

**For immediate release
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ProtAffin AG receives grant from FFG for preclinical development of PA401 in COPD

15th November 2010, Graz, Austria: ProtAffin AG, a biotechnology company developing a novel class of biopharmaceutical products that act by targeting cell-surface glycan structures, today announced the award of public funding of €2.7m for the preclinical development of its lead anti-inflammatory product PA401 in respiratory disease, including chronic obstructive pulmonary disease (COPD). This chronic disease of the lungs affects up to 60 million people worldwide. The grant was awarded by the Austrian Forschungs-Förderungs-Gesellschaft (FFG), the leading public funding body in Austria for translational research. The overall size of the PA401 research program is €3.6m and ProtAffin will receive a grant from FFG of €2.7m.

Prof. Andreas Kungl, Chief Scientific Officer of ProtAffin, commented: "The award of this very significant grant by FFG is a tremendous help to ProtAffin in bringing PA401 through preclinical development, the most costly part of the early development of biopharmaceuticals. We look forward to working with FFG on the preclinical development of PA401 and we plan to bring PA401 into Phase 1 clinical development in early 2012. We believe PA401 is one of the most promising products in early development for treating the damaging chronic inflammation seen in the lungs of patients with COPD."

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Notes to Editors:

About ProtAffin AG

ProtAffin is a preclinical stage biotechnology company located in Graz, Austria and Oxford, UK developing biopharmaceuticals in inflammation and oncology. Its novel class of biopharmaceuticals target heparin-like glycans (complex sugars) that drive inflammatory as well as angiogenic and metastatic 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 is also applicable to many targets in the field of oncology.

ProtAffin was awarded €1m in start-up grants from Austria Wirtschaftsservice (aws) and previously received €1m grant support from FFG. Since 2007, the Company has successfully raised over €18 million in venture capital from Aescap Venture, Atlas Venture, SR One Ltd., Entrepreneurs Fund and Z-Cube Srl. The Company currently has 25 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 endothelial cells, macrophages and other cells and its primary function is the induction of neutrophil chemotaxis. 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 including COPD.

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 huge commercial opportunity by addressing the huge unmet medical need in respiratory diseases where chronic neutrophilic infiltration is present such as COPD and cystic fibrosis.

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.

It is estimated that up to about 60 million people worldwide have COPD and 400,000 people¹ in Austria have the disease. More than 3 million people die of COPD each year, making it the 4th leading cause of death in the world. The number of affected people is likely to rise 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) was shown to be 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.

¹ http://www.ogp.at/aktuelles/2004/03/OesterrLungenfachaerztepraes2004_03.php

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