

CPRIT Awards Pulmotect \$7.1 Million to Develop Novel Immune System Stimulant

Technology Shows Promise in Allowing for More Effective Chemotherapy, with Potential Applications in the Prevention of Influenza and Asthma Attacks

Houston (May 9, 2012) - Pulmotect, Inc. (www.pulmotect.com), a Houston-based biotechnology company, has been awarded \$7.1 million by the Cancer Prevention & Research Institute of Texas (CPRIT) to advance its novel product, PUL-042, which offers the promise of better protecting patients receiving chemotherapy from infection, allowing for significantly higher treatment success. This award, when matched with the Company's other funding, should allow the Company's lead product to progress through preclinical, Phase I and Phase II trials.

"We very much appreciate this award and the validation of our technology by CPRIT and its international team of reviewers," said Dr. Brenton Scott, a founder of Pulmotect and Principal Investigator for the project. "This award will allow us the ability to drive this exciting technology forward and accelerate bringing it to the market to help save lives."

Pulmotect's technology focuses on specific ways to stimulate the human lungs' innate immune system, the body's natural "first line of defense." Targeted stimulation has been shown to boost immunity quickly, providing effective defense against a wide range of deadly pathogens, which is useful in protecting patients immunocompromised from chemotherapy treatment. The platform technology has a wide range of potential applications, as it offers intense, short-term protection against bacterial, fungal and viral pathogens, including influenza, staph and anthrax. Pulmotect's technology is licensed from Texas A&M and the University of Texas MD Anderson Cancer Center, collaborators on the CPRIT grant. Additional support comes from Baylor College of Medicine, another collaborator on the CPRIT proposal, and the University of Texas Medical Branch, Galveston.

"The protection against infections we are seeing is broad and rapid, a significant technological advantage," said Dr. Scott. "Identifying the specific pathogen would not be required to initiate an effective defense response. Even though everyone breathes in microbes regularly - typically without many problems - in the immunocompromised host, these microbes can be extra problematic, often times preventing the full cancer treatment from being received. Patients receiving myeloablative chemotherapy are highly susceptible to life threatening pneumonia while in their immunocompromised state. This program is designed to demonstrate the ability of PUL-042 to dramatically reduce the incidence of pneumonia in these patients. In addition, boosting the immune system during the time patients are at high risk could better help them fight against cancer," said Dr. Scott.

Founded in 2007, Pulmotect partnered in 2008 with AlphaDev, LLC, a Houston-based early-stage life science management and investment company sponsored by Aquinas Companies to assist in the drug's commercial development. "This award from the State of Texas is a positive next step in technology that we recognized might have a tremendous positive impact on the overall community and an equally broad commercial application," said Leo Linbeck III, co-founder of AlphaDev and Chairman of the Board of Pulmotect.

While the initial indication for PUL-042 is the prevention of opportunistic pneumonia in immune-compromised patients, PUL-042 is also expected to find applications in biodefense, the prevention of seasonal and pandemic influenza, and other respiratory infections, such as those commonly suffered by those with asthma.

The company has a successful track record of raising local, state, and federal capital to advance this technology and to now fund the clinical trials that are anticipated to start in 2013. The CPRIT award is subject to final negotiations.

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