



PRESS RELEASE

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GRAFFINITY AND MUTABILIS ANNOUNCE SECOND RESEARCH COLLABORATION

- Drug Discovery Collaboration to Focus on Infectious Disease Targets -

Heidelberg, Germany - February 23, 2006 - Graffinity, announced today that it has entered into its second research collaboration with Mutabilis, a French drug discovery company, to discover novel therapeutics for infectious diseases. Mutabilis and Graffinity have already collaborated on an anti-infective drug target in 2003, and Mutabilis has decided to return to Graffinity for the screening and identification of small molecule compounds against a number of key targets.

Under the terms of the agreement Mutabilis will provide Graffinity with target proteins identified by Mutabilis. Graffinity will apply its proprietary RAISE® (Rapid Affinity Instructed Structure Evolution) Technology and drug-fragment chemical microarrays to identify and evolve small molecule hit structures with a focus on compounds with novel modes of action. Graffinity will receive a technology access fee and a milestone payment upon conclusion of the collaboration.

"We have been extremely pleased with how well Graffinity's RAISE technology has worked for us in the past," stated Dr. Sonia Escaich, Chief Executive Officer of Mutabilis. "In addition, the dedication, high degree of professionalism and unwavering client service provided by the Graffinity team have convinced us that we should once again move our next program forward with their help. The collaboration gives us the opportunity to identify the compound modulating activity of our proprietary targets at a speed that could not be achieved elsewhere."

Dr. Kristina Schmidt, General Manager of Graffinity, noted, "We are honored to have been selected by Mutabilis to support them in progressing this new key project. Mutabilis' decision to work with us again demonstrates how much a Graffinity partnership can deliver for our biotechnology partners. Our RAISE® drug discovery process speeds our clients through to hit identification like no other screening approach today, while at the same time covering vast areas of molecular diversity due to our drug fragment libraries. Our proprietary label- and assay-free high-throughput imaging technology allows us to identify unique novel high quality hits for both known, as well as novel modes of action for our clients."

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Mutabilis

Mutabilis, France, is a biopharmaceutical company specialized in antibacterial drug discovery. The company's focus is to create a new class of anti-infectious drugs by developing molecules which are not classical antibiotics. These drugs selectively aim at pathogenic bacteria by targeting virulence mechanisms, without preventing the proliferation of bacteria of the normal flora.

From genomics studies, Mutabilis has identified several virulence targets that are conserved among the gram negative pathogenic bacteria and other targets common to gram positive bacteria responsible for severe infections. Several drug discovery projects were launched and small molecule inhibitors are developed. This new antibacterial approach opens the way to new treatments for severe infections, especially in the field of nosocomial infections.

Since it was established in 2001, Mutabilis has raised more than EUR10 million (USD13M) from VC funds. Mutabilis is based in the Biocitech technology park at Romainville, near Paris., where it has dedicated microbiology and medicinal chemistry facilities.

For more information on Mutabilis www.mutabilis.fr

Graffinity

Graffinity is the premier partner for fragment-based drug discovery of small molecule pharmaceuticals. The company has built a unique technology platform that combines chemical fragment microarrays, label-free imaging of protein-ligand interactions, computational chemistry and lead discovery. The technology platform offers a new drug discovery paradigm for the rapid conversion of genomic information into novel, high quality hits and leads while covering the greatest possible molecular diversity space. Graffinity already applies this technology in existing high-profile collaborations with leading Pharma- and Biotech companies.

Graffinity recently announced the completion of a management buy-out from its former parent company Santhera Pharmaceuticals AG. As of January 1st 2006, Graffinity has been operating as an independent company which offers drug discovery services and collaborations based on its proprietary small molecule fragment-based screening technology – RAISE™ (Rapid Affinity Instructed Structural Evolution). The Company employs a flexible business model which allows it to tailor programs to the specific needs of each partner, and which offers numerous benefits to its customers on a straightforward fee-for-service basis with no additional downstream/royalty obligations. Under a cooperation agreement with Tripos Inc., a leading provider for medicinal chemistry services, Graffinity hit compounds can be processed further into high quality lead compounds for specified client targets. Graffinity's unique drug fragment based discovery platform has been in routine industrial use since 2002.

For more information about Graffinity, please visit our website at www.graffinity.com

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