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MEDIVIR AND PEPTIMMUNE ANNOUNCE EU PATENT ON USES OF CATHEPSIN S

Peptimmune, Inc. and Medivir today announced the issuance of a European patent claiming uses of Cathepsin S inhibitors in therapeutic formulations for suppressing immune responses. European patent 0912601 issued on November 26, 2003, and is entitled "SUPPRESSION OF IMMUNE RESPONSE VIA INHIBITION OF CATHEPSIN S."

Peptimmune and Medivir are jointly developing small molecule inhibitors of Cathepsin S. Together, the companies have made significant progress in identifying potent and selective enzyme inhibitors. Representative compounds have been shown to have potent reversible inhibitory activity in *in vitro* enzymatic assays and in blocking an immune response to antigen in cellular assays. These compounds, after oral administration, also exhibit good activity in preventing disease in animal models of autoimmune disease.

Robert J. Carpenter, Peptimmune's Chairman and Chief Executive Officer, commented, "the joint Peptimmune/Medivir Cathepsin S inhibitor program is focused on developing a new class of orally available drugs for the treatment of rheumatoid arthritis, multiple sclerosis and other autoimmune and allergic diseases."

The patent was exclusively licensed to Peptimmune from the Massachusetts Institute of Technology and Brigham and Women's Hospital on May 5, 1997 and now forms a cornerstone of the Peptimmune-Medivir collaboration. The cathepsin S dependent pathway has been implicated in autoimmune diseases, as well as in allergies and transplant rejection. Cathepsin S inhibitors are expected to be useful in the treatment of diverse conditions, including juvenile diabetes, lupus, arthritis, and multiple sclerosis.

Bertil Samuelsson, Medivir's Vice President, Research, stated: "the issuance of this European patent, which broadly covers the manufacture of medicament preparations of Cathepsin S inhibitors for autoimmune and allergic indications gives us strong intellectual property protection for the program that is under development at Medivir and Peptimmune."

About Peptimmune

Peptimmune, Inc. is a privately held biotechnology company developing specific immunotherapies for treating autoimmune and allergic diseases. These therapies are designed to be safer and more effective than currently marketed products. Peptimmune's therapies are focused on treating autoimmune and allergic disorders by intervening in the body's immune response processes. Current approaches to treating these diseases typically involve non-specific immunosuppression, an approach associated with severe side effects. Peptimmune's products are designed to arrest disease progression in a targeted way by neutralizing disease-causing immune cells only. For information, access our website at <http://www.peptimmune.com>.

About Medivir

Medivir is an innovative, specialist research company that develops pharmaceuticals. The company is located in Huddinge, Sweden and Cambridge, UK. Medivir's research is focused on developing new drug compounds based on proteases and polymerases as target enzymes. Medivir was floated on the Stockholm Exchange in 1996, and has been quoted on the Attract 40 list since 1 July 2003.

Medivir's research portfolio includes projects against HIV, jaundice, shingles, cold sores, osteoporosis, RA (rheumatoid arthritis), asthma and MS (multiple sclerosis). Medivir has five projects in clinical development phases, two of which are about to enter phase III after completing phase II. Two projects are in phase I and one is in phase II. One project—MV026048—is in preclinical development, the stage closest to clinical development. The optimization stage has three projects, the lead identification stage encompasses two projects. Medivir has some ten activities in the first preclinical—explorative—stage.

For information, access our website at www.Medivir.se.

For additional information please contact:

Peptimmune

Timothy Harris, Vice President, Business Development

Phone +1 617-715-8009

Medivir

Rein Piir, CFO/IR

Phone +46 8 5468 3100 or +46 708 53 72 92