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Zydus and Pieris Sign Broad Co-Development Alliance for Novel Anticalin® Therapeutics

--c-Met antagonist, PRS-110, to be the flagship program--

Ahmedabad, India and Freising, Germany, October 16, 2013— Zydus Cadila, an innovative global pharmaceutical company that discovers, develops, manufactures and markets a broad range of healthcare products, and Pieris AG, a next generation therapeutic protein R&D company, have entered into an alliance for development and commercialization of multiple novel Anticalin®-based protein therapeutics, both companies announced today. The collaboration combines Pieris' drug discovery and early development capabilities with Zydus' expertise in biologics development, regulatory affairs and biologics manufacturing. Under the terms of the agreement, Zydus will take the lead in advancing Anticalin drug candidates through formal pre-clinical development and into clinical development, undertaking drug development in accordance with ICH guidelines. Zydus has been granted exclusive marketing rights in India and several other emerging markets, while Pieris retains exclusive marketing rights in key developed markets.

Mr. Pankaj R. Patel, Chairman and Managing Director, Zydus group said, "Collaborating with established biotech companies on differentiated drug candidates is an important component of Zydus' ongoing transformation into an innovation-led global healthcare provider, and we are pleased to add Anticalins to our novel biologics pipeline." Pieris CEO, Stephen Yoder, added, "With Zydus' state-of-the-art manufacturing facilities and seasoned drug development team, this collaboration will allow Pieris to unlock value on a global scale in a cost-effective manner, significantly expanding the number of proprietary Anticalin programs we can advance into clinical trials."

The most advanced program in the collaboration is PRS-110, an Anticalin specific for c-Met, a target becoming increasingly validated across a broad spectrum of tumors. PRS-110, which is a pure antagonist due to its monovalent target engagement, has demonstrated the ability to inhibit both ligand-dependent and -independent c-Met activity in a variety of animal models. Through this unique collaborative model, the companies seek to develop candidates to proof-of-concept and will explore out-licensing opportunities in Pieris' territories at the appropriate time. The companies will share licensing revenues on mutually agreed-upon terms.

About Zydus:

Zydus Cadila is an innovative, global pharmaceutical company that discovers, develops,

manufactures and markets a broad range of healthcare therapies. The group employs over 15,000 people worldwide and is dedicated to creating healthier communities globally. Zydus is the only Indian pharma company to launch its own patented NCE – Lipaglyn™, the world's first drug to be approved for the treatment of diabetic dyslipidemia. It aims to be a leading global healthcare provider with a robust product pipeline, achieve sales of over \$3 billion by 2015 and be a research-based pharmaceutical company by 2020.

The group has been making significant investments in the development and manufacturing of biologics for more than a decade. Zydus has developed a pipeline of 17 Biosimilar drugs with six such drugs commercialized and others in clinical development. Zydus capitalizes on its in-house drug development and manufacturing strengths to partner in novel biologics opportunities and has so far advanced two novel biologic drugs to the clinical trial stage. Zydus has one of the largest biologics manufacturing facilities in India with scales reaching up to 11,000 L per batch. With a vision to provide high quality biologics drugs in a cost-effective manner Zydus aspires to be a world leader in the biologics space. For more information, please visit: www.zyduscadila.com

About Pieris & Anticalins:

Pieris AG is an independent, clinical-stage biotechnology company advancing its proprietary Anticalin® technology to create differentiated drugs that are safer and more effective than conventional approaches. Exclusive to Pieris, Anticalins promise to address high-unmet medical needs and expand the potential of targeted therapeutics. The company currently has a diverse proprietary pipeline and has, in addition to Zydus, ongoing R&D collaborations with Daiichi Sankyo, the Sanofi Group and Allergan. Privately held, Pieris has been funded by premier biotechnology-focused venture capital, including lead investors OrbiMed Advisors and Global Life Science Ventures. For more information, please visit: www.pieris-ag.com.

Anticalins® are recombinantly engineered versions of human lipocalins, low-molecular weight polypeptides that naturally bind, store and transport a wide spectrum of molecules. To develop Anticalins, Pieris makes discrete changes to those lipocalin amino acid positions responsible for endogenous ligand binding, thereby redirecting specificity away from the natural ligand and to virtually any target of interest. By utilizing an endogenous binding protein as a template, Pieris “hijacks” the natural function of the lipocalin to enable diverse therapeutic applications.

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