



PRESS RELEASE
Uppsala
April 22, 2009

Q-Med AB and Oceana Therapeutics enter into agreements for worldwide rights to Hospital Healthcare Products

Q-Med AB and Oceana Therapeutics, LLC., based in the US, have announced entering into agreements to license worldwide commercialization rights to Deflux® and Solesta™. The agreements also include future products that utilize Q-Med's proprietary NASHA™ technology.

As part of the transaction Oceana Therapeutics is acquiring Q-Med Scandinavia, Inc., which accounts for the majority of the business for Deflux and Solesta. Included in this transaction are the exclusive rights to market, sell and distribute Deflux and Solesta and other products intended for the management of urological and gastroenterological conditions worldwide. Q-Med will continue to develop and manufacture all products under this agreement. Oceana will focus on continued global commercialization of Deflux and Solesta.

Under the terms of the agreement Oceana will make an initial payment of 60 MUSD for the shares of Q-Med Scandinavia, Inc. and an additional payment of 15 MUSD upon the US approval of Solesta. Under the agreements, if certain sales targets are achieved, Q-Med AB may receive additional milestone payments of up to 45 MUSD. Oceana will also pay a royalty for the licensing rights based on the net sales of the products. The parties will share the clinical development cost for Solesta.

Deflux is used for the treatment of VUR - a malformation of the urinary bladder which affects children and can give severe infections of the urinary tract and even irreversible kidney damage. Treatment with Deflux is simple to perform and has a rapid effect. The largest single market for Deflux is the USA. Around 1 percent of all children born suffer from VUR. In many cases it disappears by itself as the child gets older. This can, however, take many years and in the meantime often long-term treatment with antibiotics is carried out. Experience shows at the same time that knowledge of VUR is poor and that up to 40 percent of the children affected never get referred to a specialist. Deflux represents the only minimally invasive FDA approved alternative to major ureteral reimplantation surgery. Deflux is also used for other indications outside of the United States. Worldwide net sales of Deflux in 2008 were about 30 MUSD.

Solesta is approved for use in Europe and Canada as an injectable treatment for fecal incontinence, a condition which afflicts millions of patients. Fecal incontinence is considered a debilitating health problem that affects about 2 percent of the general population and is four times more common in women than in men. The most common cause of fecal incontinence is trauma to the pelvic and rectal structure during vaginal delivery. Studies are also ongoing in the US and a regulatory filing for marketing approval is expected within the next 12 months.

Q-Med AB's CEO and founder sees great potential in the new alliance. "We are very pleased to announce the collaboration with Oceana as we share their entrepreneurial spirit and drive. With the exceptionally strong track record of the Oceana management team and the support of Kelso, we are confident that they will continue to grow Deflux and develop Solesta into major products," says Bengt Ågerup, Ph.D. Dr. Ågerup emphasizes that Deflux has already helped more than 200,000 children worldwide. He adds, "Solesta will truly expand the colorectal surgeons' and gastroenterologists' armamentarium for the treatment of fecal incontinence. Solesta may offer success rates similar to open surgery in a large subgroup of patients with fecal incontinence but without the major issues related to the more invasive option. This is also a key step in focusing our own sales and marketing activities on esthetic products and opportunities."

"This is a terrific opportunity for the Oceana team, our investors and patients suffering from these heretofore unmet medical needs," said John T. Spitznagel, Chairman & CEO of Oceana. "We have been very impressed with the Q-Med team and their ability to innovate and develop important medical products and we look forward to working closely with them going forward."

The transaction and closing are subject to HSR (Hart-Scott-Rodino Antitrust Improvements Act of 1976) review and that the closing conditions between the parties are satisfied.



About Oceana

Oceana Therapeutics is a recently established healthcare company. The Oceana team, led by John T. Spitznagel and David Tierney, MD, combines members of the Valera Pharmaceutical and Esprit Pharmaceutical teams. Together, the team has been involved in many previous successful specialty healthcare ventures. Oceana Therapeutics delivers a unique Optimal Outcomes strategy of identifying, acquiring and maximizing the potential of approved and late-stage development specialty therapeutics - redefining the way illnesses are treated.

Oceana Therapeutics' goal is to enable physicians to prescribe drugs and utilize devices that are specifically tailored for the patient's disease — offering Optimal Outcomes— whether by decreasing “pill burden,” timing dosage release to optimize efficacy or offering the added economic benefit of limiting or eliminating hospitalization, reducing demand for surgery or emergency care. This approach balances both the patient's wellness needs and the physician's goal of providing outstanding patient care while efficiently balancing time and economic management constraints.

About Kelso

Kelso & Company has committed to Oceana to make an equity investment in Oceana's parent contingent on the close of the transaction. Kelso, one of the oldest and most established firms specializing in private equity investing, has been involved in various transactions, both as a principal and as a financial advisor since 1971. Kelso is currently investing out of its eighth investment fund, Kelso Investment Associates VIII, L.P., which has approximately \$5.0 billion of outside capital available for investment. Since 1980, Kelso has invested in more than 95 transactions with total capitalization at close of over \$31 billion. Kelso, with substantial equity capital and long-standing relationships with numerous financing sources, has demonstrated the ability to initiate, structure and finance successful investments in companies in a variety of industries and through different economic and interest rate environments

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Q-Med AB is a medical device company. The company develops, manufactures, markets, and sells primarily medical implants. The majority of the products are based on the company's patented technology, **NASHA™**, for the production of stabilized non-animal hyaluronic acid. The product portfolio today contains: **Restylane®** for filling lines and folds, contouring and creating volume in the face, **Macrolane™** for body contouring, **Durolane™** for the treatment of osteoarthritis of the hip and knee joints, **Deflux®** for the treatment of vesicoureteral reflux, **VUR**, (a malformation of the urinary bladder) in children, and **Solesta™** for the treatment of fecal incontinence. Sales are made through the company's own subsidiaries or distributors in over 70 countries. Q-Med today has just over 650 coworkers, with approximately 400 at the company's head office and production facility in Uppsala, Sweden. Q-Med AB is listed in the Mid Cap segment of the NASDAQ OMX Nordic.

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In USA, Q-Med AB's affiliate is the wholly-owned subsidiary Q-Med Scandinavia, Inc.