



Contact:

Alantos Pharmaceuticals Holding, Inc.
Matthias Jaffé
Chief Financial Officer
(617) 301-5615

Rx Communications Group
Rhonda Chiger (*Investors*)
(917) 322-2569
Judith Sylk-Siegel (*Media*)
(917) 322-2164

FOR IMMEDIATE RELEASE

ALANTOS PHARMACEUTICALS AND SERVIER FORM COLLABORATION

- Partnership Focused on Developing and Commercializing Alantos' Lead Compound ALS 2-0426 For Type II Diabetes -**
- Servier to have exclusive worldwide ex-U.S. commercialization rights; Alantos retains U.S. commercialization -**

Cambridge, Massachusetts – October 24, 2006 -- Alantos Pharmaceuticals, a privately held biopharmaceutical company based on the discovery and development of small molecule drugs with a focus on type II diabetes and osteoarthritis/inflammation, today announced that it has formed a collaboration with Servier, the leading French independent pharmaceutical company, surrounding its lead compound ALS 2-0426, an orally active, small molecule inhibitor of Dipeptidyl Peptidase IV (DPP-IV), being developed for the treatment of type II diabetes. In preclinical studies, ALS 2-0246 has shown significant advantages in efficacy and safety compared with other DPP-IV inhibitors in development. The compound is presently in Phase 1 clinical studies.

Under the terms of the agreement, Servier acquired the exclusive rights to develop and commercialize ALS 2-0426 worldwide except for the U.S. Alantos will continue to own all rights within the U.S. Servier and Alantos will closely work together on a common joint world-wide development plan through the end of Phase 2. Alantos will receive upfront and potential

(more)

milestone payments of approximately \$75 million plus double digit royalties. Servier will pay for all development costs through Phase 2 and then will assume the costs related to further development of the compound outside of the U.S.

“We are excited to be working with Servier, one of the leading players in the field of anti-diabetic therapeutics,” said Keith Dionne, Ph.D., Chief Executive Officer of Alantos. “Servier’s commitment to innovative R&D, their extensive development capabilities and their proven commercialization in 140 countries make Servier the ideal partner for ALS 2-0426.”

“This is a significant step in the development of Alantos” said Frank Douglas, M.D. Ph.D., Chairman of the Board of Directors of Alantos. “We are impressed with and have the highest regard for both the scientific quality and business abilities of Servier and look forward to a mutually beneficial and very successful collaboration.”

“We are impressed with the quality of Alantos’ DPP-IV program and look forward to jointly developing this molecule, which we believe has a superior profile in a very promising field,” said Laurent Perret, M.D. Ph.D, President of Research and Development of Servier.

DPP-IV inactivates glucagon-like peptide-1 (GLP-1), an important mediator of blood glucose levels following meals. DPP-IV inhibitors have been clinically shown to provide long term improvement of glucose control without the risk of hypoglycemia, and to improve the function of pancreatic beta cells, the cells responsible for the production of insulin. DPP-IV inhibitors represent a novel approach to the treatment of type II diabetes.

Currently, there are an estimated 200 million people world-wide suffering from diabetes; 90% of which have adult onset, or type II diabetes. In type II diabetes, either the pancreas does not produce sufficient insulin or the body fails to respond properly to insulin. The global market for pharmaceutical treatment is estimated at \$11 billion and is expected to grow by more than 50 percent by the end of the decade.

(more)

About Servier:

Servier is the leading French independent pharmaceutical company, established in 1954 by its founder and President, Jacques Servier, M.D., Pharm.D. Servier allocates approximately 25 % of its turnover to Research and Development and has 17,500 employees worldwide, including 2,500 in Research and Development. The Servier Group is established in 140 countries, with its main therapeutic products used to treat diabetes, cardiovascular diseases, neuropsychiatric disorders, cancer and bone diseases. There are currently 27 molecules in Servier's Research and Development pipeline, 14 of which at preclinical and 13 at clinical stage of development. For more information, please visit: www.servier.com.

About Alantos:

Alantos Pharmaceuticals is a chemistry-driven biopharmaceutical company with a broad proprietary pipeline of small molecule drugs focused in the area of type II diabetes and osteoarthritis / inflammation. In addition to its DPP-IV program, the Company has discovered a novel class of highly selective, Matrix-Metalloprotease (MMP) inhibitors free of the side-effects observed with first generation broad-spectrum MMP inhibitors. The Company's lead MMP program has led to the discovery of ALS 1-0635, an MMP-13 inhibitor, which is in preclinical development for the treatment of osteoarthritis. MMPs are implicated in a number of diseases involving tissue remodeling including osteoarthritis and rheumatoid arthritis, liver fibrosis, atherosclerosis, cardiovascular and oncology. With headquarters and development in Cambridge, Massachusetts, and discovery in Heidelberg, Germany, the Company currently employs 45 people. For more information, please visit: www.alantos.com.

###