



## **PENWEST ENTERS INTO COLLABORATION AGREEMENT WITH EDISON PHARMACEUTICALS**

### **Penwest to Develop Compounds for Neurological Disorders**

**DANBURY, CT, July 17, 2007** – Penwest Pharmaceuticals Co. (NASDAQ: PPCO) announced today that it has entered into a research, development, commercialization and license agreement with Edison Pharmaceuticals Inc. for the treatment of neurological disorders resulting from defects in cellular energy metabolism.

The initial focus of the collaboration is to pursue treatments for orphan diseases of the mitochondria – the cellular energy center. Under the terms of the agreement, Penwest has obtained exclusive worldwide rights to develop and commercialize Edison's drug candidate, EPI-A0001, in all fields of use. A0001 has been granted orphan drug status by the United States Food and Drug Administration for the treatment of inherited mitochondrial respiratory chain diseases. Penwest intends to submit an IND and commence clinical development of EPI-A0001 in early 2008. Additionally, Penwest has the exclusive worldwide rights to develop and commercialize at least one additional drug candidate to be selected from those identified by Edison during the term of the sponsored research collaboration.

The financial terms of the agreement call for Penwest to provide Edison with an upfront payment, a \$1 million loan and sponsored research funding for the next 18 months, which in the aggregate totals \$7.5 million. Penwest may, at its sole discretion, extend the term of the sponsored research period by up to an additional 18 months. The agreement also provides for payments upon exercise of certain options, success-based milestones payments and royalties on net sales of any products commercialized as a result of the collaboration.

"Our collaboration with Edison will help Penwest accelerate its growth as a specialty pharmaceutical company focused on disorders of the nervous system," said Jennifer L. Good, President and CEO of Penwest. "We believe the treatment of mitochondrial respiratory chain disease is a rapidly developing area of medicine and Edison has established a position of scientific leadership in this field. The drug candidates Penwest plans to develop through this collaboration are focused on orphan neurological disorders which currently lack good treatment options."

"The Penwest alliance will allow Edison to advance its mission to develop drugs for mitochondrial diseases," stated Guy Miller, MD, PhD, Chairman and CEO of Edison Pharmaceuticals. "The partnership provides us with access to working capital and a nimble, focused team with established skills in neurology and drug development."

## **Penwest Pharmaceuticals**

Penwest is a specialty pharmaceutical company dedicated to bringing to the marketplace innovative products that help improve the lives of patients. The Company's goal is to identify, develop and commercialize prescription products that address unmet medical needs, primarily for diseases of the nervous system. At the core of this strategy, Penwest applies drug delivery technologies, including its own proprietary technologies, to new and existing compounds to enhance their therapeutic profiles. The launch by Endo Pharmaceuticals in mid-2006 of Opana® ER (oxymorphone hydrochloride extended-release tablets) formulated with the Company's TIMERx® extended release delivery technology demonstrates the execution of this strategy and the value of the Company's TIMERx® technology. The Company is currently applying its expertise to a pipeline of potential products that are in various stages of development. The Company intends to commercialize these products independently or through third party alliances.

## **Edison Pharmaceuticals**

Edison Pharmaceuticals, Inc., a privately held biotechnology company focused on drugs targeting the mitochondria- the cell's energy center. Edison's technology platform consists of a specialized knowledge in redox pharmacology and translational biology, pivotal to targeting cellular energy metabolism. The Company's initial focus is on targeting inherited diseases of the mitochondrial respiratory chain, and leveraging insights derived therein, to pursue non-orphan diseases that share common mechanisms. Edison has obtained substantial peer-reviewed grants from multiple foundations and the NIH.

### *Penwest Forward-Looking Statement*

*The matters discussed herein contain forward-looking statements that involve risks and uncertainties, which may cause Penwest's actual results in future periods to be materially different from any future performance suggested herein. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words, "believes," "anticipates," "plans," "expects," "intends," "potential," and similar expressions are intended to identify forward-looking statements. Important factors that could cause results to differ materially include: risks relating to the commercial success of Opana ER and our reliance on Endo for the commercial success of Opana ER ; regulatory risks relating to drugs in development, including the timing and outcome of regulatory action; uncertainty of success of collaborations including the collaboration with Edison Pharmaceuticals; the timing of clinical trials, including the impact of enrollment rates; whether the results of clinical trials will warrant further clinical trials or warrant submission of an application for regulatory approval of, or the regulatory approval of, the product that is the subject of the trial; actual and potential competition; the need for capital; and other risks as set forth under the caption Risk Factors in Penwest's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 10, 2007, which risk factors are incorporated herein by reference.*

*The forward-looking statements contained in this press release speak only as of the date of the statement made. Penwest disclaims any intention or obligation to update any forward-looking statements.*

*TIMERx is a registered trademark of Penwest. All other trademarks referenced herein are the property of their respective owners.*

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