

News Release

June 8, 2011

Affectis Pharmaceuticals and Merck Serono Announce an Agreement to Develop Oral Drugs for Neurodegenerative Diseases

- **Merck Serono to develop compounds from Affectis targeting P2X7 receptors**

Martinsried, Germany, June 8, 2011 – Affectis Pharmaceuticals AG, Munich, Germany, today announced that an exclusive licensing agreement was signed with Merck Serono, a division of Merck KGaA, Darmstadt, Germany, for the development and commercialization of oral compounds targeting P2X7 receptors. These receptors are believed to be involved in neuroinflammation observed in some neurodegenerative diseases.

Under the terms of the agreement, Merck Serono will have worldwide exclusive rights to develop and commercialize selected compounds. The contract also includes a research collaboration focusing on P2X7 antagonist optimization. Affectis will receive EUR 2.4 million in upfront payment and research funding, and could receive up to EUR 277 million in milestones for the first three products to come out of the collaboration, as well as undisclosed royalties.

“This agreement validates Affectis’ strategy to focus on small molecules that potentially target the neuroinflammatory aspect of some neurodegenerative diseases. We look forward to collaborating with Merck Serono, an industry leader in the field,” said Dr. Manfred Ruediger, Chief Executive Officer, Affectis Pharmaceuticals. Dr. Michael Boes, Chief Scientist Officer of Affectis, further commented, “Affectis’ chemistry expertise puts special emphasis on brain penetration, which supports our development of oral P2X7 antagonists for the potential treatment of central nervous system diseases”.



“We are pleased to announce this collaboration with Affectis Pharmaceuticals, a company with robust experience in drug discovery in the central nervous system area,” said Dr. Bernhard Kirschbaum, Executive Vice President for Global Research and Development at Merck Serono. “This partnership with Affectis reflects our long-term commitment to developing innovative treatments for neurodegenerative diseases, where unmet medical need still remains.”

P2X7 is an ATP-gated ion channel receptor which is essential for the maturation and release of the pro-inflammatory cytokines. P2X7 is found on brain cells, which are activated by high levels of ATP in conditions of neuroinflammation.

About Affectis Pharmaceuticals AG

Affectis is a biopharmaceutical company developing novel drugs for the treatment of psychiatric and neuroinflammatory disorders. Affectis' unique capabilities in drug discovery and behavioral pharmacology allow the company to develop drugs with innovative mechanisms of action based on pioneering findings in depression and neuroinflammation. Affectis was founded in 2004 as a spin-out from the Max-Planck Institute of Psychiatry. The Company has the capabilities to move its proprietary drug candidates from discovery to early clinical stage and has successfully advanced several compounds in its development pipeline. At the same time, Affectis is seeking partnerships with pharmaceutical companies to accelerate development and commercialization of its candidates.

For further information, please contact Luc St-Onge at info@affectedis.com and visit: www.affectedis.com

About Merck Serono

Merck Serono is the biopharmaceutical division of Merck KGaA, Darmstadt, Germany, a global pharmaceutical and chemical company. Headquartered in Geneva, Switzerland, Merck Serono discovers, develops, manufactures and markets prescription medicines of both chemical and biological origin in specialist indications. In the United States and Canada, EMD Serono operates as a separately incorporated affiliate of Merck Serono.

Merck Serono has leading brands serving patients with cancer (Erbix®[®], cetuximab), multiple sclerosis (Rebif®[®], interferon beta-1a), infertility (Gonal-f®[®], follitropin alfa), endocrine and metabolic disorders (Saizen®[®] and Serostim®[®], somatropin), (Kuvan®[®], sapropterin dihydrochloride), (Egrifta™[™], tesamorelin), as well as cardiometabolic diseases (Glucofage®[®], metformin), (Concor®[®], bisoprolol), (Euthyrox®[®], levothyroxine). Not all products are available in all markets.

With an annual R&D expenditure of over € 1bn, Merck Serono is committed to growing its business in specialist-focused therapeutic areas including neurodegenerative diseases, oncology, fertility and endocrinology, as well as new areas potentially arising out of research and development in rheumatology.

About Merck

Merck is a global pharmaceutical and chemical company with total revenues of € 9.3 billion in 2010, a history that began in 1668, and a future shaped by more than 40,000 employees in 67 countries. Its success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and free shareholders own the remaining approximately 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.

For more information, please visit www.merckserono.com or www.merck.de