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Pharmexa and Affitech to combine operations to create a new Antibody Therapeutics Company.

**Prior to raising new funds Affitech shareholders will initially own 70%
of the new Company and Pharmexa shareholders 30%**

New business to be renamed Affitech

Copenhagen and Oslo, 3rd March 2009

Summary

Pharmexa A/S and Affitech AS announced today that they have entered into a conditional agreement to merge the two companies by means of a share for share acquisition by Pharmexa A/S of the private Norwegian company, Affitech AS. The purpose of the merger is to transform Pharmexa from a cancer and infectious disease vaccine business into a company focused on the research and development of human antibody therapeutic drugs.

Under the terms of the merger agreement, Pharmexa will offer to acquire 100% of the outstanding and issued share capital of Affitech AS in exchange for newly issued shares in Pharmexa. On completion of the transaction, Affitech shareholders will own approximately 70% and Pharmexa shareholders 30% of the merged Company. The combined Company will be renamed Affitech A/S and it is the aim to continue the Company's listing on the Nasdaq OMX exchange in Copenhagen. The existing Affitech drug discovery business in Oslo will be renamed Affitech Research AS.

As part of the merger certain Affitech shareholders will undertake to participate in a new share issue which Pharmexa expects to take place during Q2 or Q3 2009.

The merger agreement and consummation of the transactions contemplated thereby are subject to approval by the shareholders of both Affitech AS and Pharmexa A/S. Pharmexa expects to convene an extraordinary shareholders' meeting in March/April for the approval of the transaction.



Aims of the Merger

Affitech AS is a private antibody research company, based in Oslo, Norway, backed by a syndicate of Norwegian venture capital or private equity investment funds. The Company was established in 1997 on the basis of a worldwide exclusive right to the phagemid antibody display system licensed from the German Cancer Research Centre in Heidelberg, Germany. Today, Affitech is a drug discovery company focussed on identifying fully human antibodies useful as innovative new therapeutics. Affitech's total annual expenditures were approximately 29.9, 51.8 and 47.2 mNOK in 2006, 2007 and 2008. The company is still at an early stage of development, reporting net losses of 21.5 and 46.0 mNOK in 2006 and 2007 respectively and expects to report figures for 2008 at a similar level to 2007.

The acquisition of Affitech by Pharmexa is intended to create a new European biopharmaceutical company listed on the Nasdaq OMX Copenhagen exchange dedicated to the discovery and development of human antibody therapeutics in cancer and other diseases of unmet medical need. The integration of the two companies marks a transformational event by combining the antibody discovery expertise and early product pipeline of Affitech with the drug development capabilities, processes and infrastructure of Pharmexa. The combined Company will focus its activities entirely in the field of human antibody therapeutics. Antibodies constitute one of the most commercially successful fields in the biotechnology sector.

Announcing the merger, Dr. Achim Kaufhold, CEO of Pharmexa said:

"Pharmexa has experienced product setbacks over the last year which have led us to consider a variety of strategic options to revitalise the business and to generate future value for our shareholders. The acquisition of Affitech builds on the expertise and capabilities of Pharmexa, but is also a transformational event that moves us into the exciting field of antibody therapeutics, one of the most attractive sectors of the biopharmaceutical industry."

Following several high value mergers and acquisitions in the antibody discovery field, Affitech remains one of only a limited number of independent companies with a strong position in high throughput screening of antibody libraries. Meanwhile, there is an increasing demand for antibody therapeutics as pipeline products from major pharma companies. This transaction will create a technology innovator and product developer that is expected to be able to meet this demand for new antibody therapeutics at all levels—from discovery through to clinical stage products. The acquisition of Affitech is intended to be the first step in creating a leading new Company in the antibody field with the potential for sustained growth in shareholder value".

Key Advantages of the Merger

It is the opinion of the management and the board of directors of the two companies that the proposed transaction creates a new Company that has the potential to be highly competitive in the international antibody therapeutics field. Some key advantages that are gained through combining the two companies are highlighted below:

- The combined Company, listed on the Nasdaq OMX Copenhagen exchange and supported by more than 14,000 shareholders will be based on commercialising Affitech's unique human antibody drug discovery capabilities.
- The new Company will be one of only a limited number of "phage display" antibody research companies worldwide. Phage display is the pre-eminent technique for identifying and producing unique human antibodies against selected disease targets by use of a library of human immunological genes. Affitech holds patents covering its

phagemid antibody library as well as a high throughput screening method.

- Pharmexa's rebirth in the attractive field of human therapeutic antibodies builds on the company's long-standing know-how in the field of medical immunology. Many of the Company's skills in clinical immunology and product development are directly transferable to the commercialisation of novel antibody medicines, a class of drugs that now represents one of the largest and fastest growing areas of new medicines worldwide.
- The merger creates true synergies in terms of operational capabilities, management experience and skills. The combination of the two businesses will create a fully integrated research and development company for human antibody therapeutics that would have otherwise taken several years to build organically for either of the two companies.

Dr. Martin Welschof, CEO of Affitech, also commented:

"Affitech has developed a fully integrated antibody discovery platform consisting of human antibody libraries with high functionality, based on phagemid display technology plus several screening technologies with high degree of versatility. Through partnerships with both pharma and biotech businesses, we have demonstrated that this platform is highly productive in identifying competitive new antibody drugs. As a direct result of the merger, Affitech will have the capability for the first time to develop its own antibody products through human clinical trials."

The New and Enlarged Affitech

Following the acquisition of Affitech, Pharmexa will change its name to Affitech A/S and will become the headquarters of the combined Company with the Affitech research laboratories in Norway continuing operation as the wholly owned subsidiary, Affitech Research AS. The new Company will combine the antibody discovery expertise and preclinical product pipeline of Affitech with the drug development experience and skills, processes and infrastructure of Pharmexa. The business plan for the merged business will focus on the development of fully human monoclonal antibody drugs of two types:

- (i) Antibodies directed against molecular targets known to play a role in disease but not currently addressed by existing drugs, and
- (ii) New and improved versions of marketed antibody therapeutics.

In the first category, the new Company will focus particularly on cell surface targets such as G-Protein-Coupled Receptors (GPCRs) and cancer stem cell antigens where its "Cell Based Antibody Selection" (CBAS) Technology gives it a significant opportunity.

The new Company will also evaluate and if appropriate, consider in-licensing commercially attractive human antibody drugs from other discovery research businesses in the antibody therapeutics field. Affitech and Pharmexa have identified a number of competitive antibodies discovered by other antibody research companies that they consider to have high commercial potential. The two companies have collaborated on their evaluation and are currently exploring possible terms for the acquisition of such products.

The combination of the two companies, and the enhanced capabilities, are expected to result in new partnering opportunities. The new Affitech will have a flexible and value generating



business strategy that emphasises rapid preclinical and clinical development of proprietary products. At appropriate stages of development, Affitech will seek to form international strategic alliances and co-development partnerships to conduct further worldwide clinical product development and commercialisation.

In addition to its antibody therapeutics business, the combined Company will retain the benefits of potential future income from the previous vaccine business of Pharmexa, in particular:

- Telomerase vaccine (GV1001), recently sold to the Korean company KAEL, but keeping commercial upsides in terms of milestones and royalties.
- Alzheimer Disease vaccine (Abeta), licensed to the Danish company H. Lundbeck A/S

Management and Board of Directors

Following completion of the acquisition, Dr. Achim Kaufhold, currently Chief Executive Officer (CEO) of Pharmexa, will become Chief Executive Officer of the combined group. Dr. Martin Welschhof, currently CEO of Affitech, will become Managing Director of Affitech Research and Chief Technology Officer (CTO) of the group.

A new board of six directors will be appointed by shareholders at the Extraordinary General Meeting to be held to approve the acquisition, as Karl Olof Borg, Jørgen Buus Lassen, Alf Lindberg and Karen Lykke Sørensen will resign. The board of directors proposes to nominate Dr. Keith McCullagh, currently non-executive chairman of Affitech AS, as chairman of the new board and Mr. Ole Steen Andersen as vice-chairman. In addition, the board of directors will propose the election of Mr. Michel Pettigrew, a current director of Pharmexa and Mr. Pål Rodseth, Mr. Arne Handeland and Dr. Steinar Engelsen, current directors of Affitech.

Certain functions will be consolidated after the acquisition, and the portfolio of research programs will be prioritised. The combined Company is expected to have a staff of 35-40 employees.

Transaction Details

The acquisition of Affitech has been structured as a tender offer (the "Offer") to Affitech shareholders that will be consummated by Pharmexa issuing up to 133,861,692 new shares (of each nominal DKK 0.50) to the existing shareholders of Affitech for the entire share capital of Affitech. The new shares will carry the same rights, including dividend rights and voting rights, as the present shares in Pharmexa. If all shareholders of Affitech accept the Offer, a total of 133,861,692 new Pharmexa shares will be issued. After completion of the deal but prior to any further share issue, Affitech's current shareholders will own, fully diluted, approximately 70% of the Company and Pharmexa's current shareholders will own approximately 30%. If any minority shareholders elect not to accept the Offer, the Company may decide to redeem such minority shareholders' shares in accordance with applicable law. The new shares will not be listed or traded on Nasdaq OMX Copenhagen until such time as the Company issues a formal prospectus, expected to take place in Q2 2009.

In connection with the merger Pharmexa will also take over the present incentive scheme for the chairman of Affitech, who is proposed to be the future chairman of the combined business. The incentive scheme will consist of warrants to subscribe for new shares in Pharmexa equal to 2.8% of the total share capital of Pharmexa post merger. The exact exchange rate between Affitech and Pharmexa takes this incentive into consideration so that after exercise of the



warrants present Pharmexa shareholders will hold 30% of the combined company. No adjustment is made for the capital contribution in connection with the exercise of the warrants. The issuance of warrants will also require that the present guidelines for incentives to board and management be amended.

The transaction and the merger agreement have been approved by the boards of directors of both Pharmexa and Affitech. However, the agreement and the transaction are subject to the approval of Pharmexa shareholders. The board of directors of Affitech will seek authority from its shareholders to accept the Offer on their behalf by no later than 23 March 2009. As soon as authorisation has been received from 98.5% of the Affitech shareholders, the board of directors of Pharmexa will convene an extraordinary general meeting of shareholders to approve the transaction, the issue of the new shares and the other corporate changes, including change of name, authorization to the board of directors to issue new shares and warrants, amendment of the guidelines for incentives to board and management, and amendment of the articles of association as well as appointment of new directors.

The transaction is subject to customary conditions, including that no material adverse event has occurred with respect to Pharmexa before the completion of the transaction, and that the transaction and other corporate changes be approved by the present Pharmexa shareholders.

Further Share Issue

Following the transaction, the combined Company will have approximately 25 mill. DKK in cash and in addition, a commitment from certain Affitech shareholders to invest further funds alongside a broader equity financing. The boards of both companies believe that it would be beneficial for the combined Company to conduct such financing at an early point following completion of the transaction in order to be able to plan and fund development of its emerging antibody product pipeline. To assist with raising such additional equity cash, certain of Affitech's major shareholders will as part of their approval of the transaction undertake to participate in the financing, expected to take place in Q2 or Q3 2009. Such new share issue may be conducted via a private placement or a preferential rights issue to Pharmexa's shareholders.

Extraordinary General Meeting

The acquisition of Affitech through the issue of new shares to Affitech's shareholders is subject to the shareholders of Pharmexa approving such new share issue and the other corporate changes required to effect the transaction. For this purpose, Pharmexa's board of directors expects to convene an extraordinary general meeting (EGM) as soon as authorisation has been received from 98.5% of the Affitech shareholders. At the EGM, the board of directors will also request shareholder approval for the further share issue, the change of name, the appointment of new members to the board of directors, authorization to the board to issue further shares and warrants, amendment to the guidelines for incentives to the board and management and amendment of the articles of association.

Ole Steen Andersen
Chairman of the Board



Additional information:

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About Affitech

Affitech is a privately held Norwegian antibody research company, backed by a syndicate of Norwegian venture capital or private equity investment funds. These include:

- Arendals Fossekompani ASA – a public power production and investment company;
- Braganza AS – a privately held investment company owned by Per G. Braathen;
- Ferd AS – a privately-owned industrial and financial group;
- Teknoinvest – a premier Scandinavian venture capital company headquartered in Norway, investing in areas of emerging technologies within the ITC and Life Sciences sectors; and
- Verdane Capital – a private equity investment group investing both via direct venture capital transactions and acquisitions of private equity portfolios.

The Company was established in 1997 on the strength of its original worldwide exclusive license of the phagemid antibody display system acquired from the German Cancer Research Centre (DKFZ) in Heidelberg, Germany. The Company has successfully developed several proprietary technology platforms that not only fuel the in-house drug discovery engine, but also provide additional opportunities to support the Company's business goals through value generating discovery and licensing deals.

Affitech uses two patent-protected approaches to discover biologically functional antibodies—MBAS (Molecule Based Antibody Screening) and CBAS (Cell Based Antibody Selection). Additionally, Affitech has been working towards establishing a technology called BIMS (Bispecific IgG-like Molecule with enhanced Selectivity) for generating bispecific antibodies as potentially highly target-selective and disease-specific second generation products.

Affitech's intellectual property (IP) portfolio in the antibody field is extensive and includes patents entirely owned by Affitech, as well as worldwide exclusive licenses and cross-licenses that consolidate the Company's position in antibody medicines.

Based on its proprietary technologies and know-how, Affitech has built a pipeline of promising antibody candidates for internal development or co-development with collaboration partners. These candidates include:

- **AT001 (R84)** -- a new selective inhibitor of angiogenesis and a potential competitor of Genentech/Roche's marketed drugs Avastin® and Lucentis®. Affitech has co-developed R84 with Peregrine Pharmaceuticals Inc, a US-based biopharmaceutical company.
- **AT002 (CBAS-173)** – an antibody targeting the cell surface protein known as Activated Leukocyte Cell Adhesion Molecule (ALCAM) also called CD166. CBAS-173 is being developed for potential therapeutic use in an undisclosed indication with unmet medical need.
- **AT004, AT005** – fully human antibodies targeted against Phosphatidylserine, a phospholipid



exposed on the surface of viral infected cells and certain cancer cells, being developed in collaboration with Peregrine Pharmaceuticals Inc. Peregrine Pharmaceuticals has recently reported that bavituximab, a chimeric antibody against the same target, has shown initial evidence of efficacy in Phase II studies in lung cancer and breast cancer. The Affitech antibodies are improved second generation versions of bavituximab and are currently in preclinical development at Peregrine.

- **AT006** – an antibody product candidate generated in collaboration with Roche against an undisclosed cancer target. The antibody is currently undergoing preclinical studies for efficacy and safety, being conducted by Roche.

Affitech has also developed a new antibody separation reagent known as Protein L for laboratory and commercial use in production and purification of antibodies and antibody fragments. The product has been marketed by Affitech in the research field, and the Company has formed an alliance with a leading international healthcare company for future commercialisation of Protein L in the bulk antibody purification market.