

Press Release

October 5, 2006

Santhera Raises up to EUR 15 million in Oversubscribed Series C Financing

Liestal, Switzerland – Santhera Pharmaceuticals, a Swiss specialty pharmaceutical company with a focus on neuromuscular diseases, announced today that it has successfully raised EUR 10 million with an option to call another EUR 5 million (in total CHF 24 million) in a private financing round. The oversubscribed funding was led by NGN Capital, one of Santhera's largest current shareholders. New investors in the round include NeoMed Management (Jersey), two equity funds managed by Schroder Investment Management (Luxembourg) SA and BioMedinvest (Switzerland). In addition, existing investors NGN Capital, Carnegie Asset Management, GIMV, Dow Chemical, Clariden Biotechnology Fund, 3i and private investors supported this round of financing.

Santhera has currently two compounds in four indications in mid- to late-stage clinical development and has entered three major partnerships since July 2005. The Company plans to use the proceeds from the series C financing to further fund the clinical development programs of its lead compound SNT-MC17/idebenone in Friedreich's Ataxia (FRDA) and Duchenne Muscular Dystrophy (DMD), two rare but devastating neuromuscular diseases, as well as in Leber's Hereditary Optic Neuropathy (LHON), a rare degenerative disorder that affects nerve cells in the retina and optic nerve, leading to rapid loss of central vision and blindness. In addition the funds are intended to support the Phase IIb clinical program with JP-1730/fipamezole in collaboration with Juvantia Pharma for the treatment of Dyskinesia in Parkinson's Disease (DPD).

"We are very pleased that investor interest has allowed us to complete this series C fundraising," said Michael Lytton, Santhera's Chairman of the Board. "The fact that the round was oversubscribed and that the Company was able to attract significant participation from new investors reflects the strength of Santhera's clinical pipeline."

Santhera's Chief Financial Officer, Barbara Heller, added: "We are very happy that we were able to find interest from such an international and professional group of investors validating our business model. This financing round will support our efforts to achieve important milestones in our clinical development and to drive forward our strategy to make Santhera one of the leading specialty pharmaceutical companies in the field of neuromuscular diseases."

"We invest in innovative, development-stage companies that have the potential to achieve exceptional growth driven by ground-breaking products," explains Claudio Nessi, Partner at NeoMed. "Santhera perfectly fits into our portfolio as the company has built extensive experience in neuromuscular diseases and develops therapeutics for the treatment of orphan indications with high unmet medical needs. Even though these are rare diseases, we believe, they offer significant market opportunities." NeoMed Management is a venture capital management firm concentrating on the international healthcare and life sciences industry from offices in Oslo, Geneva and New York.

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About Santhera

Santhera Pharmaceuticals is a Swiss specialty pharmaceutical company focusing on the discovery, development and marketing of small molecule pharmaceutical products for the treatment of severe neuromuscular diseases. Santhera's vision is to become a leading specialty pharmaceutical company offering therapies for a number of indications in this area of high unmet medical need which includes many orphan indications with no current therapy.

Santhera currently has four clinical-stage development programs, three of which are investigating its lead compound, SNT-MC17/idebenone, in the treatment of Friedreich's Ataxia (FRDA), Duchenne Muscular Dystrophy (DMD) and Leber's Hereditary Optic Neuropathy (LHON). The fourth clinical program is investigating JP-1730/fipamezole for the treatment of Dyskinesia in Parkinson's Disease (DPD) in cooperation with Juvantia. The most advanced program, SNT-MC17/idebenone in FRDA, has entered pivotal Phase III clinical development; the other clinical programs are in Phase II. Santhera's drug pipeline comprises another three preclinical programs in cancer cachexia, DMD and type 2 diabetes (out licensed to Biovitrum).

For further information on Santhera, please visit www.santhera.com.

For further information, contact**Santhera Pharmaceuticals**

Barbara Heller, Chief Financial Officer

phone: +41 61 906 89 54
barbara.heller@santhera.com

Thomas Staffelbach, VP Public & Investor Relations

phone: +41 61 906 89 52
thomas.staffelbach@santhera.com

Media contact: Citigate

David Dible

phone: +44 207 638 9571
david.dible@citigatedr.co.uk

Chris Gardner

phone: +44 207 638 9571
chris.gardner@citigatedr.co.uk