



ANNOUNCEMENT

DATE : 20th March 2008

Avecia's Vaccines Business acquired by US PharmAthene Inc

Tees Valley, 20 March 2008 : Avecia Biologics announced today that it has reached agreement to sell its biodefence vaccines business to US company PharmAthene Inc. Under the terms of the agreement, worth up to \$40m, PharmAthene will acquire all of the assets and intellectual property related to Avecia's rPA anthrax and plague vaccine programmes. Around 50 people from Avecia's Billingham office will transfer to PharmAthene, but will remain based in Teesside. Manufacture of the drug substance will remain with Avecia Biologics at its Billingham site under a long term supply contract.

To date, Avecia has been awarded US\$220 million in funding from the US National Institute of Health to support ongoing development of two vaccines: an rPA anthrax vaccine and a plague vaccine. The rPA anthrax vaccine, which has completed Phase II clinical testing, is a second generation product for use against human anthrax infection. The rYP plague vaccine has completed Phase I clinical trials and is currently undergoing Phase II trials.

Under the long-term manufacturing contract for these products, Avecia Biologics will be responsible for further process development and manufacture of the vaccines drug substance through to regulatory approval and potentially for production for stockpile.

Adrian Buckmaster, CEO of Avecia Group PLC commented "PharmAthene was clearly the ideal candidate for our biodefence vaccines business as their team brings a USA company presence and important regulatory, advanced development, commercial and government contracting experience, particularly in the field of vaccine development and commercialisation. We are confident that PharmAthene's ownership of Avecia's vaccines business will further enhance the overall prospects for success of these two vaccines. As continuing manufacturers of the drug substance, this will be to the advantage of Avecia's core contract manufacturing business. The sale will focus all Avecia's activities on its key strengths of development and contract manufacture of microbial biologics and oligonucleotides."

David P. Wright, President and Chief Executive Officer of PharmAthene said “Our two companies have a proven track record in successfully collaborating with the US government in the development of medical countermeasures. Combining Avecia’s anthrax rPA vaccine and plague vaccine assets with PharmAthene’s current biodefence products, Valortim™ and Protexia® further establishes PharmAthene as a premier biodefence organisation with a substantial biodefence portfolio with multiple procurement-stage products with strong near-term revenue potential”.

Avecia Biologics has specific expertise in the invention and development of processes for biopharmaceuticals and vaccines and has cGMP manufacture for early clinical phases through to validation and commercialisation. The company’s Tees Valley site has been developing processes and making protein-based biopharmaceuticals to cGMP since 1998. Process development and cGMP manufacture of the rPA anthrax vaccine and the plague vaccine, have been carried out at this site since 2000. Customers are from North America, Europe and Asia and include both biotechnology and pharmaceutical companies.

About Anthrax and Plague vaccines

The active parts of both vaccines are based on microbial-derived, purified proteins which are made by a fermentation process of genetically modified bacteria. The proteins effectively mimic part of the natural organism and therefore create an immune response. However as mimics they are not organisms as such and have no ability to reproduce. Neither the vaccines nor any aspect of their manufacturing process involves any anthrax or plague organism, nor any derivative. Neither the vaccines nor their production pose any risk of exposure to the diseases themselves.

About Avecia

Avecia is a privately owned biotechnology group of companies with recognized world leading positions in the process development and manufacture of biopharmaceuticals (Avecia Biologics Ltd) and oligonucleotide medicines (Avecia Biotechnology Inc). Avecia Biologics has specific expertise in the invention and development of processes for microbial-derived biopharmaceuticals and vaccines and has cGMP manufacture for early clinical phases through to validation and commercialisation. Avecia Biotechnology Inc is a leader in the field of contract manufacture of oligonucleotides at its facility in Milford Massachusetts.

About PharmAthene

PharmAthene (AMEX:PIP) was formed to meet the critical needs of the United States and its allies by developing and commercialising medical countermeasures against biological and chemical weapons. PharmAthene’s lead programmes include Valortim™ for the prevention and treatment of anthrax infection and Protexia® for prevention and treatment of morbidity and mortality associated with exposure to chemical nerve agents. For more information on PharmAthene please visit www.pharmathene.com.

Ends

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