

Xellia Enters 4 Year Collaboration to Develop New Antibiotics to Combat Multi-Drug Resistant Bacteria

Oslo, Norway and Copenhagen, Denmark, February 25, 2013 – Xellia Pharmaceuticals, a fully integrated specialty pharmaceutical company focusing on the global anti-infective market, announced today that it is developing new antibiotics effective against multi-drug resistant (MDR), Gram-negative bacteria.

This four year development project at Xellia is a collaboration with SINTEF Materials and Chemistry (Trondheim) and the Statens Serum Institut (Copenhagen). The project is being supported by a \$3 million grant from the Research Council of Norway (NFR). The project also includes contributions from laboratories across Europe.

Xellia is aiming to develop new antibiotics that target Gram-negative bacterial infections, caused by, for example *Pseudomonas*, *Klebsiella*, *Acinetobacter* and *Enterobacter* species. Severe sepsis and septic shock due to such infections take up to 135,000 lives each year in Europe and 215,000 in USA.

Resistance to existing antibiotics has become a major healthcare issue worldwide. In the EU alone, infections due to serious hospital-based MDR infections have been reported to cost between EUR 28,500 (in hospital units and ICUs) and EUR 70,100 (in MDR ICUs) per surviving patient.

Recently, pan-drug resistant (PDR) and even so-called extensively drug resistant (XDR) Gram-negative bacteria have started to appear, taking the treatment situation to a critical point. The lack of novel antibiotics is significantly compromising the survival and recovery of patients suffering from these infections. At present, only two antibiotic subclasses are still available to treat XDR infections, polymyxins and tigecycline.

Last-line polymyxin drugs such as polymyxin B and colistin have been used for 60-70 years without developing a significant resistance. However, these antibiotics are known to exhibit elevated nephrotoxicity (affecting kidney function) and are, therefore, not ideal for systemic treatment of XDR-infections.

VP R&D of Xellia, Dr. Aleksandar Danilovski, said, "As the world's leading supplier of both polymyxin B and colistin, Xellia has the experience and capability to develop new, polymyxin-like drugs with less side-effects. These drugs have the potential to address the immediate global need for antibiotics to overcome MDR infections, in particular those caused by PDR and XDR Gram-negative bacteria." He added, "The SINTEF and Statens Serum Institut research groups are specialists in fermentation development and drug testing. Combined with the drug development expertise of the Xellia team, this collaboration represents a highly competent task force in the battle against bacterial infection."

Carl-Åke Carlsson, CEO of Xellia, added, "I am convinced that with Xellia's intellectual resources, and its decades of pharmaceutical developmental and manufacturing experience, we can make substantial progress in meeting this challenge. If successful, the results for patients of these infections and the potential market for these new drugs could be huge. This is a great opportunity to develop new drugs where there is an immediate and pressing medical need. As these development activities progress, we would intend to seek a partnership with a larger pharma company to expedite the development and commercialisation of these drugs for the benefit of patients."

For more information, please contact: Xellia Pharmaceuticals

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About Xellia

Xellia (former Alpharma division) is a fully integrated specialty pharmaceutical company focusing on the global anti-infective market, with over 100 years expertise in supplying fermented and semi-synthetic, active pharmaceutical ingredients and finished dose products employed in life saving therapies against serious infections. The Company has growing sales in more than 70 countries to over 700 customers across the healthcare industry. In particular, Xellia is the world leading supplier of Vancomycin and CMS which together combat life-threatening, antibiotic-resistant bacterial infections across Gram-positive and Gram-negative species. Further information can be obtained at the Company's website: www.xellia.com.