

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

For Immediate Release**Contact: Daniel Adams
(203) 686-0800x306
www.proteinsciences.com**

Meriden, CT – Monday, January 9, 2006. 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 the past 18 months to approximately \$9 million, all of which is now represented by Series F Notes that will become equity by the end of 2006.

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

Daniel D. Adams, President and CEO said, “We are extremely pleased with these two events. The funds raised earlier allowed us to conduct a highly successful Phase II/III field trial of FluBIØk™, our patented, recombinant influenza vaccine, which resulted in FDA granting our vaccine ‘accelerated approval’ status. We believe the new funds are sufficient to allow us to take advantage of that status and secure market approval for FluBIØk in less than two years.” He added, “By structuring the financing so that all previous debt converted into Series F Notes, we insure that we will be debt-free not later than the end of this year.”

Commenting on the Diamyd contract, Mr. Adams said, “We developed a very close relationship with Diamyd over several years and have great respect for their people and science. We are excited about their diabetes vaccine and look forward to using our combined technologies and expertise to help bring the product to market as quickly as possible. He added, “Our relationship with Diamyd is characteristic of our future strategic direction, pursuant to which 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 utilizing recombinant DNA technology to develop and manufacture modern protein-based vaccines, diagnostics and therapeutics. A recently completed Phase II/III field trial of FluBIØk achieved 100% protection against both circulating and drifted strains of influenza and a more than 54% reduction in influenza-like illness (as defined by the U.S. CDC) compared to placebo. As a result, the FDA has advised that FluBIØk is eligible for “accelerated approval” status, which allows a company to secure market approval prior to performing pivotal clinical endpoint studies. FDA previously advised PSC that its patented *expresSF+*® insect cell line is acceptable for vaccine manufacturing. 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.