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Chiasma Grants Option to License Transient Permeability Enhancer (TPE) Technology for Small Molecule Products

Jerusalem, Israel, January 19, 2010. Chiasma, Inc., a privately held biopharma company, announced today that it has granted Novartis an option to obtain exclusive worldwide rights to develop and commercialize the Company's Transient Permeability Enhancer (TPE) technology for use with certain related small molecule products either in development or currently marketed by Novartis. In a separate but related agreement, the MPM Bio IV NVS Strategic Fund L.P. made an equity investment in Chiasma.

The two companies have initiated a feasibility program funded by Novartis.

Should Novartis exercise the option, it would assume the global clinical development, manufacturing, regulatory submissions and commercialization of the products containing the TPE technology. Chiasma would receive payments upon the option exercise and upon successful completion of certain development and regulatory milestones. In addition, Chiasma would be eligible to receive a percentage of any incremental profits generated as a result of the incorporation of the TPE technology into these Novartis products. Additional terms were not disclosed.

Fredric Price, Chairman and CEO of Chiasma said, "Our strategy is two-fold: (1) to develop our own proprietary products and seek out partnerships after demonstrating clinical effectiveness and safety; and (2) to enter into arrangements with companies whose important drugs could benefit from the TPE technology.

"Our internally-developed pipeline is focused on developing new therapies by selecting approved macromolecules that are currently available in injectable form, changing the route of administration to oral and evaluating them for

new indications, thereby creating new drugs that will take advantage of the 505(b)(2) regulatory route in the US and similar regulations in other countries.

“We are especially pleased that our first collaboration is with an important marketed product from Novartis, along with certain other products in development in the same area of therapy.”

Todd Foley, Managing Director at MPM Capital commented, “In preclinical models, the TPE system has demonstrated encouraging efficacy results as measured by significant improvements in bioavailability when administered orally across a wide range of compounds that are currently available only by injection, and has also established a clean safety profile, which makes this an attractive investment opportunity.”

About Chiasma

Chiasma applies its proprietary technology to approved drugs, which not only enables their being switched from injectable to oral, but importantly can result in new indications and/or enhanced absorption. The Company’s Transient Permeability Enhancer technology promotes the delivery of drugs to the GI wall and from there to the liver. It is applicable to macromolecules that to-date can be administered only by injection. TPE can be utilized also with small molecules that are already orally available but are poorly absorbed.

The Company has successfully demonstrated proof-of-principle in delivering small proteins, peptides, saccharides and heretofore insoluble small molecules via the oral route.

Chiasma is backed by MPM Capital, ARCH Venture Partners, F2 Ventures, 7 Health Ventures and MPM Bio IV NVS Strategic Fund.

The Company’s Chairman & CEO is Fredric Price, formerly Chairman of Omrix Biopharmaceuticals, Chairman & CEO of BioMarin Pharmaceutical and currently also Chairman of Peptimmune as well as a member of the boards of Pharmasset and Enobia Pharma; he is located in New York. The company’s Chief Operating Officer is Roni Mamluk, PhD, formerly head of preclinical at Adnexus Therapeutics. She led the discovery of TPE technology and currently is heading operating departments (research, development, regulatory, manufacturing, intellectual property and human resources) in the Company’s new facilities (including laboratories and GMP pilot plant) in Jerusalem.

Additional information can we found at: www.ChiasmaPharma.com.