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Chiasma Receives Orphan Drug Designation From The FDA For Octreolin™ For the Oral Treatment Of Acromegaly

New York and Jerusalem, Israel, June 28, 2010. Chiasma, Inc., a privately held biopharma company, announced that the Food and Drug Administration (FDA) has granted orphan drug designation for Chiasma's investigational new drug, Octreolin, an oral form of octreotide acetate that uses the Company's proprietary Transient Permeability Enhancer (TPE) technology for the oral treatment of acromegaly, a hormonal disorder that results from an excess of growth hormone.

If a New Drug Application (NDA) is approved, Octreolin should qualify for seven years of market exclusivity, potential tax credits, and a waiver of the prescription drug user fee for the marketing application.

Chiasma has successfully completed a Phase I clinical study evaluating the safety and pharmacokinetics (PK) of Octreolin, which demonstrated a PK profile similar to that of subcutaneously injected octreotide acetate. In addition, no serious adverse safety events were reported for Octreolin. The Company intends to initiate a pivotal (Phase 3) trial by the end of the year for Octreolin in acromegaly.

Chiasma will submit an application for Orphan Medicinal Product Designation to the European Medicines Agency (EMA) shortly. The Company intends to submit an NDA using the "505(b)(2) regulatory pathway" in the United States and its equivalent, the "Hybrid Application," in Europe.

Octreolin would provide patients with the benefit of an oral alternative to the currently approved subcutaneous and intramuscular injections. The pool of patients eligible for Octreolin treatment for acromegaly is estimated to be between 10,000 and 15,000 in the U.S. and an equal number in Europe.

In addition, the Company is developing Octreolin as a potential treatment for patients with portal hypertension (PHT); a clinical trial to evaluate this new indication is expected to start in December of 2010. Chiasma will evaluate whether Octreolin may improve quality of life, prevent or reduce bleeding events, and lower mortality rates for the estimated 80,000 PHT patients in the U.S. and an equal

number in Europe. There are currently no drugs approved for PHT in the U.S.

The Company plans to request orphan drug designations for Octreolin for PHT in the U.S. and in Europe. The Company also intends to proceed with the aforementioned 505(b)(2) NDA regulatory pathway in the U.S. and its equivalent, the Hybrid Application, in Europe.

How Octreolin Works

Octreolin is a product in capsule form that contains octreotide acetate, a 1.0 kDa peptide, and the Company's unique TPE technology. The TPE system allows its drug cargo to cross mucosal epithelia in the small intestine by inducing a temporary opening of the Tight Junctions that seal and regulate passage between cells (the paracellular route). This effect on the epithelia is rapid and fully reversible. The drug reaches the bloodstream effectively in its native active form.

About Chiasma

Chiasma is evaluating its proprietary technology with approved drugs, which may enable their being switched from injectable to oral, and potentially may also result in new indications or otherwise improved labels. The Company's TPE 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.

The Company is backed by ARCH Venture Partners, MPM Capital, F2 Ventures, 7 Health Ventures and the MPM Novartis Strategic Fund.

Chiasma is a Delaware corporation with a 100% owned Israeli subsidiary.

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

Forward-Looking Statements

This press release contains forward-looking statements about the business, goals and prospects of Chiasma, Inc., including, without limitation, statements about the development of drugs in the TPE system. These forward-looking statements are predictions and involve risks and uncertainties such that actual results may differ materially from these statements. Chiasma is under no obligation, and expressly disclaims any obligation, to update or alter any forward-looking statement, whether as a result of new information, future events or otherwise.

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