

MEDIA RELEASE - COMMUNIQUE AUX MEDIAS - MEDIENMITTEILUNG

Cytos Biotechnology Announces Full Year 2008 Financial Results and Annual Highlights

Schlieren (Zurich), Switzerland, February 11, 2009 – Cytos Biotechnology Ltd (SIX:CYTN) today presented its full year 2008 financial results and annual highlights. A conference call to discuss the financial results will be held tomorrow, Thursday, February 12, 2009 at 10am (CET).

Financial Results 2008 (consolidated):

- Cash, cash equivalents, financial assets and trade receivables from collaboration partners were CHF 98.0 million at year end 2008, only CHF 11.0 million lower than end of 2007 (CHF 109.0 million).
- According to present financial plans, Cytos Biotechnology is thus well financed into the year 2011.
- Revenues in 2008 were CHF 19.7 million; net loss was CHF 26.0 million.
- Cash used in operations was CHF 3.3 million/month in 2008, well below guidance.

Highlights 2008:

Signing of the Immunodrug™ agreement with Pfizer in human health

In August 2008, Cytos Biotechnology and Pfizer have signed an exclusive global research, option and license agreement for novel vaccines for a defined number of human diseases worth up to CHF 150 million plus royalties. End of 2008, Pfizer has exercised its options under this agreement and has taken commercial licenses for specified vaccines based on the Immunodrug™ technology.

Progress in clinical Immunodrug™ development

CYT006-AngQb for hypertension

– *Two phase II dose and regimen optimization studies on track*

The two phase II studies with a total of 140 hypertensive patients will investigate an optimized treatment regimen and higher doses of CYT006-AngQb. Initial study results are expected for the second quarter 2009.

– *Excellent long-term safety profile confirmed*

Up to three years after treatment of hypertensive patients in a phase IIa study, there were no safety-relevant observations reported for CYT006-AngQb, thus underscoring its potential for long-term chronic disease management.

– *Publication of the first-in-patients phase IIa study results in the renowned medical journal The Lancet (The Lancet, 2008, 371:821).*

CYT003-QbG10 for allergic diseases

– *Clinical proof-of-concept for the allergen-independent monotherapy CYT003-QbG10*

In a phase II study in 80 allergic patients, CYT003-QbG10 was shown to be safe, well tolerated and efficacious. CYT003-QbG10 significantly reduced rhinoconjunctivitis symptoms in daily life compared to placebo, and the average combined symptom and medication score was also significantly lower in CYT003-QbG10 treated patients than in patients on placebo. Positive data from a subgroup of patients with asthma suggest potential use of this product candidate also in this important indication.

– *Start of phase IIb study with CYT003-QbG10 monotherapy*

A phase IIb dose-finding study was initiated to evaluate the safety, tolerability and efficacy of two different doses of CYT003-QbG10. The study will include 300 patients with rhinoconjunctivitis due to house dust mite allergy. Initial study results are expected in the third quarter 2009.

NIC002 for smoking cessation

– *Initiation of phase II study by Novartis*

Novartis, the licensee of NIC002 for smoking cessation, has initiated a phase II clinical trial with 200 smokers. The study will evaluate the safety, tolerability and efficacy (i.e. abstinence from smoking) of a new NIC002 treatment regimen designed to yield high anti-nicotine antibody levels.

CAD106 for Alzheimer's disease

– *Phase I study in Alzheimer's patients completed*

This phase I study conducted by Novartis, the licensee of CAD106 for Alzheimer's disease, investigated the safety, tolerability and beta-amyloid specific antibody response following treatment with CAD106 or placebo. Clinical data from the first group of 31 patients (of whom 24 were on CAD106) presented at the International Conference for Alzheimer's Disease (ICAD) indicated that CAD106 was safe, well tolerated and induced a beta-amyloid-specific antibody response in two thirds of the CAD106-treated patients.

– *Start of two phase IIa studies in Europe and in the US*

Novartis has initiated two phase IIa studies in up to 60 Alzheimer's disease patients in different European countries and the US triggering a compensation of CHF 5 million to Cytos Biotechnology. This also marks the first time that a vaccine candidate based on Cytos Biotechnology's Immunodrug™ technology gained IND approval by the US regulatory authorities and thus represents an important milestone for this novel class of biopharmaceuticals.

CYT004-MelQbG10 for malignant melanoma

– *Optimization of treatment regimen ongoing*

A phase IIa study was initiated with 20 patients suffering from malignant melanoma at the disease stages III and IV. The study will investigate the safety, tolerability and T cell immunogenicity of different treatment regimens of CYT004-MelQbG10. First results of the study are expected for late 2009.

Wolfgang Renner, PhD, CEO of Cytos Biotechnology commented: "Careful use of our financial resources has always been of paramount importance to us, irrespective of the economic environment. At the same time, we always aimed at advancing a broad pipeline of therapeutic vaccine candidates in important chronic disease areas. We ended 2008 with CHF 98 million in financial funds, which is only CHF 11 million below the CHF 109 million at the end of 2007. Concurrently, we completed two phase II studies in allergic diseases and initiated a large phase IIb study in the same indication; and we are conducting two phase II studies in hypertension and a phase IIa study in malignant melanoma. On top of this, a novel vaccine candidate for the treatment of type 2 diabetes is now ready to enter clinical development and a further four programs have achieved preclinical proof-of-concept. Also our partnered clinical programs with Novartis in smoking cessation and Alzheimer's disease are progressing well.

The goal of our new partnership with Pfizer is to leverage the value of our Immunodrug™ technology in programs that are outside the scope of our own. As already in 2007, our collaborations with big Pharma have again in 2008 significantly contributed to the financing of our company and our proprietary programs. Since these collaborations generate almost no costs to us, they financed approximately 75% of our operations in the past two years.

The strategy that we devised many years ago, namely to focus on the research intensive part of the pharmaceutical value chain and to selectively partner with leading pharmaceutical companies for the development of vaccines addressing mass markets, makes us less dependent from volatile financial markets, and allows us and our shareholders to retain most of the potential value that lies in our proprietary programs and in the patented Immunodrug™ technology platform. Therapeutic vaccines for the treatment of common chronic diseases are a newly emerging therapeutic area, which has been pioneered to a significant degree by Cytos Biotechnology's scientists. Beginning of 2009 we believe that we have the technological skills and the support of our top-tier partners in the industry to bring these novel kinds of medicine to the patients, which has always been the goal of all our efforts."

Full year consolidated financial figures 2008:

Balance Sheet

Funds available for financing the operations amounted at December 31, 2008 to CHF 98.0 million and include cash, cash equivalents, financial assets and trade receivables from collaboration partners. They were thus only CHF 11.0 million lower than at the end of 2007. This net change is composed of payments from collaboration partners and financing of the ongoing operating activities.

Revenues

Revenues decreased from CHF 35.9 million in 2007 to CHF 19.7 million in 2008. The revenues in 2008 resulted mainly from payments made by Pfizer for the Immunodrug™ agreement in human health and a compensation of CHF 5.0 million by Novartis due to the progress made with the Alzheimer's vaccine candidate CAD106. Revenues in 2007 were driven by the up-front payment of CHF 35.0 million received from the collaboration with Novartis for the vaccine NIC002 for smoking cessation.

Cash burn

The gross cash burn for operating activities decreased from CHF 3.4 million per month in 2007 to CHF 3.3 million per month in 2008.

Financial summary (consolidated)

<u>(in CHF million)</u>	<u>Results 2008</u>	<u>Results 2007</u>
Research and collaboration revenues	19.7	35.9
Net operating costs	(43.6)	(44.2)
Operating loss	(23.9)	(8.3)
Net loss	(26.0)	(6.9)
Net loss per share (in CHF)	(4.94)	(1.31)

<u>(in CHF million)</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Cash, cash equivalents, financial assets & trade receivables	98.0	109.0
Full-time employees (number)	132	130

The full financial statements can be found on www.cytos.com.

Full year statutory financial figures 2008:

Financial summary (statutory)

<u>(in CHF million)</u>	<u>Results 2008</u>	<u>Results 2007</u>
Research and collaboration revenues	27.7	36.0
Total operating expenses	(40.2)	(46.1)
Operating loss	(12.4)	(10.1)
Other income	41.5	0.5
<u>Net profit/(loss)</u>	<u>28.9</u>	<u>(9.5)</u>

<u>(in CHF million)</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Total assets	151.1	112.8
Total liabilities	88.3	79.3
<u>Shareholder's equity</u>	<u>62.8</u>	<u>33.5</u>

The full financial statements can be found on www.cytos.com.

Conference call tomorrow

Cytos Biotechnology will host a conference call and Q&A session tomorrow, Thursday, February 12, 2009 at 10.00 am (CET) to discuss the financial results 2008.

To access the conference call, please dial the following numbers:

Europe +41 91 610 56 00
U.S. +1 866 291 41 66
U.K. +44 207 107 06 11

The conference call will also be accessible by webcast on the internet. You may follow the call live or have it replayed later on demand. To access the webcast and the presentation, please follow the link provided on the Company's home page www.cytos.com. The conference will be held in English and the presentation slides will be available for download 30 minutes prior to the conference.

For further information please contact:

Jakob Schlapbach, MBA
Chief Financial Officer, Cytos Biotechnology Ltd
Phone: +41 44 733 46 46; Fax: +41 44 733 47 02
e-Mail: jakob.schlapbach@cytos.com; Website: www.cytos.com

About Cytos Biotechnology

Cytos Biotechnology Ltd is a public Swiss biotechnology company that specializes in the discovery, development and commercialization of a new class of biopharmaceutical products – the Immunodrugs™. Immunodrugs™ are intended for use in the treatment and prevention of common chronic diseases, which afflict millions of people worldwide. Immunodrugs™ are designed to instruct the patient's immune system to produce desired therapeutic antibody or T cell responses that modulate chronic disease processes. Taking advantage of the high flexibility of its Immunodrug™ platform, Cytos Biotechnology has built a diversified pipeline of different Immunodrug™ candidates in various disease areas, of which five are currently in clinical development. The Immunodrug™ candidates are developed both in-house and together with Novartis, Pfizer and Pfizer Animal Health. Founded in 1995 as a spin-off from the Swiss Federal Institute of Technology (ETH) in Zurich, the company is located in Schlieren (Zurich). Currently, the company has 134 employees. Cytos Biotechnology Ltd is listed on the SIX Swiss Exchange (SIX:CYTN).

Glossary

Allergen: a normally harmless substance that elicits a misdirected immune response.

Average combined symptom and medication score: symptoms and concomitant medication use are recorded during the study on individual diary cards during a defined period of time. As a clinical outcome measure, the World Allergy Organization (WAO) recommends to utilize the average of the scores achieved for total allergy symptoms and medication use.

Beta-amyloid: substance that is deposited in plaques found in the brains of Alzheimer's disease patients.

Biopharmaceutical: drug created by means of biotechnology, especially genetic engineering.

Immunogenicity: ability of a substance to evoke an immune response.

Immunostimulatory: able to stimulate the immune system.

Immunotherapy / immunotherapeutic: a therapy / a medication aimed at activation of the immune system to modulate a certain disease process.

IND: stands for investigational new drug. IND approval refers to the permission given by the US regulatory authorities to start studies in humans with a new drug candidate.

Monotherapy: treatment with one drug as opposed to combination therapy. Here the term refers to treatment with QbG10 alone (i.e. CYT003-QbG10) in contrast to a regimen where QbG10 was combined to allergen extract (i.e. CYT005-AllQbG10 combination therapy).

Phase IIa/II/Ib: clinical trial that examines a new drug candidate's safety, tolerability and exploratory efficacy. Phase IIa studies usually include a small number of patients, whereas phase IIb studies are designed as larger and often multicenter trials to examine the new drug in a relevant number of patients.

Placebo: dummy medical treatment.

Preclinical: phase of activities where a new drug candidate is tested in animal models.

QbG10: Cytos Biotechnology's Immunodrug™ Qb filled with the immunostimulatory DNA sequence G10.

Rhinoconjunctivitis: combination of rhinitis (inflammation of the nasal mucosa) and conjunctivitis (inflammation of the mucous membrane of the eye).

T cell: immune cell playing an important role in cell-mediated immunity. One differentiates various subgroups such as cytotoxic (killer) T cells, T helper (Th) cells and regulatory T cells.

This foregoing press release may contain forward-looking statements that include words or phrases such as "expect", "will", "suggest", "potential", "designed", "indicate", "believe", "intend" or other similar expressions. These forward-looking statements are subject to a variety of significant uncertainties, including scientific, business, economic and financial factors, and therefore actual results may differ significantly from those presented. There can be no assurance that any further therapeutic entities will enter clinical trials, that clinical trial results will be predictive for future results, that therapeutic entities will be the subject of filings for regulatory approval, that any drug candidates will receive marketing approval from the U.S. Food and Drug Administration or equivalent regulatory authorities, or that drugs will be marketed successfully. Against the background of these uncertainties readers should not rely on forward-looking statements. The company assumes no responsibility to update forward-looking statements or adapt them to future events or developments. This document does not constitute an offer or invitation to subscribe or purchase any securities of Cytos Biotechnology Ltd.