Press release 31 July, 2008

Orexo and ProStrakan Extend Licensing Agreement for Rapinyl/Abstral and change Partner in North America

Uppsala, Sweden, 31 July, 2008 – Orexo AB (OMX: ORX), the Swedish pharmaceutical company, and ProStrakan Group plc, the Scottish-based international specialty 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 finalize 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 5 MEUR to 5 MUSD. 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 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 field-based Medical Science Liaison staff, and is currently recruiting a 67-strong sales force in association with NovaQuest, the partnering group of Quintiles Transnational Corp.

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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.

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."

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."

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TO THE EDITORS

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 a 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

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 and development facilities are situated in Galashiels in Scotland. EU-wide sales and marketing of ProStrakan's portfolio of products are handled by commercial subsidiaries in the UK, France, Germany, Spain and other EU countries. ProStrakan has recently commenced the expansion its operations into the US.
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