

Press Release

ProStrakan and Bayer Schering Pharma Partner to Develop Tostran® in 65 Territories Worldwide

Galashiels, Scotland 27 November, 2008 -- ProStrakan Group plc (LSE: PSK) announces today that it has granted an exclusive licence to Bayer Schering Pharma to develop and commercialise Tostran® (2% testosterone gel used for testosterone replacement in hypogonadal men) in 65 countries worldwide.

Under the terms of the agreement, Bayer Schering Pharma has agreed to pay ProStrakan unspecified upfront and milestone payments, subject to the achievement of certain approvals and sales targets. ProStrakan will exclusively supply Tostran to Bayer Schering Pharma in Canada, Latin America, the Middle East, Africa, Asia and the Pacific region and will receive an undisclosed royalty rate on sales generated in these territories.

Tostran is a 2% testosterone gel presented in a canister with a metered pump. Each depression of the pump provides 0.5g of gel, equivalent to 10mg of testosterone. Tostran is indicated for testosterone replacement therapy for male hypogonadism when testosterone deficiency has been confirmed by clinical symptoms and biochemical analyses.

Tostran is currently marketed by ProStrakan in Europe under a number of brand names including Tostran, Tostrex and Itnogen. In the US, the product is to be branded Fortigel and, following the successful completion of the FORTIFY pivotal clinical programme, the New Drug Application re-submission by ProStrakan to the US Food & Drug Administration remains on track for the year-end.

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

"Outlicensing Tostran to Bayer Schering Pharma in these territories is in line with our strategy of capitalising on the value of our products in parts of the world that are non-core for ProStrakan. In Bayer Schering Pharma, we have a worthy and sizeable partner with a deep understanding of the testosterone replacement market who is well-placed to bring this product to clinicians in each of these territories."

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About ProStrakan

ProStrakan Group plc is a rapidly growing 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 capabilities are 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