

**PROTEIN SCIENCES ANNOUNCES LICENSING OF FLU $\text{BL}\text{Øk}^{\text{TM}}$
TO UMN PHARMA FOR THE JAPAN MARKET**

For Immediate Release

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Meriden, CT – Tuesday, August 29, 2006. Protein Sciences Corporation (PSC) announced today that it signed an agreement with UMN Pharma Inc., an entrepreneurial Japanese company (UMN), licensing Flu $\text{BL}\text{Øk}$, PSC's patented recombinant influenza vaccine, for the Japan market. PSC will transfer technology to UMN which will be responsible for the registration, manufacture, marketing and sale of Flu $\text{BL}\text{Øk}$ in Japan. Applications include annual and pandemic use of Flu $\text{BL}\text{Øk}$. After registration is achieved, UMN will buy commercial quantities of Flu $\text{BL}\text{Øk}$ from PSC until a commercial manufacturing facility is available in Japan. The license terms include a multimillion dollar up front payment and double digit royalties.

Flu $\text{BL}\text{Øk}$ has received "accelerated approval" status from the United States Food and Drug Administration (FDA). PSC is completing the final requirements needed for licensure in preparation for filing a Biologics License Application with the FDA in early 2007.

Daniel D. Adams, President and CEO of PSC, said, "We are delighted to be working with UMN, which represents exactly the kind of energetic, entrepreneurial company that we want to be our partner in bringing our novel influenza vaccine to market in various countries. We believe that UMN has the skill sets and innovative style needed to invigorate the Japanese vaccine market." He added, "We are discussing licensing arrangements with similar companies that we believe can be effective partners in other countries and groups of countries."

Yasunari Kashihara, President and CEO of UMN, said "We are excited about the opportunity to work with PSC on the development and commercialization of Flu $\text{BL}\text{Øk}$ in Japan. This recombinant influenza vaccine will provide Japanese people with a new option for the prevention of influenza. UMN believes that PSC's excellent clinical data reflect a significant breakthrough in the development of both annual and pandemic influenza vaccines with great promise for the health of the Japanese people."

Protein Sciences, a biotechnology company based in Meriden, Connecticut, USA, is utilizing recombinant DNA technology to develop and manufacture modern protein-based vaccines, diagnostics and therapeutics. A recently completed Phase II/III field trial of Flu $\text{BL}\text{Øk}$ achieved 100% protection against both circulating and drifted strains of influenza and a more than 54% reduction in influenza-like illness (as defined by the U.S. Centers for Disease Control; CDC) compared to placebo. Flu $\text{BL}\text{Øk}$ also has shown in clinical studies that it can induce protective antibody levels in humans against avian (potentially pandemic) influenza and that it provides 100% protection of animals challenged with a lethal avian influenza virus. PSC has a broad portfolio of patented products in development including a second patented influenza vaccine, recombinant neuraminidase, that has completed Phase II(b) human clinical trials, a SARS vaccine that is scheduled to enter the clinic shortly, a novel adjuvant and several vaccines and therapeutics being developed with customers.

UMN Pharma, a pharmaceutical company based in Akita, Japan, is dedicated to developing innovative disease preventives and therapeutics to satisfy unmet medical needs. UMN leverages extensive pharmaceutical industry experience to generate time-efficient, focused development plans followed by rapid preclinical and clinical development to meet both Japanese and international regulatory specifications. In addition to its focus on vaccines, UMN has a diverse pipeline of novel small molecule and protein drug candidates targeted to cancer, diabetes and other major therapeutic markets. Four products, including FluBIØk are currently in preclinical development with the first clinical study scheduled for late 2006. UMN anticipates that four products will be in the clinic within a two-year timeframe.

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