PRESS RELEASE

Basilea reports 2010 interim results

Basel, Switzerland, August 19, 2010 **– Basilea Pharmaceutica Ltd. (SIX:BSLN) significantly increases revenues and cash position in the first half of 2010.**

Basilea Pharmaceutica Ltd. announced today its 2010 interim financial results reflecting the positive impact of the partnering agreement with Astellas Pharma Inc. for Basilea's phase III antifungal agent isavuconazole; the continued commercial roll-out of Toctino® (alitretinoin) for the treatment of severe chronic hand eczema including a distribution agreement with Almirall, S.A.; and the positive one-time impact from the accelerated recognition of upfront and milestone payments related to the antibiotic ceftobiprole.

Basilea increased its cash position to CHF 193.8 million in the reporting period providing the company with greater operational flexibility for advancing its broad and innovative product portfolio. Toctino® product sales almost doubled year-on-year to CHF 13.6 million in the first half of 2010 based on the continued market penetration in Germany, the United Kingdom and Denmark and first contributions from recent launch countries France and Switzerland. Operating expenses were lower compared to H1 2009 with continued investments into the commercialization of Toctino® and the advancement of the phase III clinical programs for Toctino® and isavuconazole.

In the first half of 2010, the average monthly net loss was significantly reduced to around CHF 4.2 million primarily due to recognition of the isavuconazole upfront payment and the positive one-time accounting impact related to ceftobiprole. Excluding this one-time effect, the average monthly net loss was approximately CHF 8.5 million.

Financial summary

Combined cash and short-term investments amounted to CHF 193.8 million as of June 30, 2010, compared to CHF 178.4 million at year-end 2009. The improved cash position and operating cash flow in the first half of 2010 is mainly a result of the upfront payments which the Company received under the licensing agreement with Astellas and the distribution agreement with Almirall. Revenue and other income increased to CHF 53.1 million compared to CHF 12.2 million in the prior year period. Contract revenue increased from CHF 4.2 million in the first half of 2009 to CHF 39.1 million in the first six months of 2010 as a result of an accelerated recognition of upfront and milestone payments due to the notice of termination of the licensing agreement for ceftobiprole as well as from recognized revenues related to the collaborations with Astellas and Almirall. In addition, Toctino® product sales increased by 84% from CHF 7.4 million in the first six months of 2009 to CHF 13.6 million in the first half of 2010. Research and development expenses were significantly reduced to CHF 33.4 million in the first half of 2010 compared to CHF 44.5 million in the prior year period, mainly reflecting the cost sharing mechanism under the co-development arrangement with Astellas. The Company continued to invest in the phase III clinical trials of isavuconazole and the U.S. trial of Toctino®. General and administrative expenses rose to CHF 42.4 million from CHF 34.8 million in the first half of 2009 impacted by legal expenses associated with the Company's arbitration proceedings against Johnson & Johnson. In summary, net loss for the first six months of 2010 was significantly reduced to CHF 24.9 million as compared to CHF 66.5 million in the respective period in 2009.

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Key figures

(In CHF million, except per share data)	H1 2010	H1 2009
Revenues and Other Income	53.1	12.2
Expenses		
Cost of Sales	(1.1)	(0.7)
Research & Development	(33.4)	(44.5)
Selling, General & Administrative	(42.4)	(34.8)
Operating Loss	(23.7)	(67.9)
Net Loss	(24.9)	(66.5)
Cash Flow from Operating Activities	16.2	(68.2)
Basic and Diluted Loss per Share in CHF	(2.60)	(6.95)

Note: Unaudited consolidated figures in conformity with US GAAP

The unaudited condensed consolidated interim financial statements of Basilea Pharmaceutica Ltd. for the first half of 2010 can be found on the company's website at http://interimreport.basilea.com.

Ron Scott, Chief Financial Officer, commented, "The significant upfront payments related to the partnering agreements concluded in the first half year have further improved our cash position. Going forward we will be eligible to additional payments on achievement of certain milestones and we also anticipate an increasing positive impact on our bottom-line resulting from the partnering of isavuconazole and the commercialization of Toctino."

"As a result of our product partnering strategy, we have even more financial flexibility to ensure sustainable value creation from our rich portfolio," added Dr. Anthony Man, CEO. "We aim to advance our phase III programs for Toctino and isavuconazole and move our next two innovative research compounds into clinical development within the next six months. Once the transition of ceftobiprole back to Basilea has been completed, we will finalize our strategy for this novel antibiotic."

Given the decline in the value of the Euro versus the Swiss Franc and considering the negative impact on pricing as well as the delays in national reimbursement decisions due to the scrutiny currently put on healthcare budgets across Europe, Basilea now expects Toctino® product sales of around CHF 30 million in 2010. Considering the impact of collaborations entered into the first half of 2010 and the positive accounting impact related to ceftobiprole upfront and milestone recognition, Basilea reduces its net loss guidance in 2010 to be estimated at between CHF 3-4 million per month as compared to its previous guidance of approximately CHF 9 million per month. This equates to an estimated net loss of approximately CHF 8 million per month for 2010, excluding the impact from the accelerated recognition of upfront and milestone payments related to ceftobiprole.

Product and pipeline update

Toctino® (alitretinoin) – *the only therapy approved for severe chronic hand eczema unresponsive to topical corticosteroids*

Basilea currently markets Toctino® in Denmark, France, Germany, Switzerland and the United Kingdom and has appointed Almirall, S.A. as its distributor for Toctino® in other selected European markets and Mexico in June 2010.

In the U.S., patient enrollment into the phase III HANDEL study has reached around 90% of the targeted patient number. Patient recruitment is anticipated to be completed in Q4 2010 with

the last patients completing treatment in H1 2011. Top line results will now be expanded to include clinical relapse data at six months after completing treatment and are anticipated to be available at the end of 2011. Submission of the New Drug Application is anticipated in 2012.

Zevtera™ (ceftobiprole) - *the first approved anti-MRSA (methicillin-resistant Staphylococcus aureus) broad-spectrum cephalosporin antibiotic targeting Gram-positive and Gram-negative pathogens, including Pseudomonas*

Full rights to ceftobiprole are being transferred from Cilag GmbH International, a Johnson & Johnson company, back to Basilea. The arbitration proceeding against Johnson & Johnson relating to milestone payments and other damages suffered by Basilea as consequence of the rejection of approval of ceftobiprole is ongoing. An arbitration decision is anticipated before the end of 2010.

Isavuconazole - *a novel broad-spectrum antifungal with the potential to become the best-in-class azole for the treatment of severe invasive fungal infections*

Basilea entered into a license, co-development and co-promotion agreement with Astellas Pharma Inc. Following the temporary hold on new patient recruitment, the process to re-open phase III clinical sites for the isavuconazole trials has commenced. First approvals from local authorities have been obtained and continuation of patient recruitment is anticipated in Q3 2010. Patient recruitment is anticipated to be completed in 2012 and first trial results are expected in 2013.

Early-stage programs

Basilea is preparing to move two novel innovative molecules into phase I clinical testing.

BAL30072 is a novel sulfactam antibiotic against multi-resistant Gram-negative bacteria. Phase I clinical testing is anticipated to start in Q4 2010.

BAL101553 is a highly soluble prodrug of BAL27862, a microtubule destabilizing antitumor drug. Phase I clinical testing is anticipated to start in Q1 2011.

Key events for the period January to June 2010

Toctino® (alitretinoin)

- **Basilea signed distribution agreement with Almirall, S.A.**
  Basilea appointed the Spanish pharmaceutical company Almirall, S.A. as its exclusive distributor for Toctino® in selected European markets and Mexico. Basilea is eligible for upfront and milestone payments totaling EUR 27 million.
- **Inclusion in Italian treatment guidelines for chronic hand eczema**
  The Italian Society of Dermatology published its guidelines for the management of chronic hand eczema recommending Toctino® as the treatment of choice when systemic treatment of severe chronic hand eczema is indicated.
- **Marketing authorization in Italy**
  Following the recommendation for regulatory approval under the European decentralized procedure, Toctino® received national regulatory approval in Italy and acceptance for reimbursement.
- **Integration in expert consensus for management of chronic hand eczema in France**
  A French expert panel recommended Toctino® as the treatment of choice when clinical signs persist under topical corticosteroids in a position paper.

Zevtera™ (ceftobiprole)

- **European CHMP concluded re-examination**
  The European Committee for Medicinal Products for Human Use (CHMP) confirmed its previous negative opinion on the use of ceftobiprole for the treatment of complicated skin and soft tissue infections (cSSTI) and recommended that ceftobiprole should not be granted marketing authorization in the European Union despite indications that ceftobiprole was beneficial to patients.

Janssen-Ortho discontinued sales in Canada
Janssen-Ortho Inc., a Johnson & Johnson company, and holder of the Market Authorization in Canada discontinued the sale of ceftobiprole in Canada.

- **Full global rights to be regained**
  Johnson & Johnson company Cilag GmbH International gave notice that it will return global rights of ceftobiprole to Basilea.

Isavuconazole

- **Basilea provided update on phase III program**
  Following the review of the phase III clinical program certain protocol amendments were implemented and the process to re-open phase III clinical sites for the isavuconazole trials commenced. Patient recruitment is anticipated to be completed in 2012 with top line results expected in 2013.
- **Basilea announced global partnership with Astellas Pharma Inc.**
  Basilea entered into a license, co-development and co-promotion agreement with Astellas Pharma Inc. for isavuconazole on a worldwide basis, including an option for Japan. Basilea received an upfront payment of CHF 75 million and is eligible to up to CHF 478 million in additional development and sales milestones.
- **Successful phase III clinical study futility analysis**
  Based on a pre-planned futility analysis the Independent Data Safety Monitoring Board recommended the continuation of the study exploring isavuconazole for the treatment of invasive *Aspergillus* infections.

Early-stage programs

- **BAL101553 (prodrug of BAL27862, a microtubule destabilizing antitumor drug)**
  New research data presented at the Annual Meeting of the American Association of Cancer Research (AACR) in Washington, D.C. confirmed that the compound shows activity in a wide range of cancer types, including those resistant to current treatment options.
- **BAL30072 (sulfactam antibiotic)**
  Data presented at the European Congress of Clinical Microbiology and Infectious Disease (ECCMID) demonstrated potent *in-vitro* and *in-vivo* activity of BAL30072 against clinically relevant Gram-negative bacteria.

Conference call

Basilea Pharmaceutica Ltd. invites you to participate in a conference call on Thursday, August 19, 2010, 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) 207 107 0611 (UK)

A playback will be available 1 hour after the conference call until Monday, August 23, 2010, 6 p.m. (CEST). Participants requesting a digital playback may dial:
+41 (0) 91 612 4330 (Europe)
+1 (1) 866 416 2558 (USA)
+44 (0) 207 108 6233 (UK)
and will be asked to enter the ID 10637 followed by the # sign.

About Basilea

Basilea Pharmaceutica Ltd. is headquartered in Basel, Switzerland, and listed on the SIX Swiss Exchange (SIX:BSLN). Its fully integrated research and development operations are currently focused on antibiotics, antifungals and oncology drugs, as well as on the development of dermatology drugs, targeting the medical challenge of resistance and non-response to current treatment options in the hospital and specialty care setting.
Basilea is currently marketing Toctino® (alitretinoin), the only approved treatment for severe chronic hand eczema unresponsive to potent topical corticosteroids, in Denmark, France, Germany, Switzerland and the United Kingdom and has appointed Almirall, S.A. as its distributor for Toctino® in other selected European markets and Mexico. Furthermore, a phase III clinical program on alitretinoin for the treatment of severe chronic hand eczema is ongoing in the U.S. The company has entered into a global partnership with Astellas Pharma Inc. for its phase III compound isavuconazole, a potential best-in-class azole antifungal, for the treatment of life-threatening invasive fungal infections. Full rights to ceftobiprole, the first approved anti-MRSA broad-spectrum cephalosporin antibiotic, for the treatment of potentially life-threatening resistant bacterial infections, are being transferred from Cilag GmbH International, a Johnson & Johnson company, back to Basilea.

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 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.

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