

PRESS RELEASE

ProtAffin AG completes €14 million Series B Financing Round

27th April, 2009, Graz, Austria: ProtAffin AG, a biotechnology company developing a novel class of biopharmaceutical products that act by targeting cell-surface glycan structures, today announced completion of a €14.1 million (\$18.4 million) Series B financing round. The equity financing was co-led by Atlas Venture and SR One Limited, the corporate venture fund of GlaxoSmithKline. Existing investors Aescap Venture, Entrepreneurs Fund and Z-Cube also participated in the Series B financing. Dr Regina Hodits of Atlas Venture and Dr Deborah Harland of SR One will join ProtAffin's Supervisory Board.

ProtAffin's products are first-in-class engineered versions of human proteins which bind to cell surface glycans (sugars) to affect their biological activity. Activated versions of specific cell surface glycans underlie inflammatory processes in several diseases including rheumatoid arthritis, chronic obstructive pulmonary disorder, Crohn's disease and cancer and represent a rich and relatively under-investigated class of potential drug targets for the pharmaceutical and biotechnology industries. ProtAffin's approach is entirely innovative and opens up glycans as druggable targets through the use of its CellJammer[®] discovery platform.

The funds from the Series B financing will be used to complete the pre-clinical development and Phase I testing of ProtAffin's lead anti-inflammatory product PA401, a modified form of the human chemokine IL-8/CXCL8 which has shown anti-inflammatory activity in both chronic and acute preclinical models. A patent covering PA401 was granted this year in the EU. The Company also plans to nominate further pipeline programs for formal pre-clinical development in the future and to broaden application of its CellJammer[®] discovery platform in the field of oncology.

Dr. Jason Slingsby, CEO of ProtAffin commented: "We are delighted to have secured a substantial Series B equity financing with a world-class syndicate of venture capital investors in testing times in the financial markets. Atlas and SR One will significantly broaden the investor base of ProtAffin and strengthen our network across Europe and the US. We also appreciate the strong on-going support of Aescap, Entrepreneurs Fund and Z-Cube. This financing positions ProtAffin to become a significant biologics company in the EU, with a leading focus in development of biopharmaceutical products targeting glycans in pathological settings."


Dr. Regina Hodits, Partner at Atlas Venture commented: "ProtAffin is a unique biologics platform company due to its expertise in protein-glycan interactions and we see it as clearly differentiated from monoclonal antibody or scaffold companies. ProtAffin has not only a lead program to provide relatively quick clinical data relating to a highly innovative mechanism of action, but also a platform which has already generated a number of promising compounds. We look forward to supporting the management in the next phase of Company growth".

Dr. Deborah Harland, Partner at SR One commented: "ProtAffin's approach to discovery and development of protein based therapeutics targeting glycans is unique. Their initial focus on developing products based on chemokines such as IL-8/CXCL8 provides the opportunity for

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differentiated therapies to treat a number of chronic inflammatory diseases where there is significant unmet medical need”.

Kreske Nickelsen, Partner at Aescap Ventures and Chairman of ProtAffin’s Supervisory Board commented: “ProtAffin has been able to finalise a strong financing round in difficult times and we are very pleased to be co-investing with funds such as Atlas and SR One. This financing shows that strong financial support is available for outstanding technology companies. As the first VC to fund ProtAffin in 2007, we believe that long-term value generation requires both novel “first-in-class” innovation with people who can make it happen. I look very much forward to the next phase of company development”.

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Notes to Editors:

About ProtAffin AG

ProtAffin is a European pre-clinical stage biotechnology company based in Austria, developing protein-based products targeting inflammation and oncology. Its novel class of biopharmaceuticals target heparin-like glycan (sugar) structures that drive inflammatory processes. ProtAffin has used its proprietary CellJammer[®] discovery technology to develop a pipeline of pre-clinical development candidates based on engineered human chemokine proteins. The discovery technology is also applicable to many targets in the field of oncology.

The Company raised a €4 million Series A financing in 2007 which was led by Aescap Venture Management BV in Amsterdam. ProtAffin has also raised €2 million in non-dilutive financing in Austria in seed finance and product development grants supporting the pre-clinical development of PA401. The Company currently has 16 employees in its offices and labs in Graz, Austria and a Corporate Office in Vienna, Austria. Following this Series B financing, ProtAffin plans to increase head-count to 27 by the end of 2009.

About PA401

ProtAffin’s lead anti-inflammatory product is PA401, a modified form of the human chemokine IL-8. Human interleukin 8 (IL-8/CXCL8) is a chemokine produced by macrophages and other cell types 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 chronic respiratory diseases and acute inflammatory diseases. By binding to glycans that drive the infiltration of neutrophils in inflammation with a higher affinity than the wild-type IL-8/CXCL8, PA401 can prevent wild-type IL-8/CXCL8 from activating neutrophils and inhibit the events that would normally lead to inflammation. PA401 is in pre-clinical development for chronic inflammatory diseases. A patent encompassing PA401 and other interleukin-8 variants was granted in the EU in 2009.



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