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*This announcement does not constitute an offer to sell or the solicitation of an offer to buy the securities of Pharmexa A/S (the "Securities") in the USA, Australia, Canada or Japan or in any other jurisdiction. This announcement is not a prospectus.*

*To the OMX Nordic Exchange Copenhagen  
and the press*

Release no. 1/2008

## **Pharmexa Publishes a Prospectus for a Rights Issue**

*Summary: Pharmexa publishes a prospectus for a rights issue of a minimum of 10,000,000 new shares of DKK 5 nominal value each and up to a maximum of 69,090,658 new shares of DKK 5 nominal value each at DKK 5 per share (the "Offering")*

Pharmexa A/S (the "Company") today publishes a prospectus in respect of an offering of shares with preemptive rights to the shareholders of the Company. Reference is made to the prospectus in its entirety for a description of the Company and the Offering. The prospectus contains a summary, which provides a shorter description.

### **The Offering**

The Offering consists of a minimum of 10,000,000 new shares of DKK 5 nominal value each and up to a maximum of 69,090,658 new shares of DKK 5 nominal value each at DKK 5 per share with preemptive rights to existing shareholders at the ratio of 5:3 (i.e. shareholders will be allocated five preemptive rights for each existing share held, and three preemptive rights will be required to subscribe for one new share).

Management has set a minimum offering of 10,000,000 new shares at the offer price of DKK 5 per share, corresponding to gross proceeds of DKK 50 million and net proceeds of DKK 40.5 million. The maximum offering has been set at 69,090,658 new shares at DKK 5 per share, corresponding to gross proceeds of DKK 345.5 million and net proceeds of DKK 318.3 million.

### **Reasons for the Offering and Use of Proceeds**

The Company's capital resources amounted to DKK 79.3 million as of November 30, 2007. Combined with expected revenues from its current collaborative arrangements and awarded public grants, the Company anticipates that this amount will provide funding for its planned activities until May 2008.

Pharmexa now wishes to strengthen its financial position to be able better to develop and commercialize its projects. It is the Company's goal to raise the maximum proceeds, which would enable it to continue the development of its current projects, including not least, to reach the time of publication of the results from its PrimoVax Phase III study expected to be published in the second half of 2009.

However, Pharmexa's future situation and strategic options depend, in large part, on the amount of the proceeds Pharmexa receives in the Offering. Depending on the amount of net proceeds, management intends to initiate and/or accelerate various measures to best secure the assets of the shareholders.

Net proceeds from the Offering	New financial horizon at the current burn-rate*	Use of proceeds
DKK 40.5-100 million	From around September 1, 2008 to around December 31, 2008	<p>Management will initiate specific investigations of the strategic alternatives assessed on an ongoing basis, including the sale of all or part of Pharmexa's activities.</p> <p>Any decision to sell, merge or otherwise change Pharmexa's strategy materially will be based on a thorough evaluation of the options with a view to protecting the assets of the shareholders in the best possible way.</p> <p>Management will be compelled to initiate a number of short-term measures with a view to protecting the assets of the shareholders, including the introduction of cost-saving initiatives and prioritizations in the project portfolio with a view to extending the Company's the financial horizon and thereby the period during which management can negotiate with potential investors.</p>
DKK 100-300 million	From around January 1, 2009 to around December 31, 2009	<p>If the proceeds are at the lower end of the range of DKK 100 million to 300 million, management will consider a narrower strategy focused on a few selected projects and/or limited research efforts with a view to extending the Company's financial horizon. Such strategy would expose the Company significantly to the outcome of a few clinical studies, including the PrimoVax Phase III study.</p> <p>If the proceeds are at the upper end of the range of DKK 100 million to 300 million, management will to the greatest possible extent seek to continue the current strategy depending on the proceeds received.</p> <p>Pharmexa will continue – irrespective of whether the proceeds are at the lower or upper end of this range – to seek to enter into collaborative agreements in respect of Pharmexa's product candidates and technologies, including in respect of the future commercialization of GV1001.</p>
More than DKK 300 million	Later than January 1, 2010	<p>Where the proceeds are more than DKK 300 million, management will continue the current strategy, including the current strategy relating to collaborative agreements.</p> <p>In such situation, Pharmexa will be able to continue the development of the Company's current projects</p>

		up until the end of 2009, including up until publication of the results of the PrimoVax Phase III study expected to be published in the second half of 2009.
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\*If Pharmexa enters into income-generating agreements during the period, the Company's financial horizon will be extended. The financial horizon will also be extended if the Company takes cost-saving steps and prioritizes its product portfolio.

### **Reduction of the Share Capital**

On November 26, 2007, the Company announced that more than half of the share capital had been lost, and an extraordinary general meeting was convened, which was held on December 17, 2007. Against this background, the OMX transferred the shares in the Company to its observation list.

At the Company's extraordinary general meeting held on December 17, 2007, a resolution was passed at the proposal of the Board of Directors to reduce the Company's share capital by DKK 207,271,975 to DKK 207,271,975, in order to cover losses, by reducing each of the shares of DKK 10 nominal value issued by the Company to DKK 5 nominal value. The proposal was submitted because the Company had lost more than half of its share capital and for the purpose of adjusting the Company's share capital to this Offering of new shares. Hereafter, the Company is no longer subject to the provisions on loss of capital of the Danish Public Companies Act. The Company's shares are still on the observation list of the OMX.

### **Advance Undertaking to Subscribe for Shares**

H. Lundbeck A/S has made a binding advance undertaking, if possible, to buy preemptive rights and subscribe for new shares on the basis of such rights for a total investment of DKK 25 million, corresponding to just less than half of the minimum proceeds.

### **Offer Price**

The new shares are offered at DKK 5 per share with a nominal value of DKK 5 per share, free of brokerage.

### **Preemptive Rights**

On Friday, January 18, 2008 at 12.30 p.m. CET, shareholders will be allocated five (5) preemptive rights per existing share of DKK 5 nominal value each held in the Company. Shares traded from and including Wednesday, January 16, 2008 will be traded ex preemptive rights and will consequently not carry a right to subscribe for new shares at the offer price.

### **Subscription Ratio**

The rights issue is made at the ratio of 5:3 to the effect that shareholders will be allocated five (5) preemptive rights for each existing share held, and three (3) preemptive rights will entitle holders to subscribe for one (1) new share against payment of the subscription price.

### **Subscription Period**

The period in which the new shares may be subscribed will commence on Saturday, January 19, 2008 at 9.00 a.m. CET and close on Friday, February 1, 2008 at 5.00 p.m. CET. Preemptive rights which are not exercised through the custodian institutions during the subscription period will lapse with no value, and the holders will not be entitled to subscribe for the new shares or receive compensation.

### **Trading and Official Listing of Subscription Rights**

The period in which the preemptive rights will be admitted to listing and trading on the OMX will commence on January 16, 2008 at 9.00 a.m. CET and close on January 29, 2008 at 5.00 p.m. CET.

### **Trading and Official Listing of New Shares**

Admission to trading and official listing of the new shares on the OMX is expected to take place on February 6, 2008. Shareholders and investors should note that the new shares will not be admitted to trading and official listing on the OMX under the temporary securities code. The new shares will be listed on the OMX directly under the existing securities code when the capital increase has been registered with the Danish Commerce and Companies Agency, which is expected to take place on February 5, 2008.

### **Underwriting**

The Offering is not underwritten.

Therefore there can neither be any assurance that the minimum offering will be achieved so that the Offering can be completed, nor that gross proceeds will be received that will enable Pharmexa to continue the present strategy. Accordingly, there is a risk that the proceeds received will not be sufficient to provide the funding necessary for Pharmexa to continue as an independent company. It is expected that Pharmexa's existing capital resources will be sufficient to fund the operation of the Company until May 2008.

If the Offering is not completed or is completed with gross proceeds of DKK 50 million, equivalent to the minimum offering, Pharmexa may have to implement a number of short-term measures with a view to protecting the assets of the shareholders, including the introduction of cost-saving initiatives and prioritizations in the project portfolio. In addition, Pharmexa will be forced to seek to immediately find a buyer to the Company's shares or operations, and there can be no assurance that such a sale can be effected within the required short horizon, or on which terms such a sale can be made. If such a sale cannot be effected, or cannot be effected on satisfactory terms, the Company would have to suspend its payments or file for bankruptcy, which would have the effect that the shareholders' investments in the shares would be considered to be lost.

### **Lead Manager**

Danske Markets (a division of Danske Bank A/S) is Lead Manager for the Offering.

### **Prospectus**

Requests for copies of the prospectus containing detailed information on Pharmexa and the complete terms and conditions of the Offering may be addressed to:

Danske Bank A/S  
Corporate Actions  
Holmens Kanal 2-12  
DK-1092 Copenhagen K  
Tel.: +45 7023 0834  
E-mail: [prospekter@danskebank.dk](mailto:prospekter@danskebank.dk)

The prospectus will also be available for inspection at the offices of the Company and may with certain exceptions be downloaded from the Company's website: [www.pharmexa.com](http://www.pharmexa.com)

### **Financial Calendar for 2008**

The Company's financial calendar for 2008 is as follows:

March 3, 2008	Annual report announcement 2007
April 28, 2008	Annual general meeting
May 9, 2008	Interim report Q1 2008
August 21, 2008	Interim report Q2 2008

November 7, 2008

Interim report Q3 2008

### Forecast for the Year Ended December 31, 2007

The Company expects a net loss for 2007 of approximately DKK 160 million based on expected revenue, interest and other operating income of approximately DKK 35 million, research and development costs of approximately 165 million and administrative expenses of approximately DKK 30 million.

### Forecast for the Year Ending December 31, 2008

Based on Pharmexa's ongoing activities, agreements already entered into and grants already made, Pharmexa expects that revenue, interest income and other operating income in the 2008 financial year will total approximately DKK 35 million. Research and development costs are expected to total approximately 185 million, and administrative expenses are expected to be approximately DKK 30 million. The net loss, including financial income, is expected to be approximately DKK 180 million.

Pharmexa's forecasts for 2008 are based on its current level of activity and assume that the Company does not enter into new revenue-generating or cost-saving agreements in 2008. Such new agreements or material changes to Pharmexa's strategy may therefore have a material impact on the Company's forecasts for the 2008 financial year.

### Capitalization as of November 30, 2007

As of November 30, 2007, the Company's capital resources totaled DKK 79.3 million consisting of cash and cash equivalents. The table below shows the Company's capital resources as of November 30, 2007, including as adjusted to reflect the maximum and the minimum net proceeds of DKK 318.3 million and DKK 40.5 million, respectively.

DKK million	As of November 30, 2007	As of November 30, 2007 adjusted to reflect the maximum net proceeds	As of November 30, 2007 adjusted to reflect the minimum net proceeds
Cash	79.3	397.6	119.8
Securities	0	0	0
Capital resources	79.3	397.6	119.8
Undrawn credit facilities	0	0	0
<b>Total capital resources</b>	<b>79.3</b>	<b>397.6</b>	<b>119.8</b>

Note: Pharmexa received funding from H. Lundbeck in December 2007 in connection with the renewal of a license agreement regarding a vaccine against Alzheimer's disease

This announcement is not a solicitation or an invitation to invest in the Company. Any subscription for shares shall be based on the Prospectus prepared by Pharmexa in connection with the Offering.

### Interim Financial Statements for the Nine Months Ended September 30 2007

The interim financial statements included in this Prospectus deviate in certain respects from the interim report for the nine months ended September 30, 2007 in the Company's announcement dated November 7, 2007. The interim report in the announcement mainly contains figures at a summary level, while the interim financial statements in the Prospectus include additional information on the underlying assets and liabilities. Following the release of the interim report, a mistake was discovered in adding up of the figures in the income

statement, and the line item “Loss before other operating income/expenses” of DKK 153.3 million in the interim report is correctly stated at DKK 150.6 million in the interim financial statements in this Prospectus. Furthermore, it is stated in the comments in the announcement that financial expenses were DKK 1.8 million, and that financial income and capital gains totalled DKK 6.0 million. In this Prospectus, this has been corrected to DKK 1.0 million and DKK 5.2 million, respectively. The sum of financial expenses and income is unchanged. Other than as described above, there are no differences in the figures in the interim report in the announcement and the interim financial statements in this Prospectus.

Information that is not included in the interim financial statements in this Prospectus but that is disclosed in the announcement is depreciation and impairment of non-current assets and a status on warrants as of September 30, 2007. The status on warrants as of September 30, 2007 has been left out since the Prospectus includes an updated statement of outstanding warrants as of December 31, 2007.

There are differences in the Company’s statement by the Board of Directors and the Executive Management on the interim report in the announcement and such statement in this Prospectus. In the announcement, it is stated that the interim report is presented in accordance with IAS 34 and that it is unaudited. In this Prospectus, it is stated that the interim financial statements were prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards as adopted by the EU. Moreover, the interim financial statements in this Prospectus contain a paragraph stating as follows: “The Company’s planned activities for 2008 require additional capital. We expect that the necessary capital can be obtained through a rights issue in the first quarter of 2008. The interim financial statements are consequently based on a going concern assumption.”

#### **Notice to Persons Resident in the United States**

The preemptive rights and the new shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States. Any transfer of preemptive rights is not permitted except by offer and sale in accordance with Regulation S under the U.S. Securities Act. New shares may not be subscribed for, offered, sold, pledged or otherwise transferred in the United States unless they are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available. New shares acquired pursuant to the Offering are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act to the same extent and proportion that the existing shares held by the shareholders as of the record date for the Offering were restricted securities.

The Offering is being made for the securities of a company incorporated in Denmark. The Offering is subject to Danish disclosure requirements, which are different from those of the United States and other countries. Any financial statements included in the document have been prepared in accordance with International Financial Reporting Standards (IFRS), and may not be comparable to the financial statements of United States or other companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since Pharmexa A/S is located in Denmark and some or all of its officers and directors may be residents of Denmark. You may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. It may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgment.

As a result of these restrictions under applicable laws and regulations, Pharmexa A/S expects that some or all investors resident in the United States may not be able to exercise

their preemptive rights and subscribe for the New Shares. Pharmexa A/S shall make no offer or solicitation to any person under any circumstances that may be unlawful.

**Notice to Persons Resident in Canada, Australia, Japan and Other Jurisdictions**

The preemptive rights and the new shares have not been approved, disapproved or recommended by any foreign state securities commission nor have any of such authority passed upon or endorsed the merits of the Offering or the accuracy or adequacy of the prospectus.

The prospectus may not be distributed to or in any other way be made available, and the new shares may not be offered or sold and the preemptive rights may not be exercised, offered or sold in Canada, Australia or Japan or in any other jurisdiction, unless such offering, such sale or such exercise is permitted pursuant to applicable laws and regulations in such jurisdiction, and the Company and the Lead Manager receive satisfactory documentation thereof.

As a result of these restrictions under applicable laws and regulations, Pharmexa A/S expects that some or all investors resident in Canada, Australia, Japan and other jurisdictions may not be able to exercise their preemptive rights and subscribe for the new shares.

Hørsholm, January 9, 2008

Ole Steen Andersen  
Chairman of the Board of Directors

**Additional information:**

Jakob Schmidt, Chief Executive Officer, telephone +45 4516 2525  
Claude Mikkelsen, Vice President, Corporate Affairs and Communication, telephone +45 4516 2525 or +45 4060 2558

**Note to editors:** *Pharmexa A/S is a leading company in the field of active immunotherapy and vaccines for the treatment of cancer, serious chronic and infectious diseases. Pharmexa's proprietary technology platforms are broadly applicable, allowing the company to address critical targets in cancer and chronic diseases, as well as serious infectious diseases such as HIV, influenza, hepatitis and malaria. Its leading programs are GV1001, a peptide vaccine that has entered phase III trials in pancreatic cancer and phase II trials in liver cancer, and HIV and hepatitis vaccines in phase I/II. Collaborative agreements include H. Lundbeck, GENimmune, IDM Pharma and Bavarian Nordic. With operations in Denmark, Norway and USA, Pharmexa employs approximately 105 people and is listed on the Copenhagen Stock Exchange under the trading symbol PHARMX.*

*This announcement contains certain statements that are forward-looking, including statements with respect to the development of the Company's drug pipeline, its planned use of proceeds and its forecasts for 2007 and 2008. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date hereof.*