

Cytos Biotechnology Ltd announces negative topline results of clinical trial with CYT003

- **Phase 2b Study of CYT003 in moderate to severe allergic asthma misses endpoints**
- **Company evaluates options of ordinary winding down of operations and liquidation**

Schlieren, Switzerland – April 14, 2014 – Cytos Biotechnology AG (SIX: CYTN) today announced that the Phase 2b study of CYT003 in patients with moderate to severe allergic asthma did not achieve a statistically significant reduction of the Asthma Control Questionnaire (ACQ) score at week 12 in the target patient population compared to placebo. Patients on placebo and at all dose levels of CYT003 achieved a clinically relevant improvement in their asthma control measured by ACQ. Additional endpoints, including lung function also failed to show a statistically significant difference to placebo. The clinical study was planned to continue with a blinded observation period of 9 months. Considering the clear outcome, Cytos has determined to unblind and terminate the clinical study.

As a result of the failure to achieve the primary endpoint, the previously announced condition for the conversion of convertible loan notes has not been achieved, and the company therefore considers the prospects of raising new funding sufficient to continue as a going concern to be remote. Consequently, the company's board of directors has instructed management to evaluate the options for an ordinary winding down of operations and liquidation of the company or a possible bankruptcy. In addition, the company has initiated the consultation process for a mass dismissal of all of the company's 36 employees.

Dr. Christian Itin, Chairman and CEO of Cytos, commented: "We are very disappointed with the outcome of the Phase 2b study and would like to thank our patients and investigators for their support of the study. We would also like to thank our employees for their outstanding effort that was required to rebuild the company after the restructuring and mass dismissals in 2012. When developing the plans for winding down operations, we will seek to minimize adverse consequences for our employees and other stakeholders."

The cash balance of the company as of March 31st, 2014 was CHF31 million. The company does not expect to be able to repay any convertible bonds which are all subordinated to other creditors. Likewise, the company also does not expect to be able to pay any liquidation dividend to shareholders.

Results of the Phase 2b study will be presented at the American Thoracic Society meeting, May 16-21, 2014 in San Diego, USA.

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About Cytos Biotechnology Ltd

Cytos is a public biopharmaceutical company focused on the development of targeted immuno-therapies. The Company's lead product candidate CYT003 is a novel, first-in-class, immune modulator in Phase 2 clinical development as a potential new treatment for asthma.

CYT003 has a novel mechanism of action that inhibits the immune response that causes asthma, and may therefore be beneficial for the control of asthma. In a successfully completed Phase 2a study, CYT003 was shown to maintain asthma control and lung function in patients with persistent allergic asthma, despite withdrawal of standard therapy with inhaled corticosteroids. CYT003 has been shown to have a good safety and tolerability profile in more than 450 individuals receiving the active agent so far.

Cytos was founded in 1995 as a spinoff from the Swiss Federal Institute of Technology (ETH) in Zurich. It is located in Schlieren (Zurich), Switzerland. The Company is listed according to the Main Standard on the SIX Swiss Exchange Ltd under the symbol CYTN.

www.cytos.com

Forward Looking Statements

This media release contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. You are urged to consider statements that include the words "will" or "expect" or the negative of those words or other similar words to be uncertain and forward-looking. Factors that may cause actual results to differ materially from any future results expressed or implied by any forward-looking statements include scientific, business, economic and financial factors, including that CYT003 may not demonstrate safety or efficacy in clinical trials, that there may be delays in development or that CYT003 may not receive marketing approval, and that the Company relies on outside financing to meet capital requirements, which may not be available under acceptable terms or at all. Against the background of these uncertainties, readers should not rely on forward-looking statements. The Company assumes no responsibility for updating forward-looking statements or adapting them to future events or developments.