

CORPORATE GOVERNANCE STATEMENT 2010

BIOTIE THERAPIES CORP.



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1. Corporate Governance Statement

Biotie Therapies Corp (below Biotie or the Company) complies with the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association. Furthermore, Biotie's corporate governance is in line with the laws of Finland, the rules of NASDAQ OMX Helsinki Ltd and Biotie's Articles of Association.

Biotie did not deviate from the Finnish Corporate Governance Code Recommendations in 2010.

Following an acquisition completed in February 2011, the Company departs from the recommendations of the Code as follows:

- in deviation from recommendation 43 of the Code, member of the Board of Directors Guido Magni holds options entitling to shares in the Company. The options relate to Synosia Therapeutics Holding AG's option program and were granted prior to the acquisition of Synosia Therapeutics Holding AG by Biotie.

The Corporate Governance Statement of Biotie has been drawn up in accordance with the recommendation 54 of the Finnish Corporate Governance Code. The statement has been issued as a separate report and the group's Audit Committee has reviewed the statement.

The statement is available on Biotie's website at www.biotie.com. The Finnish Corporate Governance Code itself is publicly available on the website of the Securities Market Association on the address www.cgfinland.fi.

PricewaterhouseCoopers Oy's role as the Company's auditor is to check that this statement has been issued and that the description of the main features of the internal control and risk management systems in relation to the financial reporting process are consistent with the financial statements.

2. Board of Directors

2.1. Board composition

The 2010 Annual General meeting of Biotie re-elected Peter Fellner, Bernd Kastler, Pauli Marttila, Riku

Rautsola and Piet Serrure as members of the Board of Directors and Merja Karhapää and James S. Shannon were elected as new members of the Board of Directors.

Juha Jouhki (chairman), Ann Hanham and Christoph Schröder were members of the Board until the end of Annual General Meeting held 15 April 2010.

At the organization meeting of the new Board of Directors, which convened after the Annual General Meeting 2010, Peter Fellner was elected as the Chairman of the Board of Directors and Pauli Marttila as the deputy chairman.

Under the Articles of Association (updated 7 February 2011), the Board of Directors consists of at least three (3) and at most ten (10) members. The members of the Board are elected by the Annual General Meeting of the shareholders and the term of office of the Board members expires at the end of the Annual General Meeting following their election.

Current composition of the Board of Directors (Extraordinary General Meeting 1 February 2011)

The number of the members of the Board of Directors was resolved to be ten. Bradley J. Bolzon, William M. Burns, Peter Fellner, Merja Karhapää, Bernd Kastler, Ismail Kola, Guido Magni, Andrew J. Schwab, Piet Serrure and James S. Shannon, were elected as the members of the Board of Directors.

At the organization meeting of the new Board of Directors, which convened after the Extraordinary General Meeting in February 2011, Peter Fellner was elected as the Chairman of the Board of Directors and Bradley J. Bolzon as the deputy chairman.

Bernd Kastler was elected as the Chairman and Merja Karhapää, Andrew J. Schwab and Piet Serrure as the members of the Board's Audit Committee.

Peter Fellner was elected as the Chairman and Bradley J. Bolzon, William M. Burns and James S. Shannon as the members of the Board's Nomination and Remuneration Committee.

The following table represents the persons who have served as Biotie's Board members in 2010:

Name	Born	Education	Main occupation	Board member since	Independent from company	Independent from major shareholders
Juha Jouhki; chairman of the Board until 15.4.2010	1966	M.Sc. (Tech.)	Managing Director, Biothom Oy	2002	X	x
Peter Fellner; chairman of the Board from 15.4.2010	1943	Ph.D. in molecular biology	Company Director	2009	X	X
Pauli Marttila; deputy chairman	1958	M.Sc. (Eng.)	Director, Business Development and Strategic Investments at Sitra, the Finnish Innovation Fund	2005	X	x
Ann Hanham; Board member until 15.4.2010	1952	Ph.D. from the University of British Columbia, M.Sc. from Simon Fraser University, and a B.Sc. from the University of Toronto	Managing Director and General Partner of Burrill & Company	2008	X	X
Merja Karhapää, Board member from 15.4.2010	1962	LL.M. (Helsinki University) and Postgraduate IPR Diploma (Bristol University)	Chief Legal Officer (CLO, Group Legal Affairs) and Company Secretary	2010	X	X
Bernd Kastler; Board member	1949	Doctorate in law in 1980 from the University of Giessen (Germany)	Managing Director, Kastler GmbH	2008	X	X
Riku Rautsola; Board member	1954	Ph.D. (Econ.)	President and CEO, VIRxSYS Corporation	2004	X	X
Christoph Schröder; Board member until 15.4.2010	1961	Ph.D. in Finance from the Technische Universität in Berlin and graduated in Business Administration from Ludwig Maximilians-Universität in Munich	General Partner for life sciences of TVM Capital	2008	x	
Piet Serrure; Board member	1954	M.Sc. (Econ.)	Becap Bvba, Managing Director	2004	X	X
James S. Shannon; Board member from 15.4.2010	1956	Doctor of Medicine	CEO and a director of Cerimon Pharmaceuticals	2010	x	x

2.2. The operations of the Board of Directors

The duties of the Company's Board of Directors are set forth in the Companies Act and other applicable legislation. The Board of Directors is responsible for the management of the Company. Its responsibilities include, inter alia, to:

- decide on the strategy
- confirm the business plan and budget
- deliberate on and approve interim reports, the annual accounts and the Board's reports as well as the corporate governance statement
- decide on investments (as far as not approved as part of the budget), mergers and acquisitions as well as divestments (as far as not falling into the responsibility of the shareholders) and on all creations of actual or potential liabilities (as far as not approved as part of the budget)
- confirm internal control and risk management systems and reporting procedures
- decide on bonus and incentive schemes for the management (as far as not falling into the responsibility of the shareholders)
- decide on the structure of the group and organisation of the Company
and
- appoint the Managing Director and the other senior members of the executive management as well as to decide on their perquisites.

The Board of Directors held 17 meetings during 2010. The average ratio of attendance at the meetings was 90.91 percent.

Biotie does not have a supervisory board.

Board member participation in 2010	Participation in Board meetings (total number of meetings)	<i>Board meeting attendance percentage</i>	Member of Audit Committee / participation in Audit Committee meetings (total number of meetings)	Member of Nomination and Remuneration Committee / participation in Nomination and Remuneration Committee meetings (total number of meetings)
Juha Jouhki; <i>chairman until 15.4.2010</i>	2(2)	100%		
Peter Fellner; <i>chairman from 15.4. 2010</i>	15(17)	88.24%		x/ 2(2)
Pauli Marttila	16(17)	94.12%		x/ 2(2)
Ann Hanham	2(2)	100%		
Merja Karhapää; <i>from 15.4.2010</i>	11(15)	73.33%	x/ 3(3)	
Bernd Kastler	14(17)	82.35%	x/ 5(5)	
Riku Rautsola	16(17)	94.12%	x/ 5(5)	
Christoph Schröder; <i>until 15.4 2010</i>	2(2)	100%		x/ 1(1)
Piet Serrure	17(17)	100%	x/ 5(5)	
James S. Shannon; <i>from 15.4.2010</i>	15(15)	100%		x/ 1(1)

2.3. Board committees

Biotie has two Board committees: the Audit Committee and the Nomination and Remuneration Committee.

2.3.1. Audit Committee

The Audit Committee has been established by the Board to ensure the overseeing of the accounting, auditing and financial reporting processes.

The Audit Committee consists of the committee's Chairperson and at least two (2) additional members, who are all annually appointed after the Annual General Meeting by the Board among its members. The committee members shall be independent of the Company and at least one member shall be independent of significant shareholders.

The Audit Committee shall:

- monitor and supervise the reporting process of financial statements
- monitor the efficiency of the Company's internal control and risk management systems
- initiate and oversee internal financial audits
- review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the Company's corporate governance statement
- monitor the disclosure controls and procedures
- evaluate and monitor arrangements for the employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters ("whistle blowing") and respond to any requests received by employees and third parties in the context of whistle blowing policies
- monitor the statutory audit of the financial statements and audit of consolidated financial statements

- evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company to be audited

and

- prepare the proposal for resolution on the election of the auditor.

In 2010, The Audit Committee held 5 meetings. The average ratio of attendance at the meetings was 100 percent.

See table above

The Audit Committee members in 2010 were Bernd Kastler (Chairman), Merja Karhapää (from April 2010), Riku Rautsola and Piet Serrure.

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On 7 February 2011 Bernd Kastler was elected as the Chairman and Merja Karhapää, Piet Serrure and Andrew J. Schwab as the members of the Board's Audit Committee.

2.3.2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been established to ensure the efficient preparation of nomination and remuneration matters.

The committee consists of the committee's Chairperson and at least two (2) additional members who all are annually appointed after the Annual General Meeting by the Board among its members. The majority of the members of the committee shall be independent of the company. The Managing Director or other executives of the Company may not be appointed to the Committee.

When carrying out its duties, the Nomination and Remuneration Committee shall act independently. If the committee uses an external advisor, the committee must see to it that the advisor does not advise the human resources department or the operative management at the same time.

The Nomination and Remuneration Committee shall

-prepare and present a recommendation to the Board for the proposal to the Annual General Meeting

concerning the composition and compensation of the Board.

- prepare for the Board the appointment of any executive directors or other senior members of the executive management. When considering the appointment of the other members of the executive management, the managing director of the Company shall participate to the handling of such matters.
- prepare the framework for remuneration of the Company's Managing Director, the executive directors and such other members of the executive management as it is designated to consider. No Board member, director or manager shall be involved in any decisions as to their own remuneration.
- assess the need for bonus or other incentive programs as well as to review design of and determine targets for any performance related compensation schemes.
- prepare the policy for authorising claims for expenses from the managing director and Chairperson of the Board.
- prepare the annual self-evaluation, including its nature and manner, to be conducted in accordance with the rules and procedure of the Board of Directors.

In 2010, the Nomination and Remuneration Committee held 2 meetings. The average ratio of attendance at the meetings was 100 percent.

See table above

The Nomination and Remuneration Committee members in 2010 were Peter Fellner (Chairman, from April 2010), Juha Jouhki (until April 2010), Pauli Marttila, James S. Shannon (from April 2010) and Christoph Schröder (until April 2010).

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On 7 February 2011 Peter Fellner was elected as the Chairman and Bradley J. Bolzon, William M. Burns and James S. Shannon as the members of the Nomination and Remuneration Committee.

3. Managing Director

The Managing Director is responsible for the day-to-day management of the Group in accordance with the

instructions and guidance given by the Board of Directors and ensuring that the accounting practices of the Group comply with the law and that the financial management of the Group has been arranged in a reliable manner.

3.1. The duties of the Managing Director

The Managing Director primarily presents the matters handled in Board meetings and is responsible for preparing draft resolutions. The Board of Directors elects the Managing Director and decides on the remuneration of the Managing Director and on other terms of the Managing Director contract on the basis of the recommendations by the Nomination and Remuneration Committee of the Board. The terms of duty of the Managing Director have been agreed on in writing. The Managing Director is elected for an indefinite term until further notice.

4. Internal control and risk management in Biotie

Internal control is a process effected by the Board of Directors, management and all levels of personnel in the Group.

The aim of internal control framework in Biotie Group is to ensure that:

- operations are managed effectively and efficiently as well as aligned with the Company's strategy,
- financial reporting and management information are reliable, complete and timely, and
- all Group companies are in compliance with all applicable laws and regulations.

Enterprise risk management in Biotie is a continuous process. It is integrated in the Group's strategy setting process, operative planning, daily decision making and monitoring of its operations. As such, it is also part of the Company's internal control environment.

Moreover, risk management is an integral part of the Group's management monitoring and reporting systems. Regular reporting and monitoring is performed both at the Group and local company levels. The Board of Directors approves the risk management policy and objectives. It guides and monitors the planning and implementation of risk management.

The Group management holds the highest operational responsibility for the implementation of the risk management policy. The Group management is responsible for organization and the planning, implementation, development, coordination and monitoring of the risk management policies as approved and implemented by the Board of Directors.

4.1. Main features of the internal control and risk management systems pertaining to the financial reporting process

Internal control and risk management systems in relation to the financial reporting process are a part of the Group's overall internal control and risk management framework. Systems are designed to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements concerning listed companies.

The Board of Directors is ultimately responsible for the appropriate arrangement of the control of the Company accounts and finances, whereas the Audit Committee's duties include the overseeing of the accounting and financial reporting process, monitoring the financial reporting (financial statements, interim reports), and review of internal control procedures. The Audit Committee is also responsible for the communication with the Company's auditors.

The Managing Director is responsible for the implementation of internal control and risk management processes and ensuring their operational effectiveness. The Managing Director is also responsible for ensuring that the Group's accounting practices comply with the law and that financial matters are handled in reliable manner.

Biotie has a Management Team, which in 2010 consisted of the Managing Director acting as the President of the Management Team, the Chief Financial Officer, the Chief Scientific Officer, the Chief Medical Officer, and the Chief Business Officer.

From 1 February 2011 onwards the Management Team consists of the President and CEO acting as the President of the Management Team, the Chief Financial Officer, the Chief Operating Officer and President of US operations, the Chief Medical Officer and the Chief Business Officer.

The Management Team handles the issues that concern managing to the Group, such as issues related to strategy, budget, interim reports and issues related to drug development programs.

The Group's management assigns responsibility for the establishment of more specific internal control policies and procedures to personnel responsible for the unit's functions. Management and employees are assigned with appropriate levels of authority and responsibility to facilitate effective internal control over financial reporting.

Separate internal audit assignments may be initiated by the Board, the Audit Committee or the management as deemed necessary. The scope and frequency of separate audits depend primarily on the assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported upstream, with serious matters reported to management and the Board of Directors.

Biotie applies IFRS standards to its consolidated financial statements and follows the standards and regulations set by NASDAQ OMX Helsinki Stock Exchange and Finnish Financial Supervisory Authority. The Group's financial reporting complies with the Finnish Securities Markets Act and Limited Liability Companies Act. The financial statements of the parent company are prepared in accordance with Finnish Accounting Act and opinions and ordinances of the Finnish Accounting Board.

Biotie has established objectives for reliable financial reporting in order to identify financial reporting risks. The Group has an integrated risk management process which is a part of the Group's management, monitoring and reporting systems. Regular reporting and monitoring is performed both at the Group and single

company level. The identification of risks and preparations for them is primarily carried out in the finance and administration unit.

Risk management procedures cover the identification and assessment of the risks that may arise in different levels of the financial reporting process. Risk identification and assessment is continual, meaning that the assessment is updated on a continuous basis through taking into account the changes in the business environment and in the operation of the corporation.

The monitoring and follow-up of internal control systems is conducted to ensure that the financial information is reliable, complete and timely for the decision making and that internal control is operating efficiently.

Control activities are linked to risk assessment and specific actions are taken to address risks to the achievement of financial reporting objectives. The identified risks related to financial reporting are managed through control activities that are set throughout the organisation, at all levels and in all functions. In financial reporting, the Group Finance assists the single companies in setting up adequate control activities such as approvals, authorizations, verifications, reconciliations, reviews of operating performance, safeguarding of assets and segregation of duties. The Board of Directors is ultimately responsible for ensuring that external financial reporting is correct, timely and in compliance with applicable regulations.

The local companies report the results on monthly, quarterly and yearly basis to the parent company that is responsible for preparing the consolidated financial statements and monitoring the performance of the operation at consolidated level.

In Biotie, the monitoring has been embedded in the work performed by the Board of Directors, the Managing Director and the Group management. The monitoring contains analysing the monthly, quarterly and annual performance of the corporation at the various levels of the organisation as well as reviews and procedures.

In 2010, Biotie identified the key controls that aim to respond the financial reporting risks identified in the risk assessment process. Through the control activities, a reasonable assurance can be reached to make sure that the financial reporting of the Group is accurate, timely and complete. These common control descriptions contain a number of activities such as reconciliations, authorizations, approvals, verifications, segregation of duties and safeguarding the assets. The identified common controls are implemented at Group and unit level. The focus has also been on follow-up of the adequacy and effectiveness of control activities.