

**For immediate release
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ProtAffin AG granted patent in EU for CellJammer® discovery technology

Novel technology enables development of a new class of biopharmaceuticals

14th March 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 been granted a key patent by the European Patent Office protecting its CellJammer® discovery technology, which enables the development of a new class of biopharmaceuticals. The Company has initially applied this technology to chemokines, a large class of pro-inflammatory and pro-migratory proteins, which can be modified using the technology, converting them into anti-inflammatory decoy proteins. The company's lead program based on this technology is PA401, a first-in-class biological that is in pre-clinical development for COPD and other lung diseases where neutrophils cause chronic lung damage.

Over 40 chemokines have been identified to date and they represent a high priority target class for a number of major pharmaceutical companies in respiratory disease, autoimmune/inflammatory diseases (AAIDs), stem cell mobilisation, cancer and HIV. The CellJammer® discovery technology enables ProtAffin to discover and develop biopharmaceuticals with a novel mechanism of action which may avoid a number of the problems currently experienced by industry using more traditional modalities to target chemokine activity.

Prof. Andreas Kungl, CSO of ProtAffin commented: "We are very excited by this important broad grant of patent claims protecting our CellJammer® discovery technology. We have identified a novel way to down-regulate chemokine activity by using biopharmaceuticals based on decoy chemokines which target glycans. Our lead program PA401, a decoy IL-8 protein, has already generated exciting 2efficacy data in preclinical models of COPD, showing differentiated pharmacology compared to other established anti-inflammatory therapies. Following the broad grant of claims for our unique approach to discovering biopharmaceuticals in respiratory and AAID, we look forward to discussing with interested Pharmaceutical and Biotech companies the potential to collaborate in the discovery and development of differentiated biologics which could offer specific advantages over monoclonal antibodies and small molecule therapeutics."

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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 early in 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 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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