

PRESS RELEASE

ProtAffin AG signs manufacturing contract for PA401 with CMC Biologics A/S

Graz, Austria, 27 July, 2010 - ProtAffin AG, a biotechnology company developing a novel class of biopharmaceutical products that act by targeting cell-surface glycan structures, today announced it has signed a manufacturing contract with CMC Biologics' Danish operations, located in Copenhagen, Denmark for manufacture of its lead product PA401 for the treatment of chronic obstructive pulmonary disease (COPD). The contract will cover manufacture and supply of PA401 for preclinical development and early clinical development in COPD and related respiratory indications. PA401 is a glycan-binding decoy protein based on human chemokine IL-8 (CXCL8), which has shown potent anti-inflammatory activity in both chronic and acute preclinical models of lung inflammation. A composition of matter patent covering PA401 has been granted in the USA and the EU.

ProtAffin's novel class of biopharmaceutical products are first-in-class engineered versions of human proteins which bind to cell surface glycans (sugars) to affect their biological activity. Specific cell surface glycans underlie inflammatory processes in several diseases including COPD, and represent a rich and relatively under-investigated class of potential drug targets for pharmaceutical and biotechnology companies. ProtAffin's approach is entirely innovative and opens up glycans as druggable targets through the use of its CellJammer[®] discovery technology.

Dr. Andreas J Kungl, CSO of ProtAffin commented: "We are delighted to be working with CMC Biologics A/S as our manufacturing partner for our first preclinical product PA401. CMC have impressed us with their great expertise in process development for early stage biopharmaceuticals, and their reputation for customer service. Initiating manufacturing of PA401 to support preclinical and early clinical development of PA401 is a major milestone for ProtAffin."

David Kauffmann, Chairman of CMC Biologics, commented: "It is exciting to start working with ProtAffin's highly competent management and science team. We are confident that this is the beginning of a long term relationship, and that together our two companies will employ best and most timely manufacturing solutions for development of ProtAffin's lead product PA401".

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Notes to Editors:

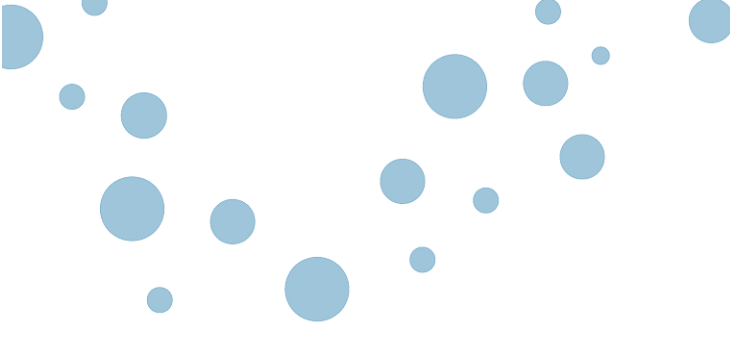
About ProtAffin AG

ProtAffin is a European preclinical stage biotechnology company based in Austria, developing protein-based products targeting inflammation and oncology. Its novel class of biopharmaceuticals target heparin-like glycans (complex sugar compounds) that drive inflammatory processes. ProtAffin has used its proprietary CellJammer[®] discovery technology to develop a pipeline of preclinical development candidates based on engineered human chemokine proteins. The CellJammer[®] discovery technology has been successfully applied to a number of chemokines, in addition to IL-8, central to inflammatory and autoimmune diseases and is also applicable to many targets in the field of oncology.

ProtAffin Biotechnologie AG

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Since 2007, the Company has raised over €18 million in venture capital from Aescap Venture, Atlas Venture, SR One Ltd., Entrepreneurs Fund and Z-Cube Srl. ProtAffin has also raised €2 million in non-dilutive financing in Austria. The Company currently has 24 employees in Graz, Austria and Oxford, UK.

About PA401

ProtAffin's lead anti-inflammatory product is PA401, a modified form of the human chemokine IL-8. Human IL-8 (CXCL8) is a chemokine produced by macrophages and other cells and its primary function is the induction of chemotaxis in neutrophils. PA401 acts as a potent, targeted anti-inflammatory protein preventing the infiltration of neutrophils which are a hallmark of many acute and chronic respiratory diseases.

By binding to glycans that drive the infiltration of neutrophils in inflammation with a higher affinity than wild-type IL-8, PA401 can prevent wild-type IL-8 from activating neutrophils and inhibit the events that would normally lead to chronic lung inflammation. PA401 is in preclinical development for COPD and related respiratory indications. A patent encompassing PA401 and other IL-8 variants was granted in the USA and EU in 2009. PA401 is a novel biopharmaceutical product representing a very large commercial opportunity by addressing the huge unmet medical need in respiratory diseases where chronic neutrophilic infiltration is present, including COPD, cystic fibrosis, and steroid-resistant asthma.

About Chronic Obstructive Pulmonary Disorder (COPD)

COPD is a chronic inflammatory disease characterised by airflow limitation that is not fully reversible. The airflow limitation is usually both progressive and associated with an abnormal inflammatory response of the lungs to noxious particles or gases. It is typified by partially reversible obstruction of the airways, with chronic bronchitis and/or emphysema, leading to a productive cough and progressive difficulty in breathing. The disease affects about 60 million people worldwide with more than 3 million people dying of the disease each year, making it the 4th leading cause of death in the world. The number of affected people is likely to increase in the next five years with the increased use of tobacco, and increasing industrial pollution, especially in Asia-Pacific countries.

Infiltration of neutrophils in the lung is one of the accepted hallmarks of COPD, but this neutrophil infiltration is resistant to current therapies for COPD, including inhaled corticosteroids. Interleukin-8 (IL-8) is accepted as one of the most potent mediators of neutrophil infiltration in the lung and targeting IL-8 or its receptors CXCR1 and CXCR2 is an approach under investigation by a number of leading pharmaceutical companies for suppressing the chronic lung inflammation seen in COPD. ProtAffin's lead product PA401 is a glycan-binding anti-inflammatory decoy version of human IL-8 and therefore represents a promising new approach to reducing the IL-8 driven inflammation, present in COPD.

About CMC Biologics A/S

CMC Biologics is a world leading company, in offering integrated services for development and production of biopharmaceutical products. The Company specializes in process development and large-scale manufacture of pharmaceutical proteins, in compliance with the most stringent cGMP standards, for use in preclinical studies, clinical trials and large-scale commercialization. CMC Biologics offers a broad range of services, including the development of cell lines, development of manufacturing processes, formulations, characterization and analytical tests. CMC Biologics has manufacturing sites in Copenhagen, Denmark and Seattle, Washington, USA.

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