

August 13, 2015



ContraFect Corporation Announces Second Quarter 2015 Financial and Operating Results

YONKERS, NY -- (Marketwired) -- 08/13/15 -- ContraFect Corporation (NASDAQ: CFRX) (NASDAQ: CFRXW) (NASDAQ: CFRXZ)

- *Initial Clinical Trial Program Advancing for New Class of Medicines*
- *Board of Directors and Balance Sheet Further Strengthened*
- *IP Enhanced for CF-301 for Staph Bloodstream Infections, Including MRSA*

ContraFect Corporation (NASDAQ: CFRX) (NASDAQ: CFRXW) (NASDAQ: CFRXZ), a clinical-stage biotechnology company focused on the discovery and development of protein therapeutics and antibody products for life-threatening, drug-resistant infectious diseases, today announced results for the second quarter ended June 30, 2015. ContraFect ended the June 30, 2015 quarter with \$35.3 million in cash, cash equivalents and marketable securities.

"Substantial progress in building our company continued during the second quarter," said Julia P. Gregory, ContraFect's Chief Executive Officer. "We commenced a Phase I clinical trial with the first of an entirely new class of medicines, our lysin CF-301, for staph bloodstream infections, including MRSA. We have also strengthened our balance sheet with the net addition of \$18.3 million raised in a private placement with new institutional investors and appointed Steven C. Gilman, PhD, a recognized industry leader and the former CSO of Cubist, as Executive Chair of our Board. These accomplishments will help us advance our pipeline of new biologics to address drug resistant, life-threatening infections including MRSA and influenza."

Key Highlights:

--Subsequent to the quarter's close, an independent Data and Safety Monitoring Board (DSMB) recommended the continuation of the CF-301 Phase 1 study in healthy volunteers. The study, which initiated dosing in May 2015, has successfully completed two of the four currently planned dose levels. ContraFect expects to complete the study by year-end. If the

results are favorable, ContraFect plans to advance CF-301 into a Phase 2 study next year in patients with staph bloodstream infections, including MRSA.

--ContraFect appointed Steven C. Gilman, PhD, Executive Chairman of its Board of Directors. Dr. Gilman was Executive Vice President, Research & Development and Chief Scientific Officer at Cubist Pharmaceuticals, until its acquisition by Merck & Co. in January 2015 for \$9.5 billion.

--ContraFect raised net proceeds of approximately \$18.3 million in a private placement of securities with a group led by accredited institutional accredited investors: Oracle Investment Management, Inc., Broadfin Capital, LLC, Birchview Capital, LP affiliates, and Cormorant Asset Management. The private placement consisted of approximately 4.73 million shares of common stock, together with warrants to purchase approximately 2.36 million additional shares of common stock.

--The U.S. Patent and Trademark Office issued U.S. Patent No. 9,034,322. This patent entitled, "Streptococcus bacteriophage lysins for detection and treatment of gram positive bacteria", contains composition claims for the CF-301 sequence and variants having at least 80% identity. This patent, which expires on April 20, 2032, is exclusively licensed to ContraFect from The Rockefeller University, the assignee. CF-301 is currently in Phase I and is the first lysin cleared by FDA to be tested in humans. By killing bacteria immediately upon contact, lysins are fundamentally different than conventional antibiotics and most cytotoxic agents, in that they do not require bacterial cell division and metabolism to occur to exert their effect, and hence are not subject to resistance.

Second Quarter 2015 Financial Results:

For the quarter ended June 30, 2015, ContraFect reported a net loss of \$7.1 million, or \$0.33 per share, compared to a net loss of \$8.3 million, or \$8.17 per share, in the comparable prior year period.

Operating expenses for the quarter ended June 30, 2015 were \$7.2 million, with \$4.3 million attributable to research and development. This compares to operating expenses of \$2.7 million of which research and development expenses were \$1.5 million in the comparable prior year period. The increase in research and development expense was attributable to advancing CF-301 into the clinic, commencing IND-enabling studies for CF-404, and additional research headcount. General and administrative expenses were \$2.9 million for the quarter ended June 30, 2015, compared with \$1.2 million in the prior year period, an increase which was primarily attributable to headcount increases and related personnel costs, an increase in legal expenses, including patent filings and other patent prosecution costs, and the costs related to being a public company.

As of June 30, 2015, ContraFect had cash, cash equivalents and marketable securities of \$35.3 million, as compared to \$27.4 million at December 31, 2014. ContraFect expects that net cash used to fund operations will continue at approximately \$2 million per month.

About CF-301

CF-301 is a bacteriophage lysin with potent activity against Staph aureus infections. CF-301 has the potential to be a first-in-class treatment for Staph bacteremia as it has a new

mechanism of action for eliminating bacteria. It has specific and rapid bactericidal activity against *Staph aureus* and does not impact the body's good bacteria. By targeting a conserved region of the cell wall that is vital to bacteria, resistance is less likely to develop to CF-301. In vitro and in vivo experiments have shown that CF-301 clears biofilm. Combinations of CF-301 with standard of care antibiotics increased survival significantly in animal models of disease when compared to treatment with antibiotics or CF-301 alone. CF-301 was licensed from The Rockefeller University and developed at ContraFect.

About Lysins

Lysins are enzymes that digest the cell wall of bacteria. Once the cell wall is breached, the bacteria is killed on contact. We believe lysins are unlike standard-of-care antibiotics, especially regarding their mechanism and speed of action. Traditional antibiotics, and most cytotoxic agents, require bacterial cell division and metabolism in order to be effective. Based on in vitro and animal tests, we believe lysins, however, are fundamentally different in that they have rapid bactericidal activity, target and kill specific bacteria without impacting the good bacteria, eradicate bacteria's protective biofilm, do not have resistance to drug resistant strains and synergize with standard of care antibiotics.

About ContraFect

ContraFect is a clinical-stage biotechnology company focused on discovering and developing therapeutic protein and antibody products for life-threatening, drug-resistant infectious diseases, particularly those treated in hospital settings. Due to drug-resistant and newly emerging pathogens, hospital acquired infections are currently the fourth leading cause of death in the United States, following heart disease, cancer and stroke. ContraFect intends to address drug-resistant infections using its therapeutic product candidates from its lysin and monoclonal antibody platforms to target conserved regions of either bacteria or viruses (regions that are not prone to mutation). ContraFect's initial product candidates include new agents to treat antibiotic-resistant infections such as MRSA (drug-resistant staphylococcus bacteria) and influenza.

FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements" within the meaning of the U.S. federal securities laws. Forward-looking statements can be identified by words such as "projects," "may," "will," "could," "would," "should," "believe," "expect," "anticipate," "estimate," "intend," "plan," "potential" or similar references to future periods. Forward-looking statements are statements that are not historical facts, nor assurances of future performance. Instead, they are based on ContraFect's current beliefs, expectations and assumptions regarding the future of its business, future plans, strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties and changes in circumstances that are difficult to predict and many of which are beyond ContraFect's control, including those detailed in ContraFect's filings with the Securities and Exchange Commission. Specific forward-looking statements in this release include, without limitation, statements regarding our ability to advance our pipeline of new biologics to address drug-resistant life-threatening infections, anticipated screening and enrollment of healthy volunteers in our Phase 1 clinical trial for CF-301, the data obtained throughout the trial and the DSMB's review of that data, the results of our Phase 1 study and our ability to

advance to a Phase 2 study, the ability of our issued patents to withstand any potential invalidity challenges and the amount of cash used to fund our operations, all of which are subject to certain assumptions, risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Any forward-looking statement made by ContraFect in this press release is based only on information currently available and speaks only as of the date on which it is made. Except as required by applicable law, ContraFect expressly disclaims any obligations to publicly update any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Basic and diluted net loss per share attributable to common stockholders and weighted average shares outstanding were impacted by the conversion of all the Company's outstanding convertible preferred stock and convertible notes payable on the closing of the Company's initial public offering on August 1, 2014.

The Company's financial position as of June 30, 2015 and results of operations for the periods ended June 30, 2015 and 2014 have been extracted from the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC). The Company's financial position as of December 31, 2014 has been extracted from the audited financial statements included in its Annual Report on Form 10-K, filed with the SEC on March 26, 2015. You should refer to both the Company's Quarterly Report on Form 10-Q and its Annual Report on Form 10-K for a complete discussion of financial information.

CONTRAFECT CORPORATION
Balance Sheets

	June 30, 2015	December 31, 2014
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,641,952	\$ 25,722,453
Marketable securities	11,621,731	1,670,606
Prepaid expenses and other current assets	1,055,410	368,787
Total current assets	36,319,093	27,761,846
Property and equipment, net	1,879,483	2,148,155
Other assets	143,621	143,621
Total assets	<u>\$ 38,342,197</u>	<u>\$ 30,053,622</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,338,034	\$ 481,626
Accrued liabilities	2,360,201	2,711,207
Deferred rent	995,930	966,278
Total current liabilities	4,694,165	4,159,111

Warrant liabilities	521,400	313,004
Total liabilities	5,215,565	4,472,115
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 25,000,000 shares authorized and none outstanding at June 30, 2015 and December 31, 2014	-	-
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 25,079,729 and 20,217,263 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	2,508	2,021
Additional paid-in capital	137,626,922	118,038,560
Accumulated other comprehensive loss	(76,248)	(627)
Accumulated deficit	(104,426,550)	(92,458,447)
Total stockholders' equity	33,126,632	25,581,507
Total liabilities and stockholders' equity	<u>\$ 38,342,197</u>	<u>\$ 30,053,622</u>

CONTRAFECT CORPORATION
Unaudited Statements of Operations

	Three Months Ended June		Six Months Ended June 30,	
	30,			
	2015	2014	2015	2014
Operating expenses:				
Research and development	\$ 4,307,503	\$ 1,516,200	\$ 6,729,609	\$ 4,181,539
General and administrative	2,856,268	1,164,238	5,129,238	3,286,863
Total operating expenses	7,163,771	2,680,438	11,858,847	7,468,402
Loss from operations	(7,163,771)	(2,680,438)	(11,858,847)	(7,468,402)
Other income (expense)				
Interest income (expense), net	43,772	(519,036)	99,140	(1,347,031)
Refundable state tax credits	-	96,133	-	424,649
Change in fair value of warrant and embedded derivative liabilities	3,659	(698,582)	(208,396)	(623,951)
Total other income (expense)	47,431	(1,121,485)	(109,256)	(1,546,333)
Net loss	(7,116,340)	(3,801,923)	(11,968,103)	(9,014,735)

Preferred stock dividend in-kind	-	(4,468,452)	-	(4,468,452)
Net loss attributable to common stockholders	<u>\$ (7,116,340)</u>	<u>\$ (8,270,375)</u>	<u>\$ (11,968,103)</u>	<u>\$ (13,483,187)</u>
Per share information:				
Net loss per share of common stock, basic and diluted	<u>\$ (0.33)</u>	<u>\$ (8.17)</u>	<u>\$ (0.58)</u>	<u>\$ (13.32)</u>
Basic and diluted weighted average shares outstanding	<u>21,244,276</u>	<u>1,011,997</u>	<u>20,735,695</u>	<u>1,011,997</u>

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Source: ContraFect Corporation