

Press release, June 1, 2010

Orexo enters into an alliance and license agreement for new drugs to treat respiratory diseases

Uppsala, Sweden, June 1 2010 - Orexo (OMX: ORX) has entered a research and development alliance and license agreement with Ortho-McNeil-Janssen Pharmaceuticals, Inc. and Janssen Pharmaceutica NV (collectively "OMJ"). The licenses granted to OMJ under the agreement include worldwide licenses to Orexo's ongoing OX-CLI and OX-ESI programs focusing on discovering and developing innovative small-molecule treatments for asthma, chronic obstructive pulmonary disease, and other inflammatory diseases. In addition, OMJ will add a third internal program focusing on discovering and developing innovative small-molecules against an undisclosed target to the alliance on the same financial terms.

- Initially, the agreement will run for three years, with an option for OMJ to extend the alliance and funding.
- To Orexo, the alliance will bring a research funding contribution of up to USD 21.5 million (SEK 167 million) over the first three years, including an upfront payment of USD 10 million (SEK 77.8 million).
- Upon the successful development and commercialization of all three initial alliance programs for multiple indications, Orexo will be entitled to total development milestone payments of up to USD 564 million (SEK 4,390 million), plus additional sales milestones for each program. Commercialized products will also provide royalties.
- In addition, the agreement grants Orexo an option for rights to co-promote drugs from the programs marketed by OMJ in Nordic and Baltic countries.
- OMJ will be responsible for all clinical development and commercialization activities, including costs.

The alliance will leverage Orexo's world-leading expertise in the arachidonic acid field and its two advanced pre-clinical programs aimed at developing powerful new drugs in the fight against serious respiratory illnesses.

Torbjörn Bjerke, President and CEO of Orexo, said:

"I am delighted to announce this exciting alliance with OMJ in the area of new drug discovery and development. There are significant medical needs in the fields of respiratory and inflammatory diseases. We believe that our research and development is of the highest international standards. We look forward to further demonstrating our capabilities through this alliance. By combining our skills and resources in this area, we look to discover and develop potential new drugs for millions of patients. This agreement adds to the other good alliances we have made

and is an important element for Orexo in becoming a profitable pharmaceutical company.”

In accordance with international financial reporting and accounting standards, the revenues from the upfront payment of USD 10 million will be recognised in the company’s profit & loss account evenly over a 36-month period.

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About arachidonic acid

Arachidonic acid, which is an essential fatty acid, is important for many different processes in the body. When cells are activated by certain external and internal stimuli, arachidonic acid is transformed into various compounds forming a family of biologically active substances (mediators), such as prostaglandins, leukotrienes and eoxins. These mediators are involved in various types of diseases, particularly inflammatory diseases. Prostaglandins play an important role in the regulation of blood pressure and blood coagulation, but can also cause inflammation, pain and fever. Leukotrienes can cause asthmatic symptoms such as bronchial contractions, swelling and mucous formation, which in turn can result in breathing difficulties. Eoxins are mediators originally described by Orexo which have been shown to be important in various inflammatory processes including respiratory inflammation. Many of the most common drugs currently used to treat inflammatory diseases affect the formation or effect of prostaglandins and leukotrienes.

About the respiratory market

Asthma is a chronic inflammatory disease that affects 6-8 percent of the adult population and is today the most common chronic disease diagnosed among children with 10% affected. The greatest challenge in asthma therapy is to find an effective treatment for patients not responding to today’s treatments.

COPD (chronic obstructive pulmonary disease) is a widespread permanent inflammation of the respiratory passages that results in reduced lung function. According to the most recent WHO figures, 80 million people suffer from moderate to severe COPD. By 2030 COPD will become the third leading cause of death worldwide according to the American National Heart, Lung and Blood Institute. Management of acute exacerbations represents the highest health burden on patients and health service providers, and remains a key market opportunity for novel efficacious drugs.

Sales of drugs for respiratory diseases, primarily asthma and COPD, amounted to approximately US\$26 billion in 2009 in the seven largest national markets. Innovative non-steroidal anti-inflammatory therapies are seen as the next generation treatment for these diseases.

About Orexo

Orexo is a pharmaceutical company focusing on developing treatments for pain and inflammation. The company has four products on the market as well as a broad project portfolio in late stages of development. Sales and product development are mainly carried out through worldwide partnership agreements with larger pharmaceutical companies. Orexo's most important product is for the management of breakthrough cancer pain. It is based on Orexo's unique and patented sublingual tablet technology in which a rapidly disintegrating tablet is placed under the tongue and the active substance fentanyl is absorbed by the mucous membrane. Currently Abstral™ is launched in most of Europe. An NDA for Abstral™ has been filed in the US and Canada by the partner ProStrakan and in Japan by the partner Kyowa Hakko Kirin. Orexo has its head office located in Uppsala, Sweden. More information can be found at www.orexo.com.

Note:

This is information that Orexo AB (publ.) is required to disclose pursuant to the Swedish Securities Markets Act. The information was provided for public release on June 1, 2010 at 08:00 a.m. CET.