

Press release, October 15 2007

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

Orexo AB (OMX Nordic List, Mid Cap: ORX) and the principal owners of Biolipox AB have reached an agreement under which Orexo will acquire Biolipox, an innovative Swedish research-based pharmaceutical company that develops new therapies for inflammatory diseases, including pain management and respiratory diseases such as asthma and chronic obstructive pulmonary disease (COPD).

The acquisition will create an innovative specialty pharma company with a broad product pipeline, global partnerships with major financial potential, and established sales channels. Substantial shareholder value will be created through operational synergies and by optimizing the potential of the combined product pipeline.

The transaction will take place through an issue in kind to Biolipox's shareholders. The deal values Biolipox at SEK 856¹ million, and payment will be made through an issue of a maximum of 8,560,000 Orexo shares. The final structure of the transaction is dependent on Orexo's completion of due diligence of Biolipox. The deal is also conditional upon approval of the issue in kind by an extraordinary general meeting of Orexo and customary regulatory approvals.

A press conference will be held jointly by Orexo and Biolipox at 10 a.m. today, Monday, 15 October 2007. Location: Summit, Grev Turegatan 30, Stockholm.

Håkan Åström, Chairman of the Board of Orexo, comments: "The combination of Orexo and Biolipox will create a larger and more robust pharmaceutical company with a broad and attractive product pipeline. Orexo's business model, combined with the Biolipox innovative research pipeline is an exciting combination to create value."

The transaction in brief

Orexo will acquire Biolipox through an issue in kind. With the settlement price used in the transaction (SEK 100 per share based on an average share price during the last 45 days of trading), the new Orexo will have an estimated market capitalization of approximately SEK 2.3 billion. The company will retain the Orexo name. Following the transaction, Biolipox's shareholders will own 38% of the combined company. Biolipox main owners are committed to a lock-up period of three months, following closing of the transaction.

Employees and management

The two companies have together approximately 120 employees, including nearly 90 engaged in drug development. The Orexo head office will remain in Uppsala, Sweden. Torbjörn Bjerke M.D., currently CEO of Biolipox, will serve as President and CEO of the new company. Claes Wentzel will continue to serve as Executive Vice President and CFO, and Håkan Åström will continue as Chairman of the Board. Orexo's current CEO, Zsolt Lavoitha, will be leaving his operational responsibilities in the company for personal reasons and will serve as Senior Advisor to Orexo's board.

Operations

Orexo will develop as a growing pharmaceutical company focusing on specialty pharmaceuticals. Primary focus will be on development and commercialization of products

¹ Referering to all outstanding shares and warrants

primarily in the areas of pain management and respiratory diseases targeting well defined patient groups and specialist physicians, enabling Orexo to play a fully integrated role from research to commercialization.

Biolipox's pipeline includes several development projects in the areas of pain management and respiratory diseases. The company's strategy has been to seek new partnerships at an early stage in an effort to reduce financial risk. The combined company's product pipeline will consist of a number of priority projects, most of which are in late stage development, as well as a number of other projects which will be evaluated by company management. Tangible synergies and efficiency gains can thereby be achieved.

"Orexo has since its listing in 2005 actively been working on identifying and evaluating a number of acquisition candidates. We see this deal as an important step forward in achieving a broader product pipeline that will bring us closer to our vision of creating a formidable specialty pharma company," says Zsolt Lavotha, President and CEO of Orexo.

Torbjörn Bjerke, CEO-elect of Orexo and currently President and CEO of Biolipox, comments: "I look forward to leading the combined company with the objective of commercializing its product portfolio as rapidly as possible. We have solid capabilities and will now have greater opportunities to drive development of our new medicines for the benefit of the patients."

Financial position

Pro forma the combined company has cash and short-term investments covering more than 12 months, excluding any cash from out-licensing agreements or milestone payments. As per 30 September 2007, Orexo and Biolipox combined had cash and short-term investments amounting to SEK 242 million. In addition, Orexo and Biolipox will receive cash payments totaling approximately SEK 171 million throughout the remainder of 2007.

Financial data for the period January–June 2007

<i>(SEK millions)</i>	Orexo	Biolipox	Pro forma Combined company
Sales	15.2	15.6	30.8
- <i>Cost of goods sold</i>	-6.8	-	-6.8
Gross profit	8.4	15.6	24.0
- <i>Selling expenses</i>	-3.5	-	-3.5
- <i>Administrative expenses</i>	-32.9	-14.5	-47.4
- <i>Research and development costs</i>	-70.4	-57.9	-128.3
- <i>Other income and expenses</i>	-0.2	0.2	-
Operating profit	-98.6	-56.6	-155.2

ABG Sundal Collier has served as financial advisor to Orexo. HDR Partners has served as financial advisor to Biolipox.

Timetable

An extraordinary general meeting of Orexo will be held on 1 November 2007. The acquisition is expected to be completed in November 2007.

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Information on the press conference

Orexo and Biolipox will hold a joint press and analyst conference on Monday, 15 October 2007, at 10 a.m., at Summit, Grev Turegatan 30, Stockholm.

About Orexo

Orexo is a pharmaceutical company which focuses on identifying suboptimal therapeutic characteristics of existing products and developing more efficient and effective delivery methods for them. By combining approved active substances with Orexo's drug delivery technologies it is possible to significantly enhance their therapeutic value, such as providing quicker onset of action or ease of administration. This business model is aimed at bringing products to market faster with lower development risk and costs

Orexo, which has its global headquarters and development laboratories in Sweden, currently operates across the world through development, licensing and distribution agreements in all major markets.

Orexo has a balanced portfolio with two products on the market, three in registration and/or late stage clinical phase, one in clinical phase I, and three under formulation development.

Orexo is listed on the OMX Nordic List Mid Cap (ticker: ORX).

www.orexo.se

About Biolipox

Biolipox is a Swedish research-intensive pharmaceutical company that focuses on developing novel, effective drugs for treating respiratory diseases and other inflammatory diseases, such as asthma, chronic obstructive pulmonary disease (COPD), rhinitis (hay fever), pain and arthritis (inflammatory joint diseases). By drawing on its knowledge in the inflammatory research area, particularly arachidonic acid metabolism, Biolipox has created a portfolio of potential blockbusters in these therapeutic areas. The company has 47 employees and is owned by Health Cap, Apax Partners, Sofinnova Partners, SLS Venture, Crédit Agricole Private Equity, Auriga Partners and the scientific founders.

www.biolipox.se