



PRESS RELEASE

September 19, 2008

Release at 1 AM EST, September 19, 2008

GRAFFINITY AND EMBL AWARDED € 0.9 MILLION GRANT FROM GERMAN GOVERNMENT

HEIDELBERG, Germany —September 19, 2008 GRAFFINITY and EMBL announced today that they were awarded €0.9 million in research funding from the German Ministry of Research and Education for the discovery of novel fragment- and structure-based drug discovery technologies to address protein-protein-interaction drug targets. Novel drugs that disrupt protein-protein interactions hold the promise of becoming breakthrough medicines in major therapeutic areas such as cancer or neurodegenerative diseases.

In this collaboration GRAFFINITY and EMBL will over the course of the next two years use their complementary technologies for the discovery of novel, selective small molecule leads. The leads will be identified by fragment based screening and then optimized using structure based drug design, GRAFFINITY will use its unique surface-plasmon-resonance-based fragment screening platform to identify novel chemistry starting points for several protein-protein interaction targets. Given these starting points EMBL will then apply its expertise in NMR and X-ray crystallography to the specific challenges involved in targeting protein-protein interactions.

“We are looking forward to working with EMBL on this exciting multi-target project. The grant funding gives us the adequate means to collaborate on a broader basis and to demonstrate Graffinity’s advanced fragment screening capabilities with a target-rich, world class academic partner.” remarked Kristina Schmidt, CEO of GRAFFINITY. Rob Russell, Group Leader Structural Bioinformatics of EMBL, added, “We are pleased that the combination of GRAFFINITY’s and EMBL’s technologies has been recognized by the German Ministry of Research and Education which has chosen to provide the significant support for this promising project.”

About Graffinity Pharmaceuticals GmbH (GRAFFINITY)

Heidelberg, Germany based Graffinity Pharmaceuticals is a leader in the field of small molecule fragment based drug discovery. The company pursues high-profile drug discovery collaborations with leading pharmaceutical and biotechnology companies worldwide. Graffinity employs a flexible business model which allows it to tailor programs to the specific needs of each partner and offers numerous benefits to its customers on a straightforward fee-for-service basis. Graffinity’s fragment screening platform combines chemical microarrays with a proprietary method for the standardized, label-free detection of compound-protein interactions via SPR imaging. The company’s rapid and scalable drug discovery technology explores a rich chemical universe to identify drug fragments which address challenging drug targets. With its 110,000-compound library that contains 23,000 true fragments, Graffinity possesses one of the most diverse fragment libraries. Graffinity has established collaborations with pharmaceutical and biotechnology partners including Amgen, Boehringer-Ingelheim, Genentech, Pfizer, Rigel and Merck-Serono.

Graffinity's unique fragment based discovery platform has been invented in 1998, and has been in routine industrial use since 2002 in screening more than 70 drug targets.

About European Molecular Biology Laboratory (EMBL)

The EMBL is a basic research institute funded by public research monies from 20 member states (Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Israel, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom) and associate member state Australia. Research at EMBL is conducted by approximately 80 independent groups covering the spectrum of molecular biology. The Laboratory has five units: the main Laboratory in Heidelberg, and Outstations in Hinxton (the European Bioinformatics Institute), Grenoble, Hamburg, and Monterotondo near Rome. The cornerstones of EMBL's mission are: to perform basic research in molecular biology; to train scientists, students and visitors at all levels; to offer vital services to scientists in the member states; to develop new instruments and methods in the life sciences and to actively engage in technology transfer activities. EMBL's International PhD Program has a student body of about 170. The Laboratory also sponsors an active Science and Society program. Visitors from the press and public are welcome.

For more information, please visit www.graffinity.com and www.embl.de

Graffinity Media Contact for Europe:

Dr. Kristina Schmidt
CEO
Graffinity Pharmaceuticals GmbH
tel. +49 6221 6510-112
kristina.schmidt@graffinity.com

Graffinity Media Contact for the Americas and Asia:

Mathias Woker
Chief Business Officer
Graffinity Pharmaceuticals GmbH
tel. +1 (401) 301-1086
mathias.woker@graffinity.com

EMBL Media Contact for Europe:

Anna-Lynn Wegener
Press Officer
EMBL
tel. +49-6221-3878452
wegener@embl.de

###