

For information contact:

Courtney Harris
Feinstein Kean Healthcare
617-761-6744
courtney.harris@fkhealth.com

FOR IMMEDIATE RELEASE

VaxInnate Secures \$40 Million Series C Financing

--Funds will support commercial development of novel human and avian flu vaccines --

Cranbury, NJ, October 25, 2006 – VaxInnate Corporation announced today that it has secured \$40 million in a Series C financing. The company is developing novel, proprietary vaccines for both pandemic and seasonal influenza based on its Toll-like receptor (TLR) technology platform. VaxInnate’s platform has the potential to substantially improve vaccine immunogenicity and efficacy while greatly reducing manufacturing costs. The funds raised will be used for the continued development of the company’s vaccines for human and avian flu, as well as vaccines for other prophylactic and therapeutic applications.

New Leaf Venture Partners led the round, joined by Canaan Partners. Existing investors HealthCare Ventures, Oxford Bioscience Partners LLC, MedImmune Ventures, Inc., and CHL Medical Partners also participated in this round.

The U.S. Center for Disease Control and Prevention (CDC) reports that about five to twenty percent of the U.S. population contracts influenza each year. Of those people, more than 200,000 are hospitalized from flu complications and 25,000 to 50,000 die from the flu in a typical winter’s flu season. Emerging threats of pandemic flu reinforce the need for technology that enables a robust, quick response. VaxInnate will use its TLR technology platform to produce vaccines by simple, low-cost, highly-scalable recombinant DNA techniques, avoiding the pitfalls of egg-based or cell-culture influenza vaccine production. The company’s TLR technology enhances the immunogenicity of a series of antigens, which can be combined into a number of different influenza products.

“Influenza is one of the most communicable types of diseases, and yet one of the most challenging to prepare for on a large scale - due to both the variability of strains and the protracted manufacturing cycle. Our TLR technology platform offers a highly efficient and effective way to address both of these key issues, while enhancing vaccine potency and immunogenicity,” said Alan Shaw, President and CEO of VaxInnate. “We’ve been fortunate to attract excellent investors and a lot of interest in VaxInnate as part of this process. The additional funding will help us to continue advancing our human and avian flu vaccine candidates to market in the coming years, and support the development of other promising vaccine applications based on our proprietary technology.”

Philippe Chambon MD. PhD., Managing Director of New Leaf Venture Partners, stated, “VaxInnate combines a paradigm-shifting vaccine technology platform with a seasoned management team that has direct experience in successfully developing and bringing vaccines to market. The company has a broad pipeline of influenza and other vaccine products, which we believe will have a significant impact on public health.”

Seth Rudnick, General Partner of Canaan Partners, continued by saying, “This is an opportune time for new approaches to vaccine development to emerge. The industry, government, and public sector are all working together to investigate options to improve and shore up our vaccine supply in the near term but also make long term improvements. We believe that VaxInnate’s approach and products under development are uniquely positioned to address key challenges in the marketplace.”

Philippe Chambon MD. PhD., Managing Director of New Leaf Venture Partners and Seth Rudnick, General Partner of Canaan Partners, joined VaxInnate’s Board of Directors.

Seaview Securities of New York served as the placement agent for the financing.

About VaxInnate

VaxInnate is a privately-held biotechnology company focused on developing novel, proprietary vaccines for both pandemic and seasonal influenza. The company’s Toll-like receptor (TLR) technology platform allows for genetic engineering of the vaccines using recombinant DNA techniques. This technology physically links TLR agonists to vaccine antigens, which allows the conjugated vaccine to trigger an adaptive immune response. VaxInnate is using its TLR platform technology to enhance the immunogenicity of a series of antigens which will be combined into a number of different influenza products. The technology platform is also being investigated for development of vaccines for other diseases. For more information on VaxInnate, please visit <http://www.vaxinnate.com>.

About NLV Partners

New Leaf Venture (NLV) Partners is a life science-dedicated venture capital firm with offices in Menlo Park and New York. Founded by the former members of Sprout Group's Healthcare Technology venture team, NLV Partners invests primarily in companies focused on clinical-stage biopharmaceutical products, early-stage medical devices, and molecular diagnostics. In addition, the NLV Partners team continues to manage the existing \$800 million healthcare technology portfolio of Sprout Group.

About Canaan Partners

Canaan Partners are proven company-builders who catalyze the development of innovative early- and mid-stage technology and healthcare companies to create next-generation market leaders. Founded in 1987, the firm has invested in more than 210 companies, completed 52 mergers and acquisitions, and taken 45 companies public. Canaan was an early investor in Dexcom (DXCM), Dexterra, DoubleClick (DCLK), CommerceOne (CMRC), Copper Mountain Networks (CMTN), Esperion (ESPR), Immunicon (IMMC), ONI Systems (ONIS), and Peninsula Pharmaceuticals. Canaan has

offices in Menlo Park, California and Rowayton, Connecticut. <http://www.canaan.com>:
<http://www.canaan.com>

###