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Media contact

Dr Helmut Kessmann
Santhera Pharmaceuticals AG
Hammerstr. 25
4410 Liestal, Switzerland
Phone: +41 (61) 906 8956
helmut.kessmann@santhera.com

Natascha Blank
Suter Global Communication
Tramstrasse 10
8050 Zurich, Switzerland
Phone: +41 (1) 316 6080
nblank@s-g-c.com

Santhera Reaches Milestone in Serono Drug Discovery Collaboration

Liestal, Switzerland; Heidelberg, Germany, February 24, 2005 – Santhera Pharmaceuticals AG announced today that it has received an undisclosed payment from Serono for the achievement of a research milestone under the companies' multi-target drug discovery alliance.

Since the beginning of their collaboration, Santhera has discovered a number of novel small molecule modulators of a drug target provided by Serono, using its proprietary RAISE® (*Rapid Affinity Instructed Structure Evolution*) Technology and drug fragment chemical microarrays.

"The achievement of this most recent milestone demonstrates the effectiveness of our RAISE® technology and the strength of our Medicinal Chemistry team," said Klaus Schollmeier, Ph.D., Chief Executive Officer of Santhera. "With the merger of Graffinity Pharmaceuticals AG and MyoContract AG in 2004 to create Santhera, we have focused resources on the development of our in house programs for neuromuscular and metabolic diseases. However, because of the strong demand we have seen, we will continue to offer access to our RAISE® platform and drug discovery process through our technology business unit which is still run under the name of *Graffinity*".

Dr. Tim Wells, Serono's Senior Executive Vice President of Research noted "Working with Santhera has allowed us to identify exciting new molecules that could give us a competitive advantage in our focus disease areas. We are impressed with the speed with which Santhera has progressed to this stage."

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During the further collaboration and upon exercise of a license option Santhera will receive further payments from Serono based on the achievement of specific preclinical and clinical milestones. In addition, Santhera has the potential to receive royalties on any products that Serono commercializes as a result of this collaboration.

About Santhera

Privately-held Santhera Pharmaceuticals AG is a drug discovery and development company which was formed in August 2004 through the merger of MyoContract AG and Graffinity Pharmaceuticals AG. The company is focused on the discovery, preclinical as well as clinical development, and commercialization of pharmaceuticals for neuromuscular and metabolic diseases. Through its Graffinity Technology division, Santhera offers access to its proprietary small molecule drug fragment micro-array screening platform. The company, headquartered in Switzerland, has operations in Liestal, Switzerland (near Basel), and in Heidelberg, Germany, as well as a business development office in Boston, MA, USA. Santhera's investors comprise Merlin Biosciences Limited, Oxford Bioscience Partners, NGN Capital, 3i Group plc, Carnegie Asset Management, The Novartis Venture Fund, Varuma AG, GIMV, Clariden Bank, The Dow Chemical Company, Heidelberg Innovation, TechnoStart, tbg, the Swiss Foundation for Research on Muscle Diseases, and private investors.

For further information, please visit www.santhera.com.

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