wide market rights for Sublinox (OX22) and OX-NLA, and an out-license and research collaboration with Boehringer Ingelheim regarding the development of a new class of drugs to treat pain and inflammation. Abstral[®]/Rapinyl[™] was approved in Europe on June 24, 2008. Orexo has established a Nordic sales force by entering into a joint venture with ProStrakan. Abstral[®] will be launched in Sweden during Q3 this year.

Orexo has its head office in Uppsala, Sweden and is listed on the OMX Nordic Exchange Stockholm, Small Cap (ticker: ORX).

www.orexo.com