

PRESS RELEASE

ProtAffin AG strengthens Supervisory Board

25th July 2011, Graz, Austria and Oxford, UK: ProtAffin AG, a biotechnology company developing novel biopharmaceuticals for respiratory disease, inflammation and oncology, today announced that it has strengthened its Supervisory Board with the appointment of two new members. Dr Frank Walsh, CEO of Ossianix Inc. is joining the Supervisory Board as the new Chairman, and takes over the role from Kreske Nickelsen from Aescap Venture Management. At the same time, Tim Edwards, President and CEO of Cellzome Inc., will also be joining the ProtAffin Supervisory Board.

Prior to founding Ossianix, Frank Walsh was Executive Vice President and Head of Discovery Research Worldwide at Wyeth where he led a team of more than 1,500 scientists. Prior to joining Wyeth, Frank was at GlaxoSmithKline where he was Senior Vice President and Head of the Neurology Centre of Excellence for Drug Discovery (CEDD). He was also formerly Vice President and Head of Neuroscience Research at SmithKline Beecham. Frank has also had a distinguished academic career, and was the Research Dean at the United Medical and Dental Schools of Guys and St. Thomas' Hospitals in London and was the Sir William Dunn Professor of Experimental Pathology. Frank is also the Executive Chairman of Covagen AG in Zürich.

In addition to being CEO of Cellzome, a leading biotechnology company in Europe, Tim Edwards is the Chairman of the BioIndustry Association (BIA), the trade association for innovative enterprises in the UK's Bioscience sector. Tim has held various Board positions at British Biotech, and before that was an Investment Banker in London specialising in the healthcare sector. This followed 14 years as an entrepreneur in other industrial sectors, managing and developing three privately-held businesses in which he was a major shareholder.

Jason Slingsby, CEO of ProtAffin commented:

“We are very pleased to have appointed both Frank Walsh and Tim Edwards to the ProtAffin Supervisory Board. They each have tremendous experience of both the biotechnology sector and the global pharmaceutical industry. Their assistance will be a great help as ProtAffin enters clinical development for our lead IL-8 decoy PA401 in 2012, and as we intensify discussions with pharmaceutical companies on collaborations using our CellJammer[®] discovery technology. I would also like to thank our outgoing Chairman, Kreske Nickelsen from Aescap Venture Management, for leading the Supervisory Board since 2007”.

– ENDS –

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Notes to Editors:

About ProtAffin AG

ProtAffin is a European biotechnology company developing novel biopharmaceuticals for respiratory disease, inflammation and oncology. The company's lead product PA401 is a decoy IL-8 protein which is in preclinical development for COPD and other lung diseases where neutrophils cause chronic lung damage. COPD represents the 4th leading cause of death in the western world and is an underserved \$10bn to \$20bn pharmaceutical market. PA401 will enter Phase 1 studies in mid 2012. PA401 is the first preclinical program produced by the CellJammer[®] discovery technology. The second chemokine program is a decoy MCP-1, with candidate molecules demonstrating activity in preclinical models of multiple sclerosis, cardiovascular disease and ophthalmology.

ProtAffin's novel class of biopharmaceuticals are decoy proteins based on human chemokines and other protein families which act to block inflammatory processes. ProtAffin has used its proprietary CellJammer[®] discovery technology to develop a pipeline of pre-clinical development candidates to validate this novel therapeutic approach within the field of biopharmaceuticals. The discovery technology is also applicable to many targets in the field of oncology.

The Company raised a €14.1 million Series B financing in April 2009 which was co-led by Atlas Venture and SR One Ltd. ProtAffin previously raised a €4 million Series A financing in 2007 led by Aescap Venture Management, with participation from Entrepreneurs Fund and Z-Cube Srl, who all participated in the Series B financing. ProtAffin has also raised €4.7 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 25 employees in its offices and labs in Graz, Austria and an office in Oxford, UK.

About ProtAffin's CellJammer[®] discovery technology

ProtAffin has developed the proprietary CellJammer[®] discovery technology to generate glycan-binding decoy proteins for the treatment of respiratory diseases such as COPD, and other autoimmune/inflammatory diseases (AAIDs). The approach combines bioinformatics, structure-based protein engineering and proprietary assays to develop novel, differentiated biopharmaceuticals.

Once a chemokine target of interest has been identified, the nature of the protein-glycan interactions is analyzed using proprietary databases and modelling algorithms. The glycan binding affinity of the native protein is increased by modifying selected sites to turn it into a potent competitive glycan binder, which blocks the interaction between the unmodified chemokine and its glycan ligand located on cell surfaces. The bio-active domain of the protein (e.g. the GPCR binding domain in the case of chemokines) is also disabled. The process from project initiation to completion of *in vivo* testing takes 9 months. To date, ProtAffin has demonstrated the validity of the approach for five distinct target proteins in a wide variety of target organs in preclinical models.

ProtAffin's lead product, PA401, an IL-8 based glycan-binding decoy protein with potent anti-inflammatory properties in neutrophilic respiratory indications such as COPD, was discovered using the proprietary CellJammer[®] discovery technology. This technology can also be applied to a wide variety of other chemokines of interest to and under investigation by many pharmaceutical and biotech companies.



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