

PRESS RELEASE

Basel, Switzerland, 10th March 2005

Basilea announces 2004 financial results reflecting successful investment in its three development compounds, bringing all three compounds one phase closer to the market.

Combined cash and short-term investments increased to CHF 203.2 million as of December 31, 2004 compared to CHF 75.5 million at year-end 2003 resulting from IPO proceeds. Proceeds were used to achieve significant clinical milestones - successful commencement of two phase III clinical development programs and one phase II clinical development program. Delivery on business strategy to significantly advance late stage clinical development portfolio is reflected in increased R&D investment.

Basilea Pharmaceutica AG announced today its 2004 financial results. R&D investment resulted in achievement of major clinical milestones in all development programs:

- Successful completion of phase I clinical trial for BAL8557, Basilea's novel broad-spectrum oral and intravenous anti-fungal compound – February 2004
- Successful completion of ceftobiprole phase II clinical trial - March 2004
- Additional ceftobiprole FDA Fast Track designation received – June 2004
- Start of alitretinoin phase III program in severe chronic hand dermatitis refractory to topical treatment - October 2004
- Start of ceftobiprole phase III clinical program – November 2004
- Start of phase II clinical trials for BAL8557 in esophageal candidiasis - December 2004
- Investment to significantly advance ceftobiprole clinical development program resulted in subsequent global collaboration with Johnson & Johnson's affiliate Cilag AG International – February 2005

Ceftobiprole (BAL5788)

The growing incidence of serious infections caused by antibiotic-resistant bacteria is a matter of increasing global medical concern. Ceftobiprole (BAL5788) is the first of a new class of broad-spectrum cephalosporins with bactericidal activity against a number of gram-positive resistant bacteria including methicillin-resistant *Staphylococcus aureus* (MRSA) designed for treating patients with serious hospital infections. Ceftobiprole offers potent bactericidal activity against MRSA, penicillin-resistant *Streptococcus pneumoniae* (PRSP) and other major gram-positive bacterial pathogens as well as against gram-negative bacteria, similar to that of third-generation cephalosporins.

Successful completion of ceftobiprole phase II clinical trial - March 2004

Basilea announced positive phase II clinical results for its injectable antibiotic, ceftobiprole, in complicated skin and skin structure infections (cSSSI). In this phase II



trial conducted under US IND, all clinically evaluable study patients were cured. No treatment failures occurred and the safety of ceftobiprole was consistent with the established safety profile of the cephalosporin class.

Additional FDA Fast Track Designation – June 2004

Basilea received a second fast track designation from the U.S. Food and Drug Administration (FDA) for ceftobiprole. The additional fast track designation covers hospital-acquired pneumonia including ventilator-associated pneumonia due to suspected or proven methicillin-resistant *Staphylococcus aureus* (MRSA) in addition to the previous fast track designation received in complicated skin and skin structure infections (cSSSI). Fast track designation is designed to expedite the availability of treatments that address unmet medical needs for serious and life-threatening diseases.

Start of ceftobiprole phase III clinical program – November 2004

Basilea started its international Phase III program for ceftobiprole with a randomized controlled phase III study in complicated skin and skin structure infections. This study investigates the efficacy and safety of ceftobiprole versus vancomycin in approximately 700 patients. The primary efficacy endpoint is clinical outcome between 7–14 days after end of therapy.

Investments in significantly advancing ceftobiprole clinical development program results in subsequent global collaboration with Johnson & Johnson's affiliate Cilag AG

International – February 2005

After successfully advancing ceftobiprole into phase III development, Basilea entered into an exclusive worldwide agreement with Cilag AG International, a Johnson & Johnson company, to further develop, manufacture and market ceftobiprole. Ortho McNeil's research affiliate, Johnson & Johnson Pharmaceutical Research and Development, L.L.C. will assume responsibility for all ceftobiprole development costs and will develop the compound in collaboration with Basilea. Basilea anticipates substantial up-front and additional milestone payments in 2005 resulting from the collaboration. Ortho-McNeil Pharmaceutical, Inc., another Johnson & Johnson company, will market ceftobiprole in the US and its affiliate companies, Janssen-Cilag, will market the product outside the US. Basilea has retained an option to co-promote ceftobiprole in the U.S., major European countries, Japan and China.

Alitretinoin (BAL4079)

Basilea commenced its alitretinoin phase III program in severe chronic hand dermatitis refractory to topical treatment - October 2004.

Severe chronic hand dermatitis is a common inflammatory skin disease that is often refractory to topical therapy and has a major impact, limiting the professional and social life of patients. Basilea estimates that refractory chronic hand dermatitis affects approximately one million patients in leading markets. There is no therapy with approved labelling for refractory patients who do not benefit from topical therapies and who suffer from this disease. Alitretinoin has shown evidence of significant activity in phase II trials and the side effects seen appear typical of the retinoid class.

The international alitretinoin phase III program, opened in October last year, is designed to enrol over 2,000 patients. The phase III program includes two double blind, randomized efficacy and safety studies to investigate the efficacy and safety of 10 mg and 30 mg BAL4079 capsules versus placebo following 12 to a maximum of 24 weeks of once-daily treatment. The primary efficacy endpoint for both studies is response rate as measured by the number of patients having clear or almost clear hands according to a physicians' global assessment. The phase III program also incorporates a pregnancy risk prevention program for women of childbearing age as is required of other retinoids.

BAL8557

Successful completion of phase I clinical trials for BAL8557, Basilea's novel broad-spectrum oral and intravenous anti-fungal compound – February 2004

BAL8557 is a novel broad-spectrum injectable and oral triazole being developed for severe fungal infections in immuno-compromised patients. Phase I studies were successfully completed and demonstrated that BAL8557 had a predictable pharmacokinetic profile, a plasma half-life compatible with convenient once daily or once weekly dosing, and was well tolerated by both intravenous and oral routes.

Start of phase II clinical trials for BAL8557 in oesophageal candidiasis - December 2004

The multi-centre, randomised, dose finding study evaluates two different oral daily schedules of BAL8557 versus a weekly oral dose regimen in comparison to fluconazole over a standard 14 to 21 day evaluation period. The study is planned to enrol approximately 160 oesophageal candidiasis patients. Results are expected in the second half of 2005.

Financial Summary

Anthony Man, M.D., Chief Executive Officer commented, "Basilea is a young dynamic company with many assets and opportunities to create long-term value through the discovery and development of a sustainable pipeline of new drugs. The focus of Basilea in 2004 was to maximize the value of our existing development products through solid operational excellence. The financial statements announced today reflect the planned increased investments in our three late-stage clinical compounds and indicate that we are advancing them towards the market. We achieved all our intended major development milestones in 2004 and prioritized our research efforts to bring more new products into the portfolio.

With our strong cash position, in connection with the recently announced collaboration with Johnson & Johnson on ceftobiprole, we have sufficient financial resources to bring our development compound portfolio through to registration. The global collaboration with Johnson & Johnson to further develop and commercialize ceftobiprole was the result of our successful investments in the program's clinical development. The collaboration confirms the high potential of this novel antibiotic and Basilea's commitment to maximize portfolio and shareholder value while minimizing risk."

Ron Scott, Chief Financial Officer commented, "In March 2004, Basilea increased its shareholder base through its listing on the SWX Swiss Exchange. Basilea's strong financial position resulting from its IPO facilitated the Company's achievement of its

clinical milestones, moving all three of our late-stage development compounds one phase closer to the market. Our expenses in 2004 were in line with our expectations in order to begin phase III clinical trials on ceftobiprole and alitretinoin plus commence phase II trials on BAL8557 while continuing progress our research projects to achieve sustainable growth.“

Key Figures in CHF (million)

	2004	2003	% Change
Cash Flow from Operating Activities	(64.2)	(52.4)	22.5
Expenses			
Research & Development	(68.9)	(50.0)	37.7
General & Administrative	(7.1)	(6.2)	13.7
Operating Loss	(75.7)	(55.9)	35.5
Net Loss	(75.5)	(55.7)	35.6
Basic and Diluted Loss per Share in CHF	(10.93)	(10.79)	1.3

Notes: Consolidated figures in conformity with US GAAP.

The Basilea Pharmaceutica AG consolidated financial statements for FY 2004 can be found on the company's website at <http://www.basilea.com>.

Combined cash and short-term investments increased to CHF 203.2 million as of December 31, 2004 resulting from IPO proceeds. Cash flow used in operations increased to CHF 64.2 million. Research and development expenses increased to CHF 68.9 million while general and administrative expenses increased to CHF 7.1 million associated with the company's public listing. Operating loss and net loss increased to CHF 75.7 million and CHF 75.5 million respectively reflecting Basilea's successful advancement of its three development stage compounds into the next stage of clinical development resulting in two phase III compounds and one phase II compound by year-end 2004. Significant progress was also made in focused research activities resulting in the recent nomination of a research compound into pre-clinical development. Basic and diluted loss per share increased to CHF 10.93 at year-end 2004 as compared to CHF 10.79 at year-end 2003 or a 1.3 % increase.

NOTE

Basilea Pharmaceutica AG invites you to participate in a conference call on Thursday, March 10, 4 p.m., 2005 during which the company will discuss its 2004 financial results.

Dial-in numbers:

+41 (0) 91 610 5600 (Europe and ROW)

+1 (1) 866 291 4166 (USA)

+44 (0) 20 7107 0611 (UK)

NOTE TO SHAREHOLDERS:

The shareholders of Basilea Pharmaceutica AG are reminded that the Ordinary General Meeting of Shareholders of Basilea Pharmaceutica AG will take place on Tuesday, April 12, 2005 at 2 pm at the Hilton Hotel in Basel, Switzerland. The invitation will be



published in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). Shareholders who are recorded in the share register with voting rights on March 31, 2005 will be entitled to participate and exercise their voting rights.

About Basilea

Basilea Pharmaceutica AG (BSLN) is an independent biopharmaceutical company headquartered in Basel, Switzerland, that is actively engaged in the discovery and development of innovative medicines for the treatment of unmet medical needs. The company's fully integrated research and development operations are currently focused on new anti-bacterial, anti-fungal agents and dermatology drugs. Basilea was founded in October 2000 to discover, develop and bring innovative medicines to market. Basilea is listed on the SWX (Swiss Exchange). In recent months Basilea also announced three additional major company milestones including entry of ceftobiprole into phase III, entry of alitretinoin (BAL4079) in severe chronic hand dermatitis into phase III, and the entry of BAL8557 in severe fungal infections into phase II. Basilea has entered into an alliance with Johnson & Johnson's affiliated company, Cilag AG International, to globally develop and commercialize ceftobiprole.

Disclaimer

This communication expressly or implicitly contains certain forward-looking statements concerning Basilea Pharmaceutica AG 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 AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Basilea Pharmaceutica AG 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:

General Information	Investor Relations
information@basilea.com	Dr. Barbara Zink investor_relations@basilea.com

Basilea Pharmaceutica AG
Corporate Information
P.O. Pox
CH-4005 Basel
Switzerland

