

Speech Michael Lytton at the 2007 Annual Shareholders' Meeting

Dear Shareholders

2006 was an important and successful year for Santhera.

Key achievements in 2006



- **Completion of collaborative NIH study of SNT-MC17 in FRDA**
 - Better than expected efficacy data
 - Early filing in Europe in summer 2007
 - Accelerated development timelines in the US
- **Co-operation with Juvantia to advance development of JP-1730 in DPD (with option to acquire company)**
 - Balancing and broadening pipeline
- **Progressing clinical trials of SNT-MC17 in DMD and LHON**
 - Completing recruitment for DMD study
 - Initiation of LHON study
 - Leveraging in-house expertise in neuromuscular diseases
- **Private C financing round and IPO on the SWX Swiss Exchange**
 - Total gross proceeds of CHF 118 million
 - Secure financing for development of SNT-MC17 to market
 - Secure financing for build-up of specialized marketing & sales team in US
 - Acquisition currency for in-licensing or M&A transactions

The results of last year reflect the significant progress that the Company has made across all areas of its business. We achieved some remarkable milestones, in particular

- the very positive results from our collaborative study with the US National Institutes of Health evaluating SNT-MC17 (INN: idebenone) for the life threatening disease of Friedreich's Ataxia (for which there is no treatment currently available);
- the start of our collaboration with Juvantia for the clinical development of JP-1730 (INN: fipamezole) for Dyskinesia associated with Parkinson's Disease; and
- the successful listing on the SWX Swiss Exchange.

The importance of these achievements becomes even more evident, when looked at from a broader perspective. As most of you might not be so familiar with the Santhera's history, let me remind you of the origins of the Company.

Santhera's pipeline in 2004: 1 compound in 1 indication in preclinic

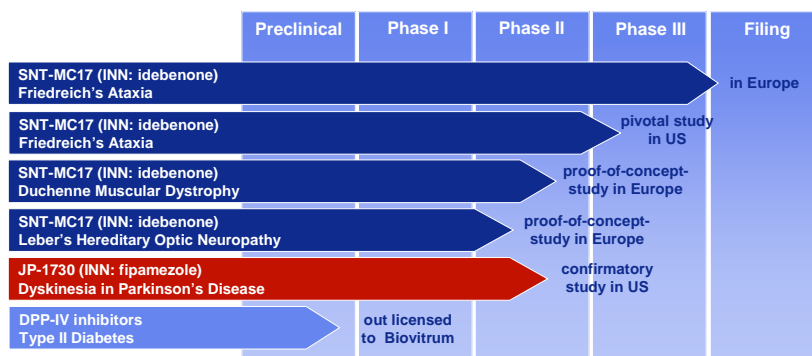


Three years ago, in the spring of 2004, our two predecessor companies, MyoContract and Graffinity, combined their businesses. They brought to the marriage:

- i) Complementary expertise in neuromuscular disease and small molecule drug discovery;
- ii) The vision to develop SNT-MC17 for the treatment of Friedreich's Ataxia, accompanied by a strong intellectual property portfolio;
- iii) Strong management teams from each of the two companies, and
- iv) an international base of investors from Europe and the United States.

We started with one compound that was about to enter the clinic in a single indication. In two and one half years, Santhera has initiated and/or completed 9 clinical trials. As a result, we are now managing a late-stage clinical portfolio of neuromuscular drug candidates, with two compounds in four Phase III and Phase II clinical development programs. And we are about to file the first MAA for our lead compound.

Today's pipeline: 2 compounds in 4 indications in the clinic



During the same time period, we signed three major partnerships with Takeda, Biovitrum, and Juvantia.

Since its inception, the Company has successfully met all milestones promised to its shareholders. These achievements have continuously created value for our shareholders. As a result, the company has raised more than CHF 180 million in funds from both private and, in 2006 through our IPO, public investors.

I would like to emphasize that Santhera's management and employees are dedicated to continue to deliver on important milestones and to increase the company's value for the benefit of our shareholders and ultimately our patients.

We will be preparing our first filing for product registration this summer. This milestone will mark a major step on our journey to achieving our vision of becoming a leading specialty pharmaceutical company offering therapies for a number of neuromuscular conditions, an area of significant unmet medical need.

Thank you.