
**PROTEIN SCIENCES ANNOUNCES CLOSING OF \$6 MILLION FINANCING
AND PARTNERSHIP IN DIABETES VACCINE**

For Immediate Release

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Meriden, CT – Wednesday, January 4. Protein Sciences Corporation announced today that it closed a \$6 million financing with three investors, Diamyd Medical AB (OMX: DIAMB) of Sweden ("Diamyd"), Pacific Rim Ventures Co., Ltd. of Japan and a family fund. This brings the total amount raised in 18 months to approximately \$9 million, all of which is now represented by Series F Notes that will become equity not later than the end of 2006.

In a separate but related event, PSC signed an contract relating to Diamyd's lead product, a therapeutic diabetes vaccine called Diamyd™. PSC will prepare to file an Investigational New Drug Application with the U.S. Food & Drug Administration (FDA) for the product and will manufacture clinical materials, including those suitable for Phase III human clinical trials.

"We are extremely pleased with these two events" said Daniel D. Adams, PSC's President and CEO. "The funds raised earlier allowed us to conduct a highly successful Phase II/III field trial of FluBIØk™, our patented, recombinant influenza vaccine, that led to the FDA granting the product 'accelerated approval' status. The additional funds should be sufficient to allow us to secure marketing approval for FluBIØk as early as this year" He added, "By converting all previous debt into Series F Notes we insure that we will be debt-free by the end of this year."

Commenting on the Diamyd contract, Mr. Adams said, "We have developed a very close relationship with Diamyd over the years and have great respect for their people and science. We are very intrigued by the prospects for their diabetes vaccine and look forward to helping them bring the product to market as quickly as possible by combining our technologies and expertise. He added, "Our relationship with Diamyd is characteristic of our future strategic direction, where we intend to get more involved in customers' products that we believe are likely to be successful."

Protein Sciences (PSC) is a biotechnology company based in Meriden, Connecticut, USA. Its business is using recombinant DNA technology to develop and manufacture modern protein-based vaccines, diagnostics and therapeutics. A recently completed Phase II/III field trial of FluBIØk™, PSC's patented, recombinant influenza vaccine, achieved 100% protection against both circulating and drifted strains of influenza and a more than 54% reduction in influenza-like illness compared to placebo. As a result, the FDA has advised PSC that FluBIØk is eligible for "accelerated approval" status and that its patented *expresSF+*® insect cell line is acceptable for vaccine manufacturing. This means that FluBIØk could be approved as early as 2006 without further clinical trials. FluBIØk also has demonstrated significant potential in human clinical trials as a vaccine against avian influenza and the ability to protect 100% of vaccinated chickens in a challenge study involving a lethal avian influenza virus. PSC has a broad portfolio of patented products in development including a second patented influenza vaccine, recombinant neuraminidase, that has completed Phase II(b) human clinical trials, a SARS vaccine that is scheduled to enter the clinic in 2006, a novel adjuvant and several vaccines and therapeutics being developed with customers. PSC distributes its products and services in Japan through Nosan Corporation.