

Bremelanotide Fact Sheet



PALATIN
TECHNOLOGIES, INC.

A Novel Drug Candidate for the Treatment of Sexual Dysfunction in Both Men and Women

BREMELANOTIDE: FIRST IN CLASS THERAPY

Bremelanotide (formerly PT-141), the first in a new class of therapies called melanocortin agonists, works through a mechanism of action involving the central nervous system rather than directly on the vascular system. As a result, it may offer significant safety and efficacy benefits over currently available products, including Viagra®, Levitra® and Cialis®, which belong to the class of phosphodiesterase-5 (PDE-5) inhibitors.

Bremelanotide is nasally administered and is both non-invasive and fast acting. Importantly, Bremelanotide is not expected to be contraindicated in patients taking nitrates for the treatment of cardiovascular disease. Clinical studies have demonstrated Bremelanotide to be safe and effective and to improve patient experience.

BREMELANOTIDE IN THE CLINIC

Bremelanotide has been evaluated in four Phase 2 efficacy studies enrolling more than 300 men. Study data have been presented at several scientific conferences and Bremelanotide has been the topic of numerous journal articles.

Bremelanotide in Men:

- effective in a broad range of patients, including those with severe ED and those non-responsive to sildenafil
- efficacy in "at-home" studies is comparable to PDE-5 inhibitors
- up to 50% of ED patients were restored to a normal level of function
- co-administration with sildenafil shows superior efficacy
- side effects include facial flushing, nausea, aftertaste and post-nasal drip

Bremelanotide in Women:

Palatin conducted a Phase 2A study in 18 premenopausal women with a diagnosis of female sexual dysfunction (FSD). Patients reported a significant increase in sexual desire and in genital arousal after receiving Bremelanotide, compared to placebo. Additionally, there was a correlation between sexual desire and genital arousal in patients receiving Bremelanotide, an observation that further reinforces the potential importance of these reports.

Additional Clinical Trials:

Palatin plans to begin Phase 3 trials in men in the second half of 2006. A Phase 2B at-home study of Bremelanotide in female patients with FSD is planned for the second half of 2005.

Market Opportunity

With more than 30 million men in the U.S. suffering from erectile dysfunction (ED), the ED market is currently valued at over \$2B and is projected to reach \$3B within three years. While statistics for females are not yet well defined, studies show that approximately 50 million women suffer from female sexual dysfunction (FSD), a condition for which there are currently very limited treatment options.



BREMELANOTIDE VS. PDE-5 INHIBITOR: POSITIVE ATTRIBUTE PROFILE

| Feature | PT-141 | PDE-5 |
|-----------------------------------|----------|----------|
| Initiation of Erection | High | Low |
| Quality of Erection | High | Moderate |
| Duration of Erection | High | Moderate |
| Time to Onset | High | Moderate |
| Cardiovascular Safety | High | Moderate |
| Food Interaction | High | Low |
| Consistency of Efficacious Effect | Moderate | Moderate |
| Tolerability | Moderate | Moderate |
| Route of Administration | Moderate | High |

Source: Internal Market Research, October 2003

ADDRESSING A LARGE MARKET OPPORTUNITY

According to the Massachusetts Male Aging Study, more than 50% of men aged 40 to 70 report periodic episodes of ED and more than 30 million men in the U.S. suffer from ED. Although not inevitable, the incidence of ED does increase with age. Studies show that chronic ED affects about 5% of men in their 40s, and 15-25% of men by the age of 65. Transient ED and inadequate erection affect as many as 50% of men between the ages of 40 and 70.

Diseases (including coronary artery disease, diabetes and hypertension) account for up to 70% of chronic ED cases and psychological factors (e.g., stress, anxiety, depression) may account for up to 10 to 20% of cases. Between 35% and 50% of men with diabetes experience ED.

The first generation of pharmaceutical treatments for ED are PDE-5 inhibitors, of which there are currently three on the market. This class of therapy is mainly focused on the vascular physiology (blood flow) of penile erection. While these therapies are certainly an advancement over mechanical methods, such as vacuum constriction devices or surgically implanted penile prostheses that have been used for decades, PDE-5 inhibitors are not without drawbacks. Among them:

- up to 40% of men don't refill their prescriptions
- 33% of men don't respond to any PDE-5 inhibitor
- contraindications with other medications often preclude PDE-5 inhibitors as potential therapy
- the potential for unsafe cardiovascular effects

A Market Need Exists for ED Products That Are Differentiated by Safety, Efficacy and Improved Patient Experience

STRATEGIC ALLIANCE WITH KING PHARMACEUTICALS

In August 2004, Palatin formed a strategic alliance with King Pharmaceuticals (NYSE:KG) to jointly develop and commercialize Bremelanotide. King's large primary care/cardiovascular-focused sales force makes King an ideal partner for Palatin and Bremelanotide. Palatin will have primary responsibility for preclinical and clinical development and manufacturing, and will have the right to co-promote Bremelanotide to the urology specialty market. The two companies will jointly seek a marketing partner outside the U.S. The collaboration is potentially worth \$250M in milestone payments to Palatin. Additionally, Palatin and King will share costs and profits on a worldwide basis.



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