

KemPharm, Inc. Announces Entering Into an Exclusive Supply Agreement With Johnson Matthey Inc. for KP201

NORTH LIBERTY, Iowa, May 18 /PRNewswire/ -- KemPharm, Inc. today announced that it has entered into an exclusive Supply Agreement with Johnson Matthey Inc., for the manufacture of the active pharmaceutical ingredient (API), KP201, KemPharm's novel hydrocodone prodrug for acute pain. KP201 was identified utilizing KemPharm's proprietary ligand activated therapy (LAT) approach. In preclinical studies, KP201 exhibited unique abuse deterrent properties that may help address significant abuse liabilities of current marketed narcotic analgesics. Under the terms of the agreement, KemPharm will be responsible for drug product, preclinical and clinical studies, along with regulatory filings, while Johnson Matthey will be responsible for manufacturing API for the development and commercialization of KP201.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20100518/CG06271LOGO>)

"We believe Johnson Matthey's expertise and proven track record in the manufacture of controlled drug substances are a natural fit with our unique approach to improving drugs with high abuse potential that is based on creating inherently abuse resistant molecules through chemical modification," commented Travis Mickle, Ph.D., President and Chief Scientific Officer of KemPharm. "We are pleased to mark this milestone for KP201 keeping the program on track with our aggressive development timelines. Importantly, this agreement supports our plan to complete our IND filing for KP201 in the second half of 2010."

"It is our belief that this risk-and-reward sharing partnership with Johnson Matthey signals an acknowledgement of the sizable upside potential in KP201 and further validates our LAT prodrug approach," commented Kate Holt, Ph.D., Senior Director of Business Development for KemPharm. "KP201 represents the first of what we anticipate will be a franchise of diverse pain relief prodrugs that are going to emerge from our preclinical LAT pipeline."

About KP201

KP201, KemPharm's prodrug candidate for the treatment of pain, is composed of hydrocodone attached to a ligand. Preclinical studies suggest that KP201 may exhibit unique abuse deterrent properties based on its physicochemical and pharmacological characteristics as compared with currently approved narcotic analgesics. KemPharm expects to file an IND for KP201 in the second half of 2010 and may be able to use the 505(b)(2) regulatory pathway for a more rapid development timeline.

About KemPharm, Inc.

KemPharm, Inc. is focused on the discovery and development of new chemical entities (NCEs) to treat serious medical conditions through its proprietary and broadly applicable LAT prodrug approach. KemPharm utilizes its LAT prodrug technology to generate improved versions of FDA-approved drugs. Each NCE creates new composition-based intellectual property, may have a shorter development timeline and reduced development costs, and may be eligible for 505(b)(2) regulatory submission. The Company's business strategy includes seeking strategic development partners following rapid clinical proof of concept demonstration in a Phase 1 trial. KemPharm also plans to explore discovery stage alliances with industry leaders, leveraging its prodrug know-how and LAT technology platform. KemPharm is developing candidates for ADHD, pain, other central nervous system disorders, cardiovascular disease and cancer. www.kempharm.com

About Johnson Matthey Inc.

Johnson Matthey Plc is a specialty chemicals company focused on its core skills in fine chemicals, catalysis, precious metals, and process technology. With manufacturing sites in over 30 countries

around the world, it is a leading global supplier of active pharmaceutical ingredients, fine chemicals and other specialty chemical products and services to a wide range of chemical and pharmaceutical industry customers and industrial and academic research organizations. Located in West Deptford, New Jersey, Johnson Matthey Pharmaceutical Materials specializes in the manufacture of controlled substances (DEA controlled schedules I through V), Opiates, Platinum Cytotoxics, Prostaglandins and other niche organic API's and provides a full range of commercial scale manufacturing services for APIs to generic and branded pharmaceutical companies. Johnson Matthey offers full range of separation services for process purification from pre-clinical supplies through to commercial scale active pharmaceutical ingredients from its New Jersey and Massachusetts operations. Johnson Matthey Pharmaceutical Materials, working together with its Pharmaceutical Services Division in Massachusetts, offers services catering to the entire drug development pipeline. Strong cGMP and regulatory compliance are the foundation for full selection of services, from custom synthesis, process development, scale-up, optimization and validation to manufacturing from milligrams to commercial scale.

Forward Looking Statements and Information

This release contains forward-looking statements which are not based upon historical fact, including, without limitation, "will," "should," "expect," "anticipate," "plan," "predict," "believe," "may" and "project." Such statements, including statements relating to developments, progress, timelines, plans of our clinical and preclinical programs, and potential benefits of KemPharm Inc.'s product candidates, involve various assumptions, known and unknown risks, and uncertainties which may cause actual results or events to be materially different and adverse from those expressed in or implied by the forward-looking statements. Such assumptions, risks and uncertainties may relate to difficulties or delays in discovery, development, testing, and regulatory approval of the company's product candidates, results that are inconsistent with preclinical results, unexpected adverse side effects, or inadequate therapeutic efficacy of the product candidates. The forward-looking statements in this release speak only as of this date, and KemPharm disclaims any obligation to update publicly any forward-looking statement to reflect the occurrence of events or circumstances after the date hereof.

Contacts:

KemPharm, Inc.
Kate Holt, Ph.D.
319-665-2575
E-mail: info@kempharm.com

CONTACT: Kate Holt, Ph.D., of KemPharm, Inc., +1-319-665-2575, info@kempharm.com