



PROTEIN SCIENCES ANNOUNCES FDA CLEARANCE TO CONDUCT PROOF OF PRINCIPLE/FIELD TRIAL OF FLUBLØK™, ITS CELL-CULTURE INFLUENZA VACCINE. ENROLLMENT OF SUBJECTS TO BEGIN THIS WEEK AT THREE SITES

For Immediate Release

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Meriden, CT October 28, 2004. Protein Sciences Corporation, a world leader in developing the next generation of human and veterinary vaccines, announced today that it had received FDA clearance to conduct a Phase II/III proof of principle/field study of FluBLØK™, its patented cell culture influenza vaccine. The randomized, double blind, placebo controlled trial will be conducted in subjects aged 18-49 and will compare two different doses of FluBLØk with a placebo group. The primary endpoints are to show safety and establish a commercial dose for FluBLØk. A secondary endpoint is to establish efficacy under field conditions, which the study is powered to demonstrate with statistical significance if the influenza season is relatively robust. The study sites are the University of Rochester, NY (Dr. John Treanor, Study Principal Investigator), the University of Cincinnati Children's Hospital (Dr. Gilbert Schiff) and the University of Virginia (Dr. Frederick Hayden).

Daniel D. Adams, President and CEO of Protein Sciences stated, "This is a very exciting time for us. Recent events highlight the critical need for influenza vaccines made using modern technology and cell culture. We believe that FluBLØk is the only vaccine under development that can resolve all of the issues associated with the licensed egg-grown vaccines and therefore can address the entire potential market, estimated at more than \$4 billion, for influenza vaccines. If this trial is successful, we plan to move immediately into a pivotal trial that we expect will lead to licensure. However, unfolding events may speed up the process. He added," Recent events have highlighted our dependence on foreign companies for our influenza vaccines. We are, therefore, exceptionally well positioned because we are the only U.S. company with a cell culture influenza vaccine in late stage clinical trials, the only company conducting a late stage cell culture vaccine trial in the U.S. and the only company to have a potential pandemic vaccine tested in humans."

FluBLØk is like the licensed egg-grown vaccines because it contains antigens (hemagglutinin proteins) that are derived from three strains of the influenza virus that are selected for inclusion in the annual influenza vaccine by the CDC and the FDA. FluBLØk presents a potential solution to the multitude of issues associated with the licensed vaccines that are grown in eggs. FluBLØk's antigens are developed using recombinant DNA technology and manufactured in cell culture without eggs. Unlike the licensed vaccines and many cell culture vaccines in development, no live influenza viruses, biocontainment facilities or harsh chemicals such as formaldehyde are used in manufacturing. FluBLØk consists solely of three antigens (proteins) stored in sterile buffered salt water and without preservatives such as thimerosal, a mercury derivative currently used in egg-production, or adjuvants. New FluBLØk vaccines can be developed quickly and safely to address late appearing influenza viruses such as A Fujian in 2003-2004 and emerging natural or man-made pandemic viruses, as evidenced by Protein Sciences' achievement in making a vaccine for the 1997-1998 Hong Kong "Bird" flu in just eight weeks.

The 2004-2005 trial is being funded by the Company from its revenues, although the Company is raising additional capital through Credit Suisse First Boston to support future trials and commercial manufacturing. Seven previous clinical trials of FluBIØk, all of which were sponsored by the National Institute of Allergy and Infectious Diseases (NIAID), a division of the National Institutes of Health, showed safety and generation of antibody titers that are accepted as being protective against influenza. The latest trial was conducted in approximately 400 elderly subjects in 2003-2004 and compared a licensed egg-grown vaccine with three different doses of FluBIØk containing the same hemagglutinin antigens. The data showed that all doses of FluBIØk were safe and achieved antibody levels that are believed to be associated with better protection against an H3 influenza virus¹ than subjects receiving the licensed vaccine. Historically, 30% to 50% of elderly subjects vaccinated with the licensed vaccines achieve protective titers against the H3 strain and, therefore, the goal was to show that at least 50% to 70% (20% more) of subjects vaccinated with FluBIØk would achieve protective titers. Subjects receiving the highest doses of FluBIØk exceeded the 20% goal – 77% and 97%, respectively, of the subjects achieved protective titers as measured by Geometric Mean Titer, a common measure of vaccine effectiveness. Three additional studies over the next 12 months have been committed to by NIAID: one in B cell lymphoma patients that is underway; one using the Company's H5N1 - A Vietnam "bird flu" vaccine and a follow-on trial in the elderly that will involve revaccination and pre-vaccination stratification for antibody levels.

About Protein Sciences. Founded in 1983, Protein Sciences is a vaccine company focused primarily on using modern technology to make the next generation of safer and more effective human and animal vaccines. The Company has a pipeline of patented products that includes two influenza vaccines that have completed Phase II(b) human clinical trials, one of which, FluBIØk, has entered Phase II/III trials, and a SARS vaccine and erythropoietin that have completed animal tests and will enter human testing soon. All products are recombinant proteins that are made using the Company's patented protein expression technology, the baculovirus protein expression system (BEVS), in which it is the world leader. Protein Sciences also has service businesses that are driven by its BEVS technology including GeneXpress[®] (developing and manufacturing vaccines, therapeutics and diagnostics for customers) and manufacturing and selling proteins related to HIV/AIDS, SARS, influenza and pandemic influenza for research use. The Company has developed all of its products and businesses internally and retains commercial rights to its major products. Its facilities are located in Meriden, CT and include offices, research and development laboratories and a cGMP pilot plant capable of manufacturing clinical materials at the 600-Liter scale. Website: <http://www.proteinsciences.com>.

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¹ The H3 strain causes the majority of the 20,000 to 70,000 excess influenza-related deaths each year in the U.S., more than 90% of which occur in the elderly. In the 2003-2004 influenza vaccine was A Panama and in the 2004-2005 vaccine was changed to A Wyoming.