

For immediate release

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**VaxInnate's M2e Universal Influenza Vaccine Candidate
Demonstrates Safety and Immunogenicity in Phase I Clinical Study**

***Novel Technology Could Transform Production of Flu Vaccine
With Enhanced Potency, Manufacturing Capacity and Cost-Effectiveness***

CRANBURY, NJ, August 21, 2008 -- VaxInnate Corporation announced today that its M2e universal influenza vaccine candidate was safe and immunogenic in its first Phase I clinical trial, raising hopes for a universal influenza vaccine that could provide protection against seasonal and pandemic influenza strains.

"We'd characterize VaxInnate's M2e universal influenza vaccine candidate as very promising, based upon the immune responses and tolerability we saw in the clinical trial participants," said Christine Turley, MD, Director of clinical trials and clinical research at the Sealy Center for Vaccine Development, University of Texas Medical Branch (UTMB), and the study's primary investigator. "UTMB is committed to further studies of VaxInnate's vaccine candidate, which has the potential to be a safe, highly effective and much-needed option to prevent seasonal and pandemic influenza A."

The trial is a milestone for both the vaccine candidate and for Vaxinnate, according to CEO Alan Shaw, PhD.

"We're very pleased with the study data, which demonstrate that VaxInnate's M2e universal flu vaccine candidate is safe and capable of eliciting a more potent immune response by delivering a 'one-two punch' that triggers both arms of the body's immune defense," Dr. Shaw said. "Furthermore, it accomplishes this at doses below a microgram of vaccine antigen and without the use of conventional adjuvants. In short, this vaccine candidate has passed a critical initial test with data that have exceeded our expectations."

The results of the study will be presented at the joint Interscience Conference on Antimicrobial Agents and Chemotherapy/Infectious Diseases Society of America (ICAAC/IDSA) meeting in October. UTMB and VaxInnate researchers are also collaborating on a manuscript for submission to a peer-reviewed journal. To avoid jeopardizing the presentation and publication of the clinical data, further details of the study are not being disclosed at this time.

Sixty healthy young adults participated in the double-blind, dose-escalating Phase I study, which was designed to assess the safety and immunogenicity -- a patient's ability to generate an immune response -- of the M2e universal influenza vaccine candidate in dosages of 0.3, 1, 3 and 10 ug injected 28 days apart.

The trial was also designed to assess VaxInnate's approach to developing and producing flu vaccines, which is based upon a proprietary combination of toll-like receptor-mediated immune enhancement and recombinant bacterial production of vaccine antigen. This proprietary technology could significantly reduce the time required to produce vaccine supplies sufficient to meet national and even global needs.

VaxInnate's use of bacterial expression for production of influenza vaccines does not require costly expansion of manufacturing capacity, as do other influenza vaccine products. Due to its efficiency and transferability, VaxInnate's flu vaccine could instead be produced in existing biotechnology facilities that have microbial production capacity.

No other vaccine technology in use or in development today has these same potential capabilities.

The study was supported by a \$9.5 million grant awarded to UTMB by the Bill & Melinda Gates Foundation, for better control of influenza epidemics in the developing world.

VaxInnate's Approach and the M2e Universal Vaccine Candidate

A universal influenza vaccine would provide protection against all strains of seasonal and pandemic influenza A without needing to be renewed annually. While universal vaccination has been proposed to improve vaccination coverage and prevent disease, there are no universal vaccines at this time. Nor is there a means of developing and producing the volume of vaccine necessary to implement universal influenza vaccine recommendations.

VaxInnate's universal influenza vaccine candidate is designed to target the ectodomain of the M2 protein (M2e), an ion channel protein found on the surface of influenza A viruses. M2e is the most highly conserved surface protein of the virus, thereby eliminating the need for epidemiologists to identify and predict strain variants that emerge from year to year, as they must now.

In developing traditional vaccines, epidemiologists must predict months in advance which flu strains will be circulating during the next fall and winter season in order to formulate a vaccine

that targets the likeliest candidates. The selected strains are then manufactured in live, fertilized chicken eggs using a laborious process that takes 6 to 9 months.

Federally-funded alternative approaches that are now in development, such as cell-based production, also take 6 months and would require large, committed manufacturing facilities.

Using egg- or even cell-based means, the time necessary to produce flu vaccine today would make it difficult to respond to public health emergencies, such as the emergence of a pandemic flu, and impossible to reformulate vaccine if circulating strains do not match those in the vaccine, as was the case during the most recent 2007-2008 flu season.

Unlike technology that uses eggs or cells for vaccine production, VaxInnate's technology is based upon the expression in recombinant bacteria of relevant influenza virus protein antigens fused to the bacterial protein flagellin. Flagellin interacts with the immune system's toll-like receptors (TLRs), which function in human immune cells as sentries that detect pathogens and mount a general immune defense. This initial defense releases cytokines and other signals that in turn stimulate a second, stronger adaptive immune response, including production of pathogen-specific antibodies. VaxInnate scientists believe their technology will produce influenza vaccine of heretofore unseen quality that can be rapidly and inexpensively produced in volumes sufficient to achieve universal vaccination.

About VaxInnate

VaxInnate is a privately-held biotechnology company in Cranbury, NJ and New Haven, CT that is pioneering breakthrough technology for use in developing novel, proprietary vaccines for seasonal and pandemic influenza. This novel technology has the potential to dramatically improve the potency, manufacturing capacity and cost-effectiveness of influenza vaccines.

In addition to the M2e universal vaccine candidate in clinical development, clinical trials for hemagglutinin (HA)-based seasonal and pandemic influenza vaccine candidates will begin this year.

VaxInnate's technology platform is also being investigated for development of vaccines for other diseases. For more information about VaxInnate, please visit <http://www.vaxinnate.com>.

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