



**Orexo to acquire Biolipox, building a specialty  
pharma company driven by innovation**

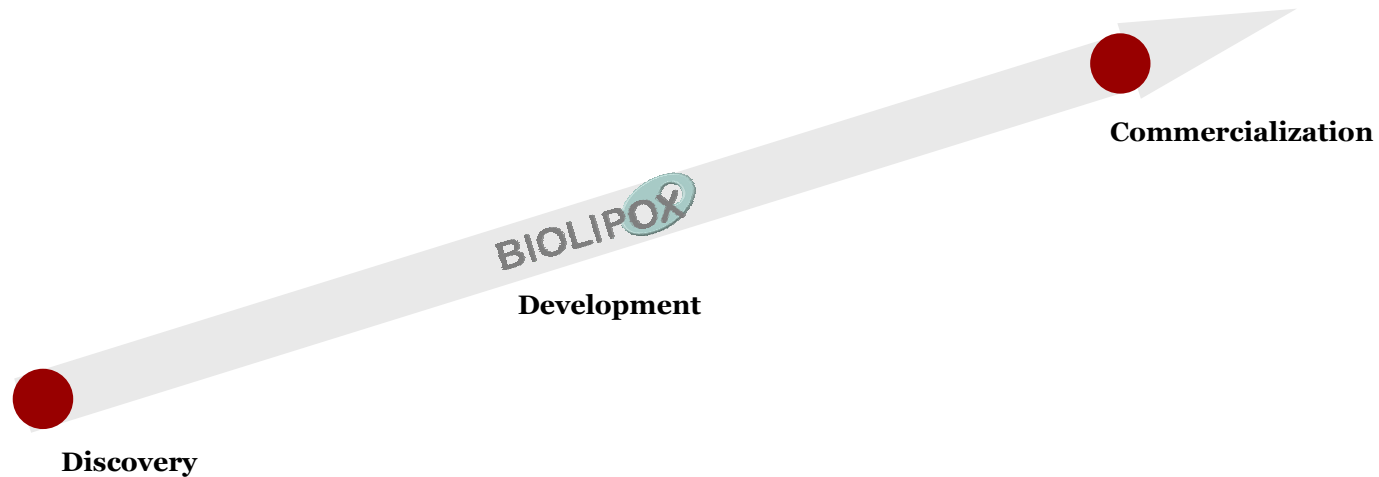
**Update**

October 25, 2007

# Agenda

- Biolipox product overview
- Transaction rationale
- The combined company
  - Strategy
  - Products
- The transaction

# Biolipox in brief



- Focus in respiratory and inflammatory pain
- Cutting-edge highly innovative pipeline
- Portfolio transformation into commercial partnerships
- Innovative liposomal drug delivery technology
- EUR 250m partnership with Boehringer Ingelheim

# Biolipox product portfolio

Broad and Innovative product pipeline								
Product	Indication	PC	Phase I	Phase II	Phase III	NDA	Market	Partner(s)
BLX-NLA	Rhinitis	█						Ongoing
BLX-LSAID	Asthma	█						
BLX-914	COPD/Asthma	█						Initiate partnering 09'
BLX-2477	Asthma	█						Ongoing
BLX-MPI	Inflam Pain	█						Boehringer Ingelheim
BLX-CLI	Asthma	█						
NLA & Steroid	Rhinitis	█						

# BLX-NLA (Nasal Ceterizine) Rhinitis

## Product description

- New treatment for the management of rhinitis.
- On demand treatment for allergy

## Market potential

- Respiratory rhinitis market USD 7 bn\*
- NLA sales potential appr USD 300 mill

## Competitive landscape

- Direct competitor to Azelastine Nasal Spray (US, MedPointe and Meda)
- Azelastine (appr USD 200 mill) accounts for appr 80% of Medpointe sales
- Azelastine compliance hampered by taste

## Target competitive advantage

- Good clinical efficacy
- Fast onset to action and better compliance compared to Azelastine
- Faster onset of action compared to Ceterizine tablets
- No sedation compared to Ceterizine tablets

## Partnerships

- Partnering discussions ongoing

## Development status

- Liposomal drug delivery / Phase II

\* IMS

# BLX-NLA Ceterizine Nasal Spray description

- **Target Product Profile**

- Full effect (similar to market leading oral antihistamine)
- No sedation (as effective as oral antihistamines at lower plasma levels)
- Fast onset (< 5-10 min)
- Taste masking irritant effects (liposomal formulation)

- **Perennial rhinitis (line extension)**

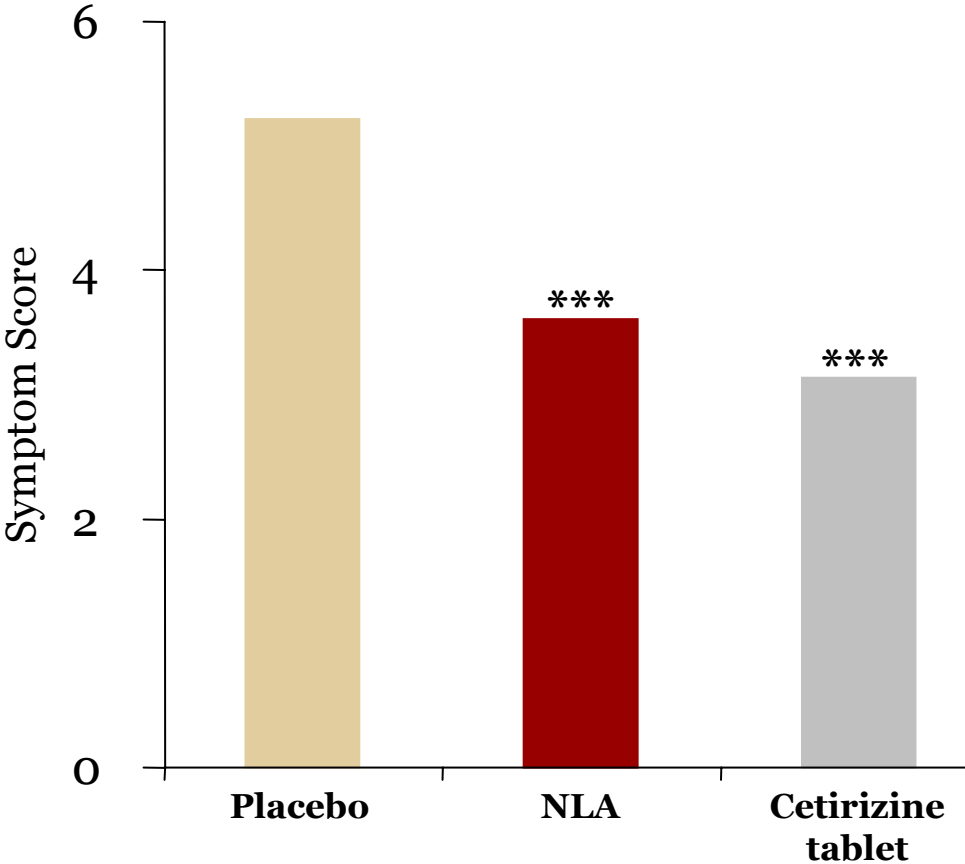
- Targeting all patients with rhinitis

- **Combination with nasal steroid**

- The rhinitis therapy with optimal therapeutic coverage
- Targeting patients with moderate to severe rhinitis

**Targeting all rhinitis patients**

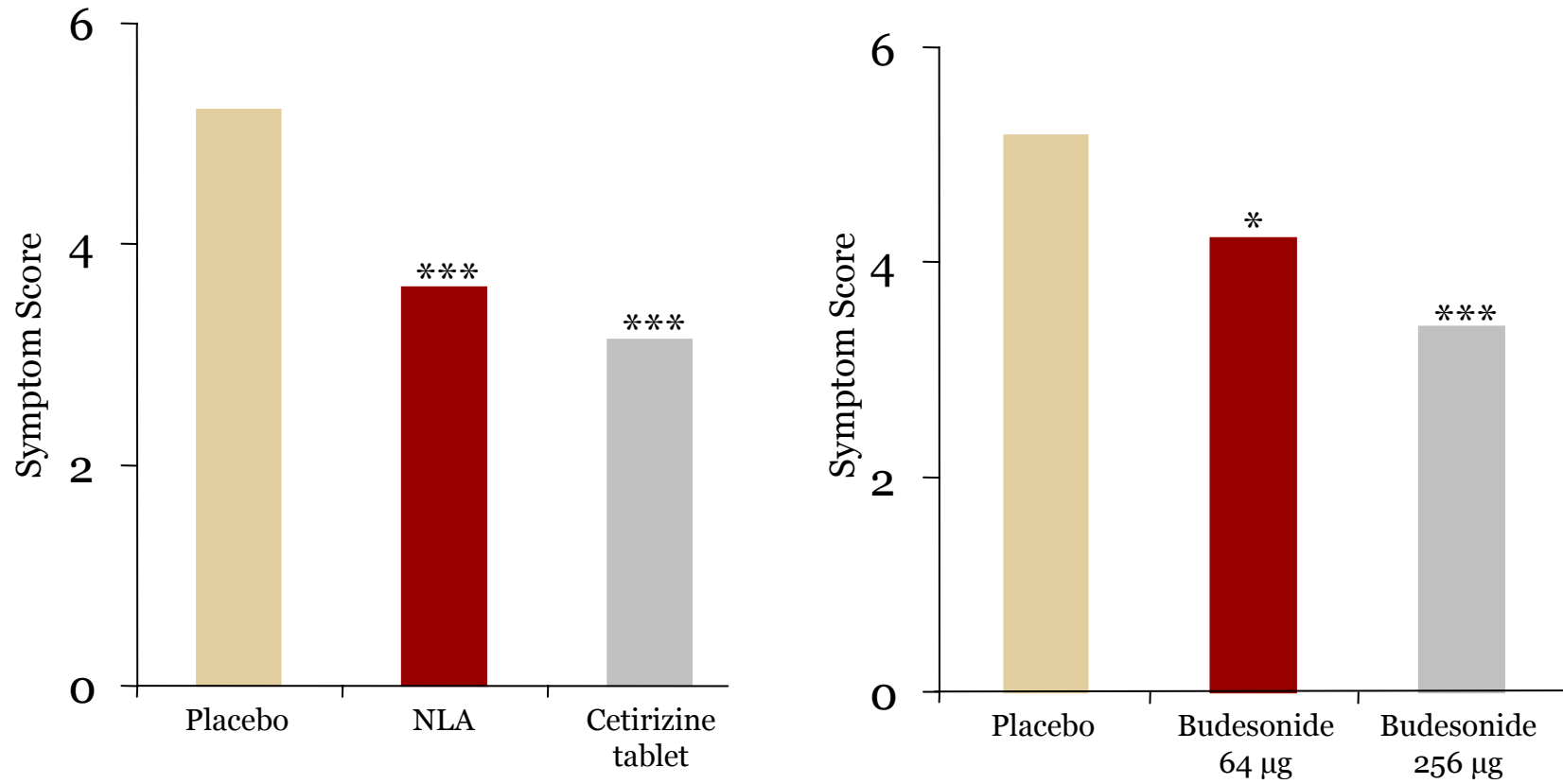
# BLX-NLA Development - Phase II Study



- Total Nasal Score (max 9) at 10 minutes after allergen challenge

**Similar efficacy as cetirizine tablets**

# BLX-NLA Development - Phase II Study

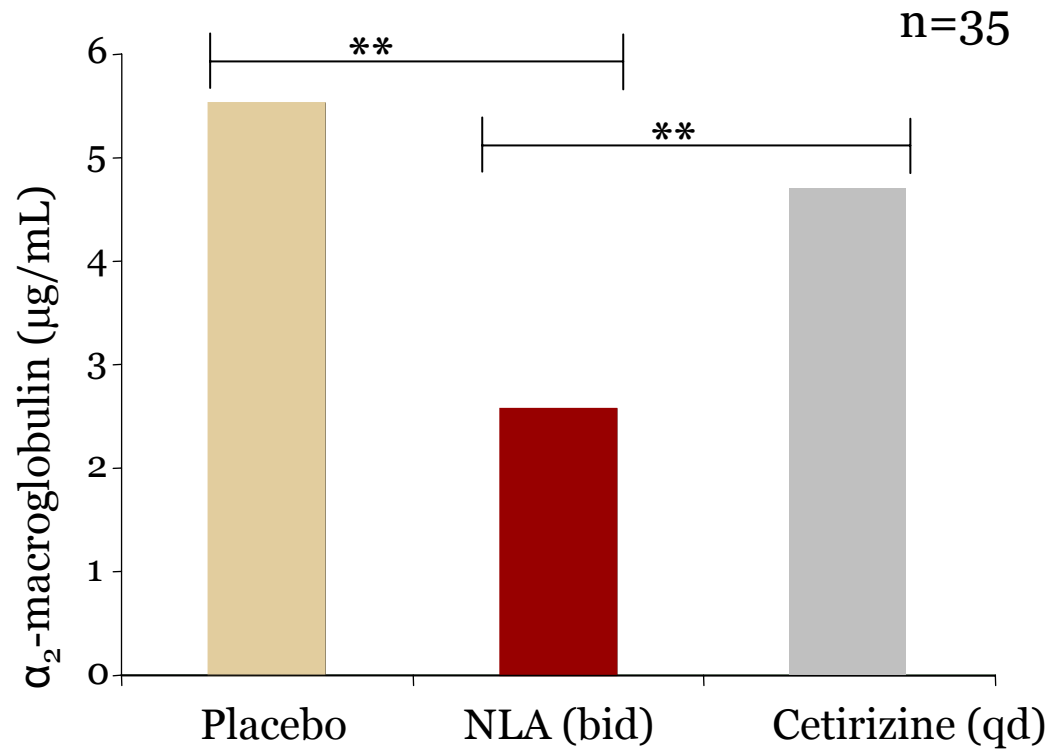


**Similar efficacy as a nasal steroid**

Source: Annals of Allergy, Asthma & Immunology Vol 85, 2000



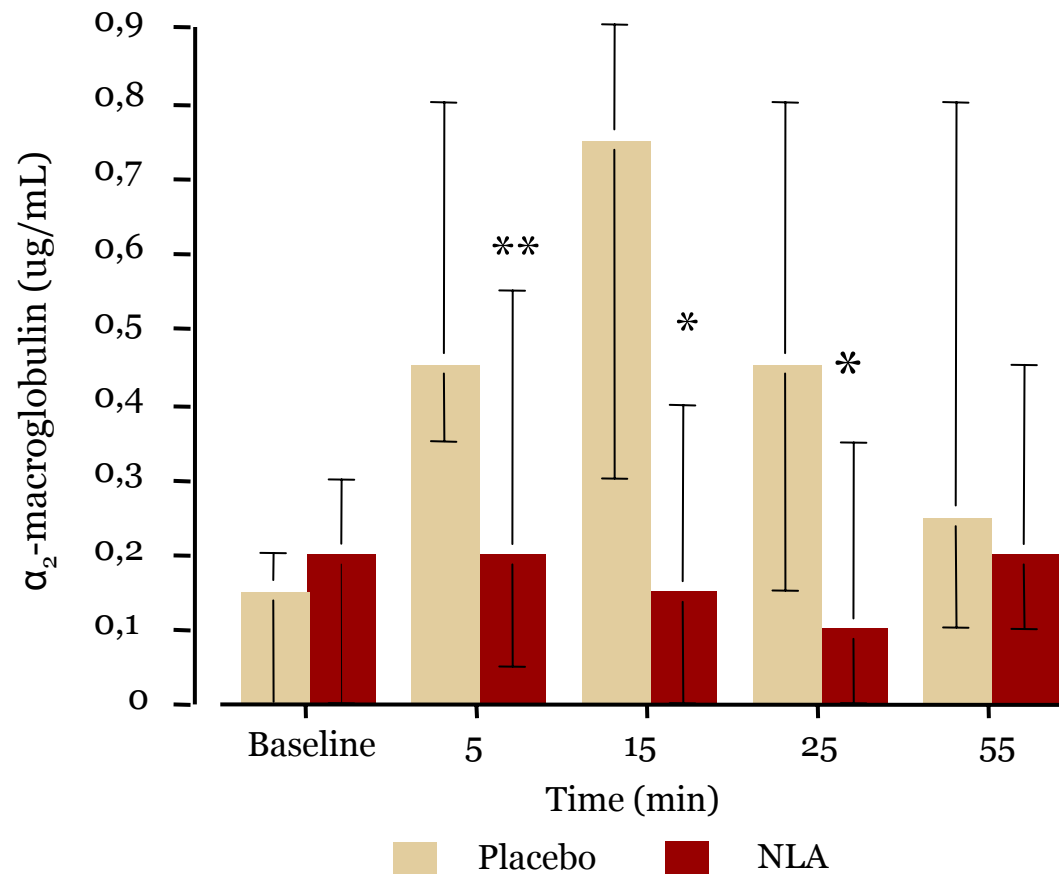
# BLX-NLA Development - Phase II Study



- Results: Sustained “Morning Effect”

**NLA Nasal Spray: Superior morning effect**

# BLX-NLA Development - Phase II Study results

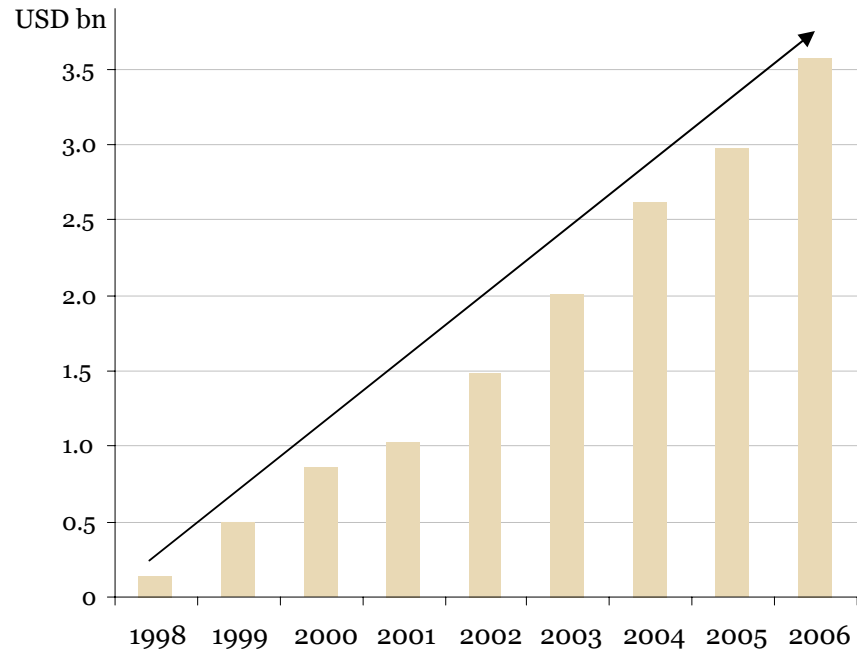


**NLA Nasal Spray – full effect after 5 min**

# Need for new asthma and COPD therapies

- Respiratory market USD 17 bill
- Current leukotriene receptor antagonists have lower efficacy than inhaled corticosteroids
- Aversion to steroids
- Singulair was launched on the major markets in 1998 with great success
- Need for improved therapy

**Singulair sales 1998-2006 (global)**



**Great demand for novel, non-steroidal anti-inflammatory drugs for asthma and COPD**

# BLX-914– COPD and Asthma

## Product description

- New treatment for the management of COPD and asthma

## Market potential

- Respiratory market USD +17 bn\*

## Competitive landscape

- Products on the market: Spiriva, Advair and Spirocort
- Products in development: Several PDE4 inhibitors in development but with a non-competitive safety profile and lack of good clinical efficacy

## Target competitive advantage

- Good clinical efficacy
- Excellent tolerability

## Partnerships

- Acquiring from Inflazyme Pharmaceuticals
- To be partnered following clinical Phase II

## Development status

- First Phase II results in the end of 2008

\* IMS

# BLX-2477 (Eoxin) – Asthma and COPD

## Product description

- New treatment concept for the management of asthma, COPD and other inflammatory diseases. First in class and highly innovative

## Market potential

- Respiratory market USD +17 bn\*

## Competitive landscape

- Singulair, Advair and Spirocort

## Target competitive advantage

- Good clinical efficacy due to superior anti-inflammatory efficacy compared to Singulair and comparable to steroids. Superior anti inflammatory efficacy compared to Singulair
- Good clinical efficacy
- Excellent tolerability

## Partnerships

- Partnering discussions initiated

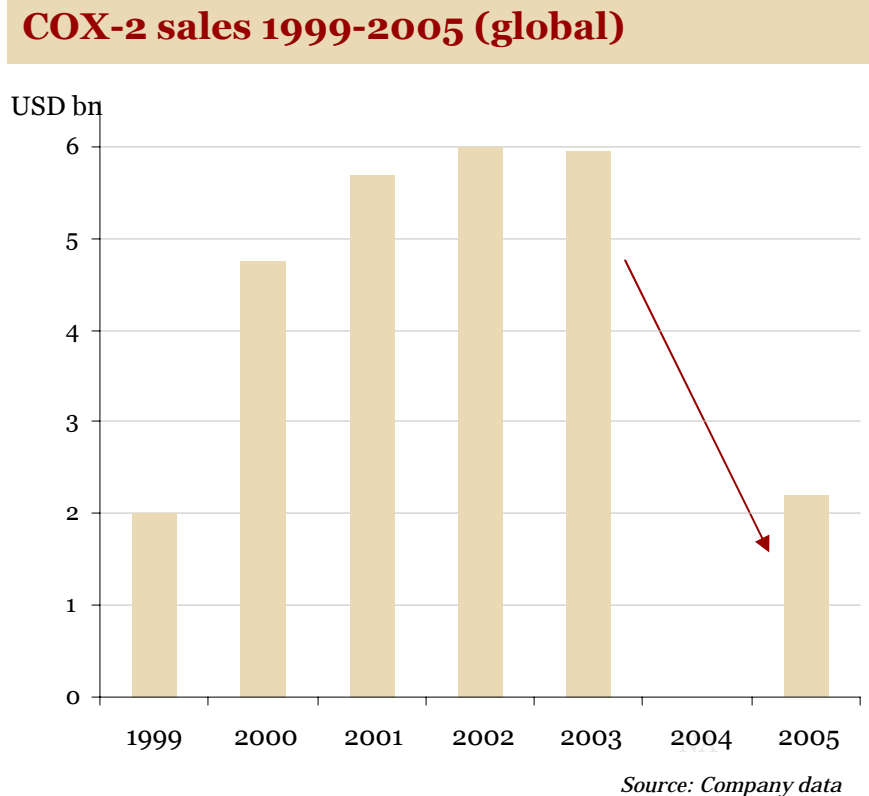
## Development status

- Planning start of Phase I in 2008

\* IMS

# BLX-MPI: Challenging the COX-2 inhibitors

- Rapid sales surge after launch
- Concerns over cardiovascular safety in 2001
- VIOXX withdrawn worldwide in Oct 2004 due to increased risk of CV events



**Room to exploit gap in the market**

# BLX-MPI– Inflammatory Pain

## Product description

- Selective PGE2 inhibitor
- Targeting the medical need in inflammatory pain
- Filling the gap in the market following the COX2 limitations

## Market potential

- Inflammatory pain USD 5 bn++\*

## Competitive landscape

- NSAIDS
- COX2 inhibitors

## Target competitive advantage

- Good safety profile
- No CV/GI side effects
- Good clinical efficacy

## Partnerships

- Partnered with Boehringer Ingelheim (B-I)

## Development status

- Preclinical

\* IMS 2005

## EUR 250m partnership with B-I

- Total value of EUR 250m+ royalties
- Research collaboration for 3 years, signed in 2005
- B-I responsible for all development costs
- Co-promotion rights in the Nordic and Baltic countries
- Next milestone expected in 2008



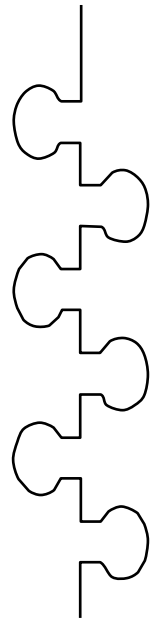
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# A combination with clear industrial logic

orexo

- Several late stage products
- Development capabilities
- Formulation & CMC capability
- Drug delivery platform
- Marketing & Sales
- Deal dependent
- Narrowly traded
- Subcritical market cap
- 74 employees
- New facilities



BIOLIPOX

- Innovative product portfolio
- Earlier portfolio with partnering opportunities
- CMC & Chemistry capability
- Drug delivery platform
- Clinical capability
- Big Pharma partnership
- 52 employees





orexo

- Broader product portfolio
- Significant news and deal flow → cash and quids
- Emphasis on development – not discovery
- Innovative technology base
- State of the art product development process
- Cost synergies
- Deal dependent
- Larger market cap
- Enhanced liquidity
- Broader/international owner base
- Improved M&A ability

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# Orexo's combined product pipeline

Product	Indication	PC	Phase I	Phase II	Phase III	NDA	Market	Partner(s)
Rapinyl	Acute Pain							  
Sublinox	Insomnia							Ongoing
OX-17	Gerd							Ongoing
BLX-NLA	Rhinitis							Ongoing
BLX-LSAID	Asthma							
BLX-914	COPD/Asthma							Initiate partnering 09'
Ox-19	Incontinence							
OX-40	Migraine							
BLX-2477	Asthma							Ongoing
BLX-MPI	Inflam Pain							 Ongoing
BLX-CLI	Asthma							Ongoing
OX-30	Pain							
OX-23	Pain							
NLA & Steroid	Rhinitis							

 Orexo  Biolipox

# Portfolio optimization

## PRODUCT DEALS Cash inflow \$\$\$

• Rapinyl	✓
• Sublinox	ongoing
• OX17	ongoing
• BLX NLA	ongoing
• MPI	✓
• BLX –CLI	ongoing
• BLX –2477	ongoing

## DEVELOPMENT FOCUS

• OX40 – Migraine
• OX30 – Pain/Abuse resist
• OX17 – GERD
• BLX 914 – COPD / Asthma

## SUBJECT TO EVALUATION

• OX19 – Incontinence
• OX23 – Pain
• BLX - LSAID

 = Biolipox projects

# Anticipated news flow 2008

- Short term cash generating and pipeline value enhancing business development
  - Distribution deal Rapinyl Asia and RoW ✓
  - EU approval and launch of Rapinyl
  - Partnering agreement OX-17
  - NLA Nasal Spray partnering agreement
  - Partnering agreement Sublinox
  - Partnering agreement dual effect respiratory drug and EOXIN inhibitor
- Product development
  - FDA filing of Sublinox
  - EU approval and launch of Rapinyl
  - FDA filing of Rapinyl in the US
  - Initiation Phase II PDE4 inhibitor in asthma and COPD
  - Initiation Phase I EOXIN inhibitor in asthma
  - First Phase II data PDE4 inhibitor
  - Phase I data EOXIN inhibitor in asthma

# Pro forma financials in "New" Orexo

- Cash and short-term investments: SEK 242 million (as of 30 September 2007)
- The total pro forma cash position, as of 30 September 2007, including committed cash payments, equals SEK 413 million and will ensure funding for 12 months
- Cost synergies up to SEK 40 million annually
- Break-even 2008-2009 is deal dependent

# Synergies and Cost avoidance

Approximately SEKm 40 annually through;

- Portfolio rationalization
- Headcount synergies
- Facilities synergies longer term
- Cost avoidance



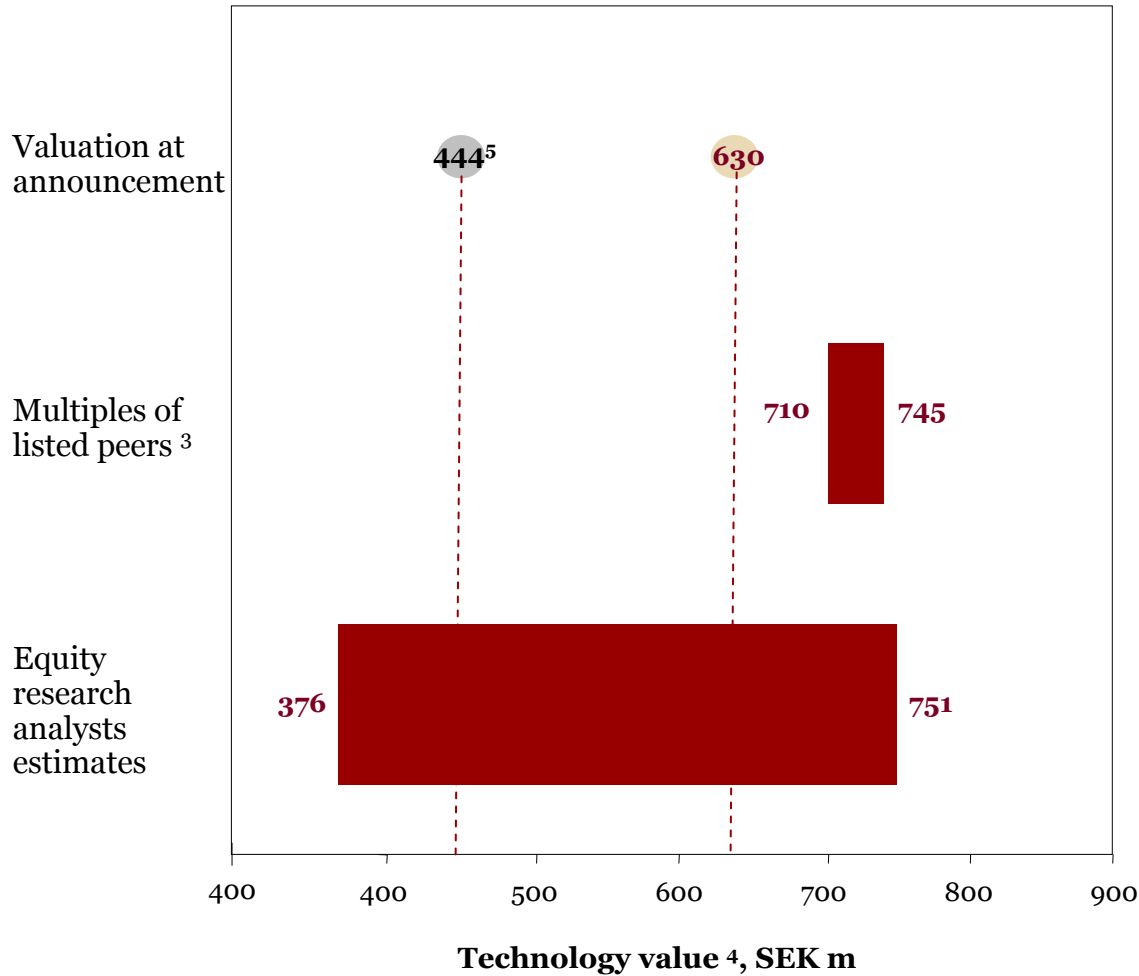
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# The transaction

- Share for share transaction – after the transaction the current Orexo shareholders will own 62% percent of Orexo
- Based on an Orexo share price of SEK 100<sup>1</sup> the implied equity value of Biolipox is SEK 856m (38%), and of the combined company SEK 2,252m
- By applying Orexo closing share price as of 2007-10-24, Biolipox would have an equity value of SEK 670m and the combined company SEK 1,762m
- Biolipox owners are subject to a three months lock-up
- The transaction is, inter alia, subject to confirmatory due diligence, approval of new ORX share issue by Orexo shareholders and potential merger filing
- Tentative timing of transaction:
  - Shareholders' meeting: November 13
  - Closing of transaction: End of November

# Valuation of Biolipox



- With the settlement price (ORX) used in the transaction (SEK 100)<sup>1</sup>, Biolipox was valued at SEK 856m which corresponds to a tech value of SEK 630m<sup>2</sup>. ABG Sundal Collier is rendering a fairness opinion supporting this valuation

- A comparable peer analysis supports a Biolipox tech value in the range of SEK 710-745m

- Significant spread between equity research analysts' (covering Orexo) estimates with respect to valuation of Biolipox' technology value

1) Based on 45 average closing share price (2007-08-13 – 2007-10-12)

2) Cash includes cash position as of 30 Sep 2007 and EUR 15m

3) Comparable peer analysis has been based on the following companies; Algeta, Bioinvent, Curalogic, KaroBio, Lifecycle Pharma, Medivir and Orexo

4) Technology value is defined as the NPV of the products future cash flows in the portfolio

5) Technology value based on Orexo closing share price as of 2007-10-24

# Shareholder structure post transaction

<b>Investor</b>	<b>%</b>
HealthCap	30.5
Apax	6.8
Sofinnova	6.7
4 AP	5.9
SLSV	5.3
Nordea Fonder	3.4
Catella Funds	3.3
Credit Agricole	2.8
Carnegie Funds	2.5
Auriga Partners	2.1
Other	30.8
<b>Total number of shares</b>	<b>100.0</b>

# Key leadership team

## **Håkan Åström – Chairman Orexo**

- Chairman of the board and director since 2003
- Mr. Åström is also chairman of the board of directors of Affibody, Biovitrum, Biolipox, Ferrosan, Sanos and Topotarget, and a board member of Karolinska Institutet

## **Torbjörn Bjerke – New president and CEO Orexo**

- Most recently President and CEO of Biolipox AB (since 2004)
- Previously senior executive management positions at AstraZeneca and ALK-Abello
- Member of the board of directors at NeuroSearch and Topotarget

## **Claes Wentzel – EVP / CFO Orexo**

- Executive VP & Chief Financial Officer Orexo since 2005
- Prior to joining Orexo, Mr Wentzel has among other assignments, served as Vice President and Chief Financial Officer in Perbio Science AB
- Member of the board of directors at Stille