

Jefferies

Global Life Science Conference

New York, 11 June 2010



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Summary

- Profitable since IPO in 2007
- Excellent market performance of Lialda® in the USA: fastest growing UC tablet, 18% share in 5-ASA market
- Phase III of Budesonide MMX® EU & US completed, data due in June/July; extension study progressing
- Positioning of Rifamycin SV MMX® as a new chemical entity in the USA
 - Phase III in EU and US started
- CB-03-01 proof of concept in Acne attained and underway in Alopecia
- Acquisition of BioXell increases liquidity of shares, generates additional cash reserves and increases strategic options for Cosmo

What makes Cosmo different: the approach

- Product development strategy focused on improvements assures a much higher success rate than classical biotechs
- Far lower costs per project than classical biotechs
- Contract manufacturing is being focused on more profitable new generics projects requiring specialized delivery competences against total cost coverage and profit share
- Cosmo continues generating at least one new development product per year
- Focus on strongly growing markets:
 - The IBD market is growing at >12%; limited big pharma competition
 - Effective topical products for Acne and Alopecia market could make those into very large markets

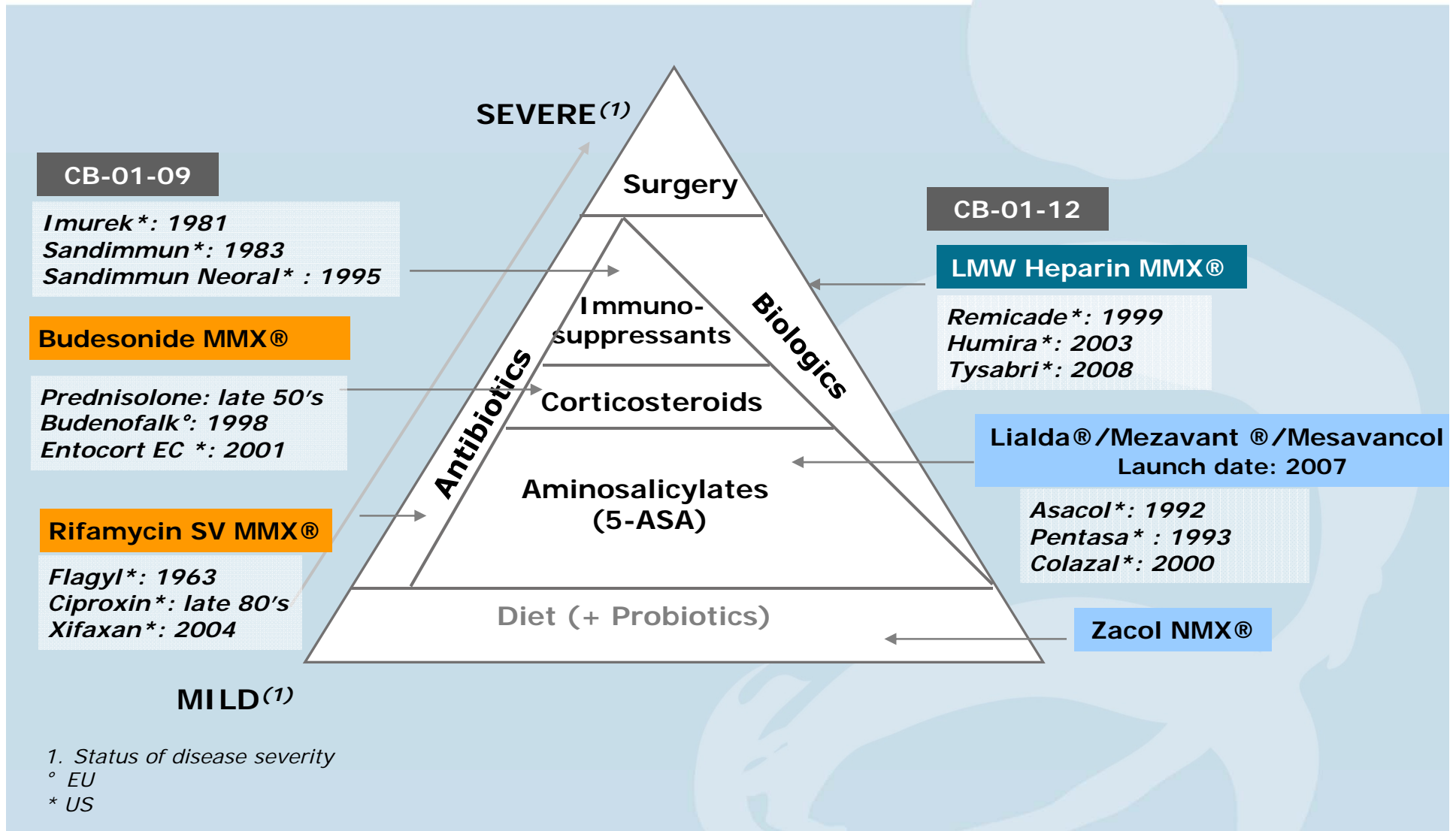
What makes Cosmo different: Results

- Since the IPO in 2007 Cosmo has made money
- Lialda® / Mezavant® / Mesavancol® income at >6% of revenues until end 2014:
 - From 2016 on they will stabilize above € 5 m (manufacturing contribution only)
 - Total development cost for Cosmo was € 1 m
- 6 products in the clinic, each with market potentials of > € 100 m; market entries scheduled for each of the coming years until 2015
- Economic terms in new agreements are 4-5 times better for Cosmo than with Lialda®
- The CEO and 44% shareholder has a total compensation of € EUR 220,000
 - Interests that are totally aligned to outside shareholders

Delivering on business strategy

- **Focus on low competition markets that show good growth**
- **Focus on low risk, low cost development processes**
 - Off-patent chemical entities that can be improved
 - Re-indications
 - Moderate yearly treatment costs to patient
- **Focus on what we do best and find best partners for the rest**
- **No frills, low-cost organisation**
- **Fully align management interests with shareholders' interests**

Focus on IBD, a disease with little recent innovation

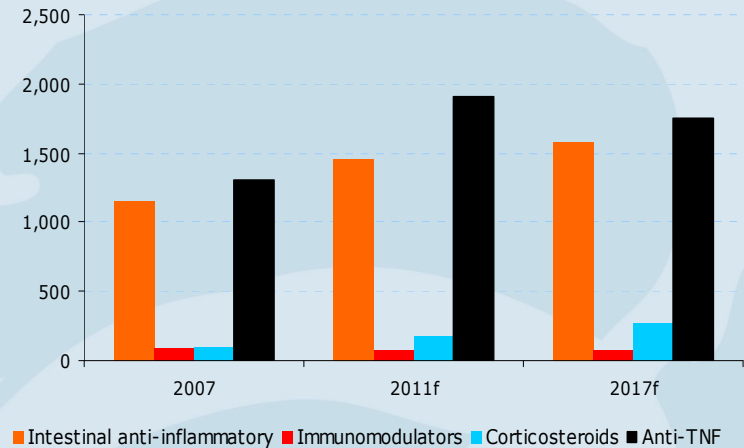


But strong growth and little competition outside anti-TNFs

Main Brand products	2007 Sales	2009f	2011f	2017f
Anti-TNF				
Remicade	1.2 b	1.3 b	1.2 m	483 m
Humira	149 m	348 m	604 m	636 m
Golimumab	0	0	33	222
Cimzia	0	21 m	87 m	97 m
Other	0	0	0	315
Total	1,306	1,628	1,906	1,754
Intestinal anti-inflammatory				
Lialda	27 m	161 m	237 m	334 m
Salofalk	47 m	89 m	152 m	235 m
Pentasa	321 m	343 m	260 m	222 m
Asacol	457 m	447 m	383 m	142 m
Claversal	29 m	28 m	26 m	27 m
Canasa	30 m	29 m	26 m	26 m
Azulfidine	26 m	26 m	26 m	25 m
Colazal	97 m	27 m	27 m	30 m
Other	118 m	198 m	313 m	540 m
Total	1,152	1,348	1,450	1,581
Corticosteroids				
Entocort	85 m	96 m	77 m	30 m
Budesonide MMX	0	0	54 m	134 m
Other	19 m	20 m	42 m	103 m
Total	104	116	173	267
Immunomodulators				
Sandimmune/Neoral	19 m	17 m	15 m	14 m
Purinethol	4 m	5 m	5 m	6 m
Other	64 m	62 m	61 m	61 m
Total	87	84	81	78
Other				
Tysabri	0	46 m	99 m	62 m
CCX-282	0	0	0	298 m
Ustekinumab	0	0	0	78 m
Generic	0	0	0	22 m
Total	0	46	99	460
TOTAL IBD MARKET	2,649	3,222	3,709	4,140
Growth rate	0	22%	15%	12%

IBD Market Sales 2006-2007 (US\$)

Region	2006	2007	Growth rate
7 Major markets	1,956	2,399	23%
Rest of Europe	160	209	31%
Canada	74	96	30%
Asia-Pacific	29	41	41%
South America	7	9	29%
Others	5	7	
Total	2,231	2,761	24%



Source: Datamonitor Report 09/2008 based on MIDAS Sales Data and IMS Prescribing Insights Data, IMS Health, February 2008

Develop a full range of low risk products with higher probability of success

Product	Drug type	Indication	Ph I	Ph II	Ph III	MA	Launch	Partner
Lialda®/Mezavant®/Mesavancol®	5-ASA	Mild to moderate Ulcerative Colitis	[Progress bar]				03/07 USA 10/07 UK 01/10 ITA	Shire/Giuliani
Zacol NMX®	Dietary supplement	Intestinal Disorders (nutraceutical)	[Progress bar]				12/05 ITA	
Budesonide MMX®	Corticosteroid	Mild to moderate Ulcerative Colitis	[Progress bar]				Q2/3 10	Santarus - USA Ferring – Worldwide (excluding Japan & USA)
Rifamycin SV MMX®	Antibiotic	Traveller's Diarrhoea	[Progress bar]				H2 10 EU H2 11 US	Santarus - USA Dr. Falk – Europe & Australia (excluding Italy)
LMW Heparin MMX®	Biologic	Mild to moderate Ulcerative Colitis	[Progress bar]				Q4 11 EU	
CB-03-01 (NCE)	Steroid ester, androgen antagonist	Acne	[Progress bar]	[Progress bar]	[Progress bar]	[Progress bar]	[Progress bar]	
CB-01-16	Opioids antagonist	Opioid Induced Constipation	[Progress bar]	[Progress bar]	[Progress bar]	[Progress bar]	[Progress bar]	

With low total development costs to licencing out

	Cosmo carries cost up to Phase II	Cosmo carries cost up to Phase III	Cosmo carries cost up to Approval
Mesalamine MMX®	€ 1 m		
Budesonide MMX®			€ 23 m
Rifamycin SV MMX®		€ 4 m	
LMW Heparin MMX®		€ 8 m	
CB-03-01 Acne		€ 3.5 m	
CB-03-01 Alopecia		€ 1.8 m	
CB-01-16		€ 3 m	

An excellent first product: Lialda®

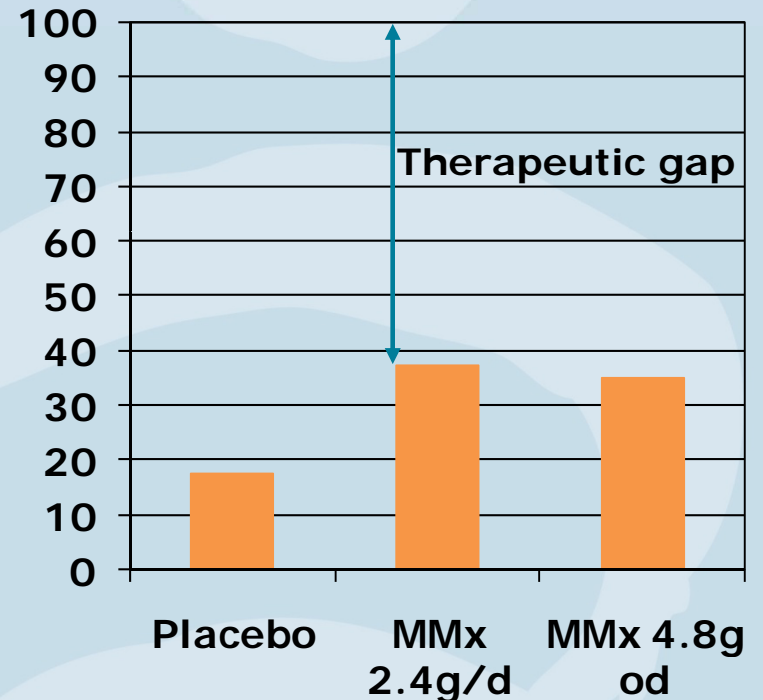
- **Chemical entity mesalamine**
 - An off-patent 5-ASA (amino salicylic acid)
- **Indication**
 - Patients with Ulcerative Colitis of mild to moderate severity
- **Net sales**
 - 2007: Market entry
 - 2009: \$ 237 m
 - 2010: \$ 323 m (Europe will come on-stream) (analysts projections)
 - 2011: \$ 392 m (analysts projections)
- **Competing products (2009)**
 - Asacol \$ 684 m; Pentasa \$236 m; Canasa \$ 95 m all with increased sales but decreasing TRX

The therapeutic gap in conventional therapy: from Lialda™ to corticosteroids like Prednisolone or Budesonide MMX®

Lialda™ for active Ulcerative Colitis

- Remission rates @ 8 weeks
- Remission definition: DAI <1
- 517 patients, mild-moderate UC
- Placebo vs 2.4g/d vs 4.8g once daily

Sandborn et al APT 2007;26:205



Budesonide MMX®

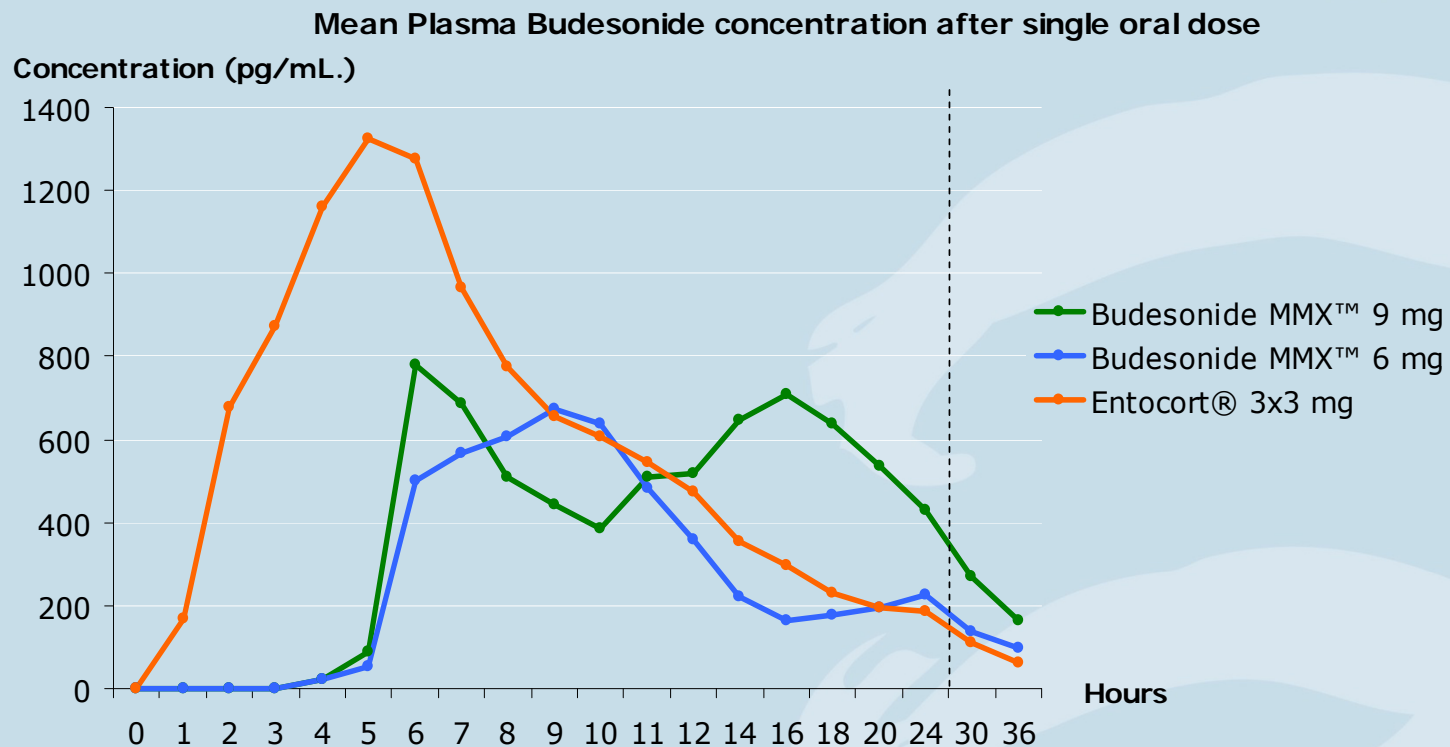
- **Chemical entity budesonide**
 - A non-halogenated glucocorticoid
 - Greater topical anti-inflammatory activity with less systemic absorption than other glucocorticoids due to high first pass metabolism
 - Approved for use in Entocort for Crohn's Disease
- **Indication**
 - Patients with Ulcerative Colitis of mild to moderate severity
- **Competing drugs**
 - More effective than all 5-ASAs
 - Entry target are patients that do not react to 5-ASAs, i.e. around 30% of patients
 - Subsequently the entire 5-ASA market because corticosteroids are more effective
- **Market**
 - 2009 Entocort sales at \$ 237 m in the USA, equal to Lialda®, for a patient base 2/3 that of Lialda®

Budesonide MMX®: Status and opportunities

- **Status**

- Patient enrolment completed in EU and the USA for two pivotal phase III clinical trials
 - Efficacy and safety of new oral Budesonide MMX® 9mg and 6mg, multicenter, randomized, double-blind, double-dummy comparative study versus placebo, with an additional reference arm evaluating Asacol® 2400 mg (in the USA) or Entocort® EC capsules (in EU).
 - Two times 440 patients; patient eligibility based on UCDAI 4-10. Remission defined as UCDAI ≤ 1
 - Stool frequency score: 0
 - Rectal bleeding score: 0
 - Mucosal appearance score: 0
 - Physician rating score: max 1
 - Data base lock June/July
 - Extension study on first 100-150 patients that go into remission (only has exploratory purposes for FDA)

Budesonide MMX™ 6, 9mg extended release formulation vs Entocort 3x3 mg



Rifamycin SV MMX®

- **Chemical entity rifamycin**
 - Off-patent, broad-spectrum antibiotic belonging to the ansamycin family, practically not absorbed when taken as a tablet
- **Market need**
 - Need for a non-absorbable antibiotic that does not sterilize bacteria in upper gut
 - Does not promote bacterial resistance
- **Scientific Differentiation**
 - Microbiological analysis described in paper submitted together with JMI Labs to "Antimicrobial Agents and Chemotherapy"
- **Competing products**
 - Xifaxan \$ 110 m in USA, Ciprofloxacin € 331 m

Rifamycin SV MMX®: Status and opportunities

- **Status**

- Positioned as new chemical entity in the USA
- Patient recruiting for phase III US trials started and imminent for phase III EU trials.
 - Primary clinical endpoint: time to last unformed stool
 - EU trial is a single phase III trial on around 700 patients 400 mg b.i.d. X 72 hours non inferiority vs Ciprofloxacin 500 mg b.i.d
 - US trials are two consecutive phase III studies on 300 patients each 400 mg b.i.d. X 72 hours superiority vs. placebo

- **Opportunities**

- Highly effective against Clostridium Dificile Assoc Disease (CDAD)
- Very effective against Hepatic Encephalopathy
- Given its anti-inflammatory properties, Rifamycin SV MMX®
 - Could also be used for IBD supportive therapies
 - Could be the drug of choice for the treatment of Diverticulitis, a chronic disease that affects more than 60% of people over the age of 60

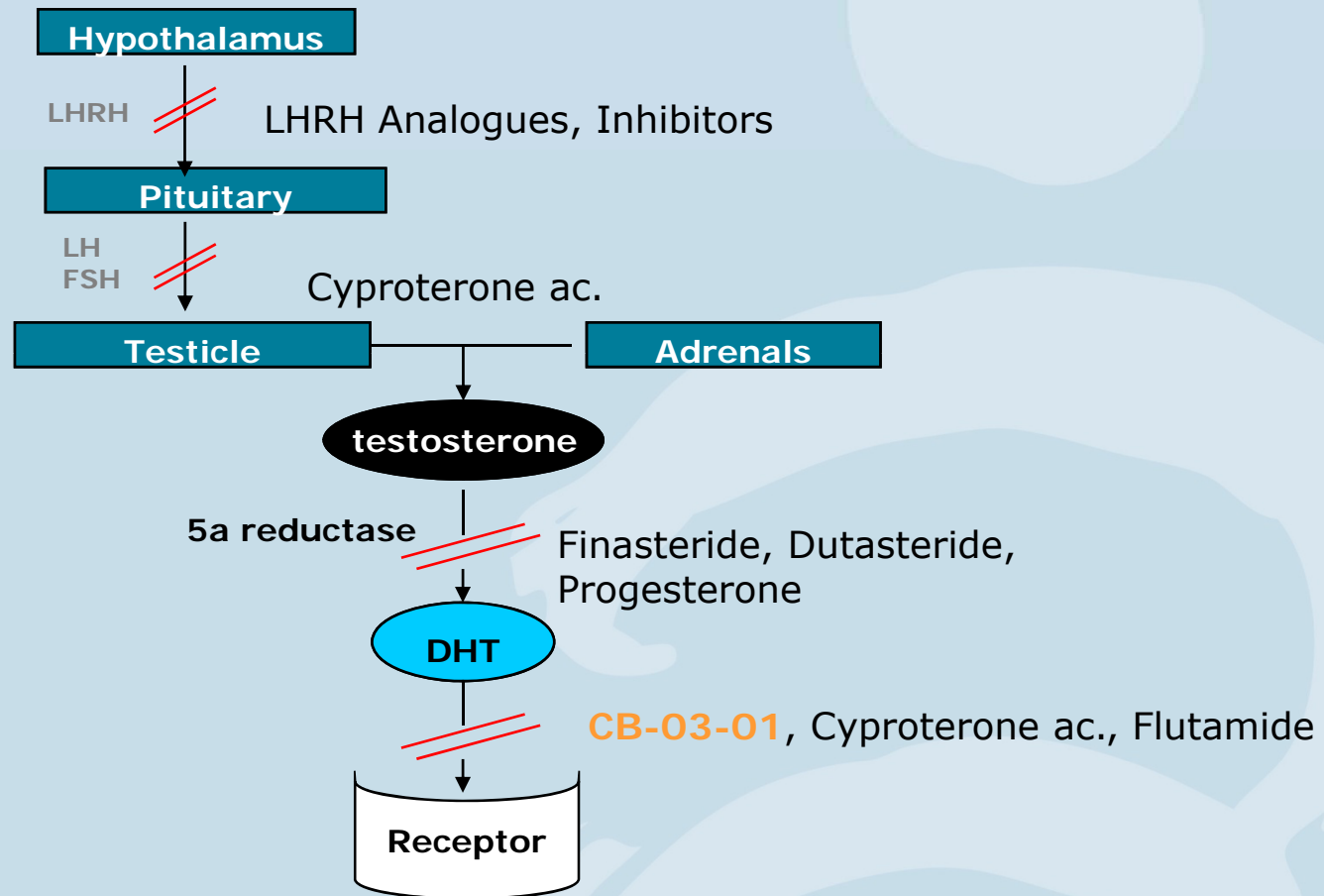
LMW Heparin MMX®

- **Completed phase IIb clinical trials; demonstrated that LMW Heparin MMX®, when associated to 5-ASAs**
 - Endogenous substance: has no side effects
 - Stops bleeding and is substantially more effective than 5-ASAs
 - Has disease modifying properties
- **Presented LMW Heparin MMX® at DDW 2009 in Chicago**
 - Wide range of immunomodulating activity inhibiting pro inflammatory cytokines TNF α , Interferon γ , IL2
- **Possible target indication expanded to maintenance of remission for UC patients of all severity**
- **FDA meeting for phase III preparation**
 - LMW Heparin MMX® presently not approved in the USA, i.e. it is a new chemical entity
 - Full preclinical tests required including carcinogenicity tests
 - Analyses have started
- **EU meetings for discussions of phase III trial design planned in Q3 2010**

CB-03-01: Anti-androgen for topical applications

- **Chemical entity cortexolone 17a propionate**
- **Mechanism of action**
 - Acts at the level on the skin androgen receptor only; blocking the binding of androgen hormones to the sebaceous gland preventing their stimulating effect; has moderate anti inflammatory activity similar to hydrocortisone
- **Potential indications**
 - Topical treatment of Acne (currently under clinical development)
 - Hirsutism, Androgenetic Alopecia (future developments)
- **Market size**
 - 16% of the US population suffer from Acne; 10% of all women have Hirsutism; 12% of all men have Alopecia
- **Market need**
 - A treatment that is effective by topical application
 - Is not a skin irritant
 - Does not cause hormonal imbalance

Endocrine control of androgen-dependent organs, and mechanism of action



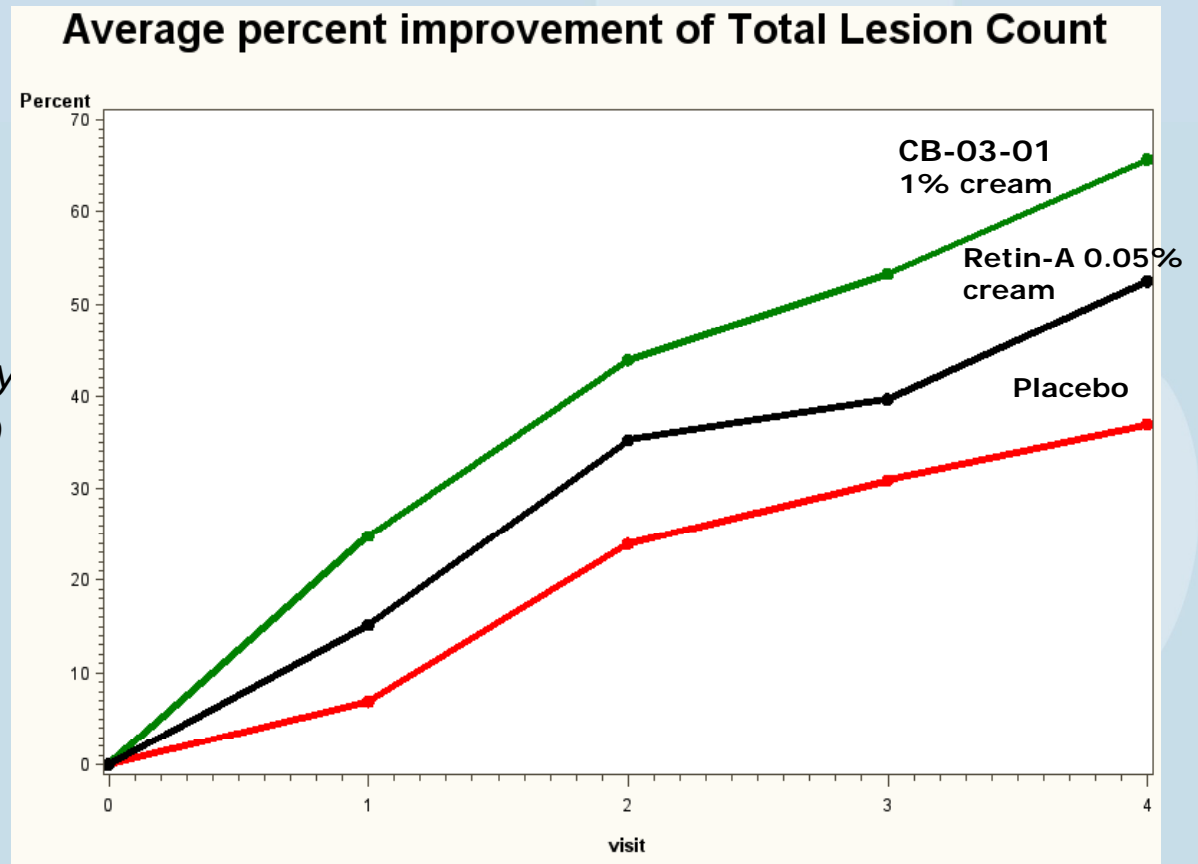
CB-03-01 1% cream

Pilot phase II study in acne

- **Patients:**
 - Screened 83
 - Randomized 77
 - Evaluated 72
 - **Inclusion criteria:**
 - Facial Acne
 - Mild to moderate severity
 - IGA (Investigator Global Assessment) SCORE: 2-3
 - TLC (Total Lesion Count): 20-100
 - ILC (Inflammatory Lesion Count): 10-50
 - **Criteria Of Evaluation**
 - TLC
 - ILC
 - ASI (Acne Severity Index)
 - IGA
 - Local tolerability
 - Systemic tolerability
- Efficacy**
- Safety**

CB-03-01 1% cream Phase II study in acne

- Very well tolerated at local and systemic level
- Not irritant
- Rapid onset of activity (*50% improvement of lesions count and severity between 36 and 43 days*)
- Highly effective (*number and severity of lesions reduced by >65%*)
- Excellent cosmetic acceptance



Overall comparison: CB-03-01 1% cream vs Placebo ($p=0.0006$)

CB-03-01 1% cream vs Retin-A 0.05% cream ($p=0.0015$)

CB-03-01: phase II proof of concept study in alopecia

- **Study size**
 - 70 volunteers (40 men (Hamilton); 30 post menopausal women (Ludwig))
- **Treatment**
 - 5 treatments via ionophoresys
 - Two concentrations of CB 03-01 (1% and 5%) for men and women
 - Comparators are ciproterone acetate 1% (women) and 17 α estradiol 1% (men)
- **Evaluation criteria**
 - Hair thickness
 - Follicle density
 - Pull test
 - Dimension of sebaceous gland
 - Diameter of hair
- **Time line**
 - Study started in March 2010; data available October 2010

CB-01-16: opioid antagonist MMX

- **Chemical entity: Naloxone**
- **Mechanism of action**
 - Naloxone is a powerful, off patent, opioid antagonist that displaces opioids from the cell receptor
- **MMX application**
 - MMX technology brings Naloxone to the colon only where it displaces the opioid from the MU receptor thus freeing peristaltic movements
- **Market size**
 - Around 230 m prescriptions are written for opioids in the US, around 400 m in the world. Between 40% and 90% develop constipation, practically all that need to use opioids chronically
- **Status**
 - Phase I with dose escalation to start in September
- **Market need; competition**
 - Currently no tablet is approved for use
 - NKTR 119 uses Naloxol and delivers this through pegylation technology. Was licensed to AZ. Is in phase II

Projected launches

	2011	2012	2013	2014	2015
Budesonide MMX®	EU	USA			
Rifamycin SV MMX®		EU	USA		
LMW Heparin MMX®			EU		USA
CB-03-01 Acne				EU&USA	
CB-03-01 Alopecia					EU&USA
CB-01-16 Opioid Constipation					EU&USA

Rationale for the BioXell transaction

- **No focus on technology or clinical developments**
 - No payment for this; includes a preclinical IBD molecule we may continue developing
- **At closing BioXell had around € 27.9 m net assets**
 - Primarily cash, claims for VAT refunds and claims for grants
 - Accumulated losses of € 94.8 m
 - Delisting on May 19
- **Cost to Cosmo**
 - € 10.7 m in cash
 - Issuance of 1,120,743 shares i.e. 8.1% increase, respectively increase of free float by 31% to 32%
 - Issuance of 1,120,743 options to put shares into Cosmo for CHF 21 per share between 1.7.2011 and 31.12.2011
- **Next steps**
 - Transfer of personnel and activities from Cosmo R & D and integration of Cosmo Technologies

Operating outlook for 2010

- Analysts project Lialda® sales to increase to \$ 323 m i.e. by 36%. Royalties and manufacturing income are expected to increase accordingly
- Data from phase III trials for Budesonide MMX® and possibly for Rifamycin SV MMX®
- Proof of concept data for CB-03-01 for Alopecia
- Contract drug manufacturing revenue should increase by > 10%
- Licence fees of € 2 m budgeted; no assumptions for CB-03-01 licensing agreement(s)
- At least one new product to move from pre-clinic to clinic
- No external financing required

Full-year financial outlook 2010

• Revenues	€ 30.6 m (+14.7%)
• Outsourced clinical costs	€ 4.4 m (+127.8%)
• Operating result	€ 7.0 m (+7.2%)
• Net profit	€ 4.2 m (+5.0%)
• Total debt	€ 18.7 m
• Commercial debt	€ 3.6 m
• Put option contingency	CHF 23.5 m
• Cash and investments	€ 53.0 m

Anticipated news events 2010

- Top line data EU & US Budesonide MMX® phase III trial in June
- First MMX diagnostic goes into clinic
- CB-03-01 Alopecia first proof of concept in Q3 2010
- Decision on repositioning of BioXell in H2 2010
- Possible CB-03-01 Acne licensing agreements in H2 2010

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