

MediGene sells full European rights for Eligard[®] to Astellas for EUR 25 million and ongoing royalties

- **Astellas to make one-off payments totaling EUR 25 million**
- **MediGene to remain entitled to royalties**
- **No further costs to MediGene**
- **Sale price reflects the full NPV of all future Eligard[®] revenues while allowing MediGene to benefit from continued Eligard[®] growth**
- **Analyst and press conference call and webcast tomorrow, July 20, at 11 a.m. (CEST)**

Martinsried/Munich, July 19, 2010. MediGene AG (Frankfurt, Prime Standard, MDG, TecDAX) announces the sale of full European marketing and distribution rights to Eligard[®] (*leuprolide acetate*, for the treatment of hormone-dependent prostate cancer) to Astellas Pharma Europe Ltd. (London, "Astellas"), previously MediGene's European marketing partner for Eligard[®]. MediGene acquired these rights from TOLMAR Therapeutics Inc. (formerly Atrix Laboratories Inc.) in 2001. In return for the Eligard[®] license, MediGene will receive EUR 25 million in cash from Astellas as well as royalties on future product sales. For MediGene, all future costs, obligations and risks associated with the supply of Eligard[®] to Astellas, as well all future procurement costs and license payments to TOLMAR, will cease within the next months.

This agreement will strengthen MediGene's financial situation and provide the opportunity for MediGene to profit from future growth of Eligard[®] sales. This would not be possible under the former deal structure since MediGene's net margin decreased once net sales by Astellas exceeded a certain threshold, capping royalty receipts.

MediGene will now receive a low single-digit royalty on net sales of Eligard[®] generated by Astellas in Europe. In 2009, MediGene's net participation in Eligard[®] sales by Astellas totalled about 6%. In future, MediGene will receive about one third of this margin on Eligard[®] in-market sales. According to the contract, Astellas will pay EUR 25 million in three tranches as the steps of transfer of the rights are concluded over the next six to twelve months (EUR 5 million upon signature, EUR 15 million anticipated within six to eight months, EUR 5 million anticipated within six to twelve months).

Arnd Christ, MediGene's CFO, commented: "This is an excellent deal for MediGene, both in financial and strategic terms. It not only reflects the full NPV of all future Eligard[®] revenues according to the previous deal structure, but also provides us with significant and non-dilutive financing in a very tough capital markets environment. Furthermore, the structure of the deal allows MediGene to continue to benefit from the increasing revenue from Eligard[®] which was not possible under the previous structure. The significant improvement of our balance sheet and the simplification of the Eligard[®] deal structure allow us to fund growth opportunities and thus strengthening the future pipeline of the company."

"We are delighted to have reached this agreement with MediGene which confirms our strong commitment to meeting the needs of patients in the fields of urology and oncology," added **Masao Yoshida, President and CEO of Astellas Pharma Europe Ltd.** "We have a strong track record in urology and look forward to continuing applying our proven expertise to all aspects of the marketing and distribution of this important treatment throughout Europe."

Analyst and press conference call and webcast: An analyst and press conference call in English will take place tomorrow, July 20, at 11 a.m. (CEST), and will be webcast live. The webcast and synchronized presentation slides can be accessed at www.medigene.com. A recording of the live presentation will also be available thereafter.

About Astellas: Astellas Pharma Europe Ltd. is a subsidiary of Astellas Pharma Inc. which is located in Tokyo, Japan. Astellas is a pharmaceutical company dedicated to improving the health of people around the world through the provision of innovative and reliable pharmaceuticals. Astellas has approximately 15,000 employees worldwide. The organization is committed to becoming a global category leader in urology, immunology & infectious diseases, neuroscience, DM complications & metabolic diseases and oncology. For more information on Astellas Pharma Europe Ltd., please visit the website at <http://www.astellas.eu>.

This press release contains forward-looking statements representing the opinion of MediGene as of the date of this release. The actual results achieved by MediGene may differ significantly from the forward-looking statements made herein. MediGene is not bound to update any of these forward-looking statements. MediGene® is a registered trademark of MediGene AG. Eligard® is a registered trademark of Tolmar Therapeutics, Inc. These trademarks may be owned or licensed in select locations only.

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MediGene AG is a publicly listed (Frankfurt, Prime Standard: MDG, TecDAX) biotechnology company located in Martinsried/Munich, Germany, with subsidiaries in Oxford, UK and San Diego, USA. MediGene is the first German biotech company to have drugs on the market which are distributed by partner companies. It has several drug candidates in clinical development and possesses innovative platform technologies. MediGene focuses on clinical research and development of novel drugs with focus on oncology.

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