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December 19, 2008

Merck Serono Acquires Manufacturing Rights and Facility for Stimuvax from Oncothyreon

- **Acquisition gives Merck Serono full control of the manufacturing process and reduces the royalties payable on future sales of the product**

Geneva, Switzerland, December 19, 2008 – Merck Serono, a division of Merck KGaA, announced today that it has modified the license from Oncothyreon to include the right to manufacture Stimuvax[®] (BLP25 liposome vaccine) and also has purchased current inventory and certain assets used for the manufacture of Stimuvax from Oncothyreon Inc. (Nasdaq: ONTY) (TSX: ONY) for a total amount of approximately US\$13 million. Merck Serono already held the clinical development and commercialization rights for Stimuvax under license from Oncothyreon.

Stimuvax is a therapeutic vaccine in Phase III clinical development for non-small cell lung cancer (NSCLC) and is the first investigational vaccine in unresectable stage III NSCLC to enter Phase III clinical testing (the START study).

In conjunction with this transaction, EMD Serono Canada Inc., an affiliate of Merck KGaA, has assumed control of Oncothyreon's facility in Edmonton, Canada, which is primarily utilized for the manufacture and development of Stimuvax. Merck Serono now has responsibility for development of the commercial-scale manufacturing process. EMD Serono Canada intends to offer employment to the majority of Oncothyreon's 52 employees in Edmonton.

“Merck Serono's acquisition of manufacturing rights for Stimuvax reflects our confidence in its future role in the treatment of cancer and also our commitment to

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expanding our oncology portfolio so that we can continue to provide oncologists and patients with innovative treatment options,” said Hanns-Eberhard Erle, Executive Vice President Technical Operations, Merck Serono. “In addition, with the Edmonton facility we are proud to be adding a group of experienced and dedicated individuals to our workforce who will form a vital arm of the team that supports the ongoing development of Stimuvax.”

The transfer of Stimuvax manufacturing rights has required the license agreement between Merck Serono and Oncothyreon to be amended and restated. While potential payments upon achievement of certain milestones under the previous agreements between Merck Serono and Oncothyreon remain unchanged, the royalty rates payable to Oncothyreon on future net sales are reduced. While the previous agreements already included some limited manufacturing rights, the new agreement provides Merck Serono with the full rights.

“We believe that the license of manufacturing rights for Stimuvax to Merck Serono is in the best interest of the development of this product,” said Robert L. Kirkman, M.D., President and Chief Executive Officer of Oncothyreon. “Merck Serono will be able to bring its resources and manufacturing expertise to the development of a commercial manufacturing process for Stimuvax, which has become a key component of its oncology pipeline. At Oncothyreon we will be able to focus our resources on our proprietary pipeline of targeted small molecules in oncology.”

About Stimuvax

Merck KGaA is investigating the use of Stimuvax[®] (BLP25 Liposome Vaccine) in the treatment of NSCLC. The vaccine was granted fast-track status in September 2004 by the FDA. Merck obtained the exclusive worldwide licensing rights from Oncothyreon Inc., Bellevue, Washington, USA. Stimuvax is being developed in Europe by Merck KGaA and in the United States by its affiliate, EMD Serono Inc.

START is a multi-center, randomized, double-blind, placebo-controlled study that will evaluate patients with documented unresectable stage IIIA or IIIB NSCLC who have had a response or stable disease after at least two cycles of platinum-based chemo-radiotherapy. The study will involve more than 1,300 patients in approximately 30 countries. For more information on the START study, or to find a participating center and eligibility criteria, go to www.nsclcstudy.com. The study is also listed on www.clinicaltrials.gov.

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About Oncothyreon

Oncothyreon is a biotechnology company specializing in the development of innovative therapeutic products for the treatment of cancer. Oncothyreon's goal is to develop and commercialize novel synthetic vaccines and targeted small molecules that have the potential to improve the lives and outcomes of cancer patients. For more information, visit www.oncothyreon.com.

About Merck Serono

Merck Serono is the division for innovative prescription pharmaceuticals of Merck, a global pharmaceutical and chemical group. Headquartered in Geneva, Switzerland, Merck Serono discovers, develops, manufactures and markets innovative small molecules and biopharmaceuticals to help patients with unmet medical needs. Its North American business operates in the United States and Canada as EMD Serono.

Merck Serono has leading brands serving patients with cancer (Erbitux®), multiple sclerosis (Rebif®), infertility (Gonal-f®), endocrine and cardiometabolic disorders (Glucophage®, Concor®, Euthyrox®, Saizen®, Serostim®), as well as psoriasis (Raptiva®).

With an annual R&D expenditure of around € 1bn, Merck Serono is committed to growing its business in specialist-focused therapeutic areas including neurodegenerative diseases, oncology, fertility and endocrinology, as well as new areas potentially arising out of research and development in autoimmune and inflammatory diseases.

About Merck

Merck is a global pharmaceutical and chemical company with total revenues of € 7.1 billion in 2007, a history that began in 1668, and a future shaped by 32,458 employees in 59 countries. Its success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and free shareholders own the remaining approximately 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.

For more information, please visit www.merckserono.net or www.merck.de