

PRESS RELEASE

Basilea enters into global agreement with Stiefel, a GSK company, for Toctino® (alitretinoin)

- Stiefel gains exclusive worldwide rights to Toctino® (alitretinoin) and assumes Toctino® distribution agreements
- Basilea receives GBP 146 million (approximately CHF 216 million) upfront payment and is eligible for additional milestones of up to GBP 50 million (approximately CHF 74 million) and double-digit participation in U.S. sales
- Basilea realizes the significant value of Toctino®, secures development funding and strengthens focus on anti-infectives and oncology

Basel, Switzerland, June 11, 2012 – Basilea Pharmaceutica Ltd. (SIX:BSLN) announced today that Basilea Pharmaceutica International Ltd. ("Basilea") has entered into an exclusive worldwide agreement with Stiefel for Toctino®.

Toctino® was developed by Basilea. It is commercially available in fourteen countries and approved in an additional fifteen countries for the treatment of adults with severe chronic hand eczema that is refractory to treatment with potent topical corticosteroids. In the U.S., oral alitretinoin is an investigational drug in a phase III trial.

Stiefel will assume responsibility for the development, manufacturing, commercialization, and distribution of the product. Existing Toctino® distribution agreements in Europe, Canada, Mexico, Israel and the Republic of Korea will be assigned to Stiefel.

Basilea will receive a GBP 146 million upfront payment and is eligible for additional milestone payments of between GBP 30 to GBP 50 million related to a regulatory milestone of alitretinoin in the U.S. Basilea will also receive low double-digit participation in U.S. sales starting three years after launch.

Dr. Anthony Man, Chief Executive Officer of Basilea, stated, "Through this transaction, we are immediately accessing the value of Toctino and we will be able to further focus our strategy on solving the massive health care threat of resistance in the areas of anti-infectives and oncology. This transaction provides us with non-dilutive capital to achieve our clinical milestones that are key to optimizing shareholder value. It also gives us the flexibility to selectively add products or product portfolios that address resistance to current therapies in our focus areas of anti-infectives and oncology."

He added, "Specifically, we will use the proceeds from this transaction to support the regulatory filing of ceftobiprole for the treatment of pneumonia in the hospital in Europe this year and subsequently in the U.S., as well as completing the isavuconazole phase III program to bring this important drug to the market. Furthermore, we aim to advance our innovative phase I compounds addressing resistant Gram-negative bacterial infections and drug resistance to current anti-tumor therapies."

Employees at Basilea's European affiliates and Swiss headquarters who are actively involved in the commercialization and distribution of Toctino® will have the right to transfer to Stiefel upon completion of the transaction.

The agreement is subject to antitrust approval and other customary provisions. Basilea will confirm the accounting treatment of the transaction and update the financial guidance for 2012 in due course.

Antibiotic resistance has become a major health threat as the arsenal of effective antibiotics is deteriorating. Health authorities and lawmakers are currently addressing how to create new incentives for antibiotic development. Specifically the U.S. congress and the FDA are currently considering extending exclusivity for innovative antibiotics tackling multidrug-resistance and allowing eligibility for priority review and fast-track approval of antibiotics. Ceftobiprole addresses the critical healthcare challenge of empiric therapy of resistant Gram-positive infections such as *Methicillin-resistant staphylococcus aureus* (MRSA) while BAL30072 addresses resistant Gram-negative infections such as *Pseudomonas* and *Acinetobacter*. Basilea's innovative drug portfolio in addition addresses life-threatening fungal infections with isavuconazole and with BAL101553 tumor resistance and non-response to standard cancer therapy.

Ceftobiprole is a novel antibiotic for the potential first-line empiric treatment of severe multidrug-resistant bacterial infections. Available data demonstrate activity against a wide range of Gram-positive bacteria, including the methicillin-resistant *Staphylococcus aureus* (MRSA) 'superbug' as well as clinically important Gram-negative bacteria such as *Pseudomonas* spp. and *Acinetobacter* spp. No other single antibiotic can currently provide such a broad spectrum of coverage. Broad bacterial coverage is important as inappropriate initial antimicrobial therapy is associated with excess mortality in patients with serious infections, including severe pneumonia treated in the hospital. Empiric treatment of severe infections such as pneumonia should include antibiotics covering MRSA and *Pseudomonas aeruginosa*.

BAL30072 is a novel sulfactam antibiotic that in *in-vitro* and *in-vivo* models demonstrated potent bactericidal activity against a broad range of multidrug-resistant Gram-negative pathogens such as *Pseudomonas* or *Acinetobacter* species. BAL30072 has the potential to play an essential role in the therapy of serious and life-threatening infections treated in the hospital. It overcomes bacterial resistance caused by extended-spectrum beta-lactamases (ESBLs), carbapenemases and the recently characterized New Delhi metallo-beta-lactamase 1 (NDM-1). BAL30072 has also demonstrated synergistic effects in combination with antibiotics from the penem class expanding its spectrum of activity to almost all clinically important multidrug-resistant Gram-negative pathogens.

Isavuconazole is a novel broad-spectrum antifungal with the potential to become the best-in-class azole for the treatment of severe invasive life-threatening fungal infections. Invasive yeast or mold infections are potentially life-threatening in immunocompromised patients such as transplant or cancer patients. Current treatment options are often limited due to lack of broad-spectrum coverage, unreliable dosing and toxicity issues. Invasive fungal infections are associated with a significant increase in mortality, particularly among patients with serious underlying diseases. Isavuconazole has excellent *in-vitro* and *in-vivo* coverage of a broad range of yeasts and molds as well as less common but clinically important molds such as *Zygomycetes* spp. Isavuconazole is available in two dosage forms: an injectable and a highly bioavailable oral form that very importantly provide for predictable dosing to ensure adequate effective drug levels in the body. This allows for a seamless intravenous-oral switch, which is a significant advantage for potentially allowing patients to be treated outside of the intensive care unit or the hospital setting.

BAL101553 is a novel small-molecule anti-cancer drug that has shown potent activity in many tumor cell lines that are insensitive or resistant to taxanes or other microtubule-targeting agents. BAL101553 disrupts this intracellular microtubule network in a unique way and is as well interfering

with the blood supply of the tumor resulting in cancer cell death. Unlike all registered microtubule-targeting agents derived from structurally complex natural products, BAL101553 is a simpler synthetic molecule that bypasses some of the resistance mechanisms associated with existing drugs. BAL101553 is being developed as a highly water-soluble prodrug of Basilea's BAL27862 with anticipated good oral bioavailability and an injectable formulation without potentially harmful solubilizers.

Conference call

Basilea Pharmaceutica Ltd. invites you to participate in a conference call on June 12, 2012, 4 p.m. (CEST), during which the company will discuss today's press release.

Dial-in numbers are:

+41 (0) 91 610 56 00 (Europe and ROW)
+1 (1) 866 291 4166 (USA)
+44 (0) 203 059 5862 (UK)

A playback will be available 1 hour after the conference call until June 14, 2012, 6 p.m. (CEST). Participants requesting a digital playback may dial:

+41 (0) 91 612 4330 (Europe and ROW)
+1 (1) 866 416 2558 (USA)
+44 (0) 207 108 6233 (UK)

and will be asked to enter the ID 16236 followed by the # sign.

About Basilea

Basilea Pharmaceutica Ltd. is headquartered in Basel, Switzerland, and listed on the SIX Swiss Exchange (SIX:BSLN). Through the fully integrated research and development operations of its Swiss subsidiary Basilea Pharmaceutica International Ltd. the company focuses on innovative pharmaceutical products in the therapeutic areas of bacterial infections, fungal infections and oncology, targeting the medical challenge of resistance and non-response to current treatment options in the hospital and specialty care setting.

Disclaimer

This communication expressly or implicitly contains certain forward-looking statements concerning Basilea Pharmaceutica Ltd. and its business. Such statements involve certain known and unknown risks, uncertainties and other factors, which could cause the actual results, financial condition, performance or achievements of Basilea Pharmaceutica Ltd. to be materially different from any future, anticipated results, performance or achievements expressed or implied by such forward-looking statements. Basilea Pharmaceutica Ltd. is providing this communication as of this date and does not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

For further information, please contact:

Media Relations	Investor Relations
Peer Nils Schröder, Ph.D. Head Public Relations & Corporate Communications +41 61 606 1102 media_relations@basilea.com	Barbara Zink, Ph.D., MBA Head Corporate Development +41 61 606 1233 investor_relations@basilea.com

This press release can be downloaded from www.basilea.com.