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**PROTEZ PHARMACEUTICALS CLOSES \$15 MILLION FINANCING TO
PROGRESS LEAD ANTIBIOTIC COMPOUND**

---Unique Broad Spectrum Agent Has Potential Activity Against Multi-Drug Resistant and Other Infections That Affect over 10 Million Hospitalized Americans Each Year--

Malvern, PA – August 24, 2005 – Protez Pharmaceuticals, a developer of innovative antibiotics to combat drug-resistant and life-threatening infections, today announced the closing of a \$15 million Series B financing. Protez intends to use the proceeds from the financing to accelerate development of its lead compound SMP-601, a potent injectable antibiotic with a uniquely broad spectrum of activity, against both drug resistant gram-positive and many gram negative pathogens. These organisms cause millions of infections in hospitalized patients in the U.S. each year and are a major source of mortality and expense. Protez intends to initiate clinical trials with SMP-601 during 2006.

“This financing represents a significant milestone for Protez as it enables us to rapidly progress our lead compound toward human trials while also advancing the other novel antibiotics in our pipeline,” said Christopher Cashman, chief executive officer of Protez Pharmaceuticals. “We look forward to using these funds to accelerate development of SMP-601 which we believe has significant potential to combat many of the life-threatening infections that are taking an ever greater toll in lost lives and wasted resources.”

The Series B financing was led by BioAdvance Ventures and Birchmere Ventures. BioAdvance Ventures is an early-stage life sciences fund managed by Quaker BioVentures and sponsored by BioAdvance. Headquartered in Pittsburgh, PA, Birchmere Ventures’ third fund, Birchmere Ventures III, focuses on early-stage technology and life sciences companies throughout the mid-Atlantic region. Other investors include L Capital Partners and S.R. One. Previous investor BTG also participated.

"Protez has brought together a unique antibiotic compound addressing a large and growing market opportunity with a team that is well-equipped to move it effectively through clinical development," said Sherrill Neff, managing partner of Quaker BioVentures. "Preclinical data suggest that SMP-601 could be a critically important new weapon in the fight against the growing incidence of hospital-based infections that do not respond to existing treatments, and we look forward to the progress of both this promising agent and other novel antibiotic compounds in the Protez pipeline."

About Antibiotic-Resistant Infections

Antibiotic resistance has been called one of the world's most pressing public health problems. The number of bacteria resistant to antibiotics has increased significantly in the last decade. Antibiotics, also known as antimicrobials, are drugs that fight infections caused by bacteria. After their discovery in the 1940's, they transformed medical care and dramatically reduced illness and death from infectious diseases. However, over the decades, the bacteria that antibiotics control have developed resistance to these drugs. Today, many important bacterial infections in the United States and throughout the world are becoming resistant. For this reason, antibiotic resistance is among the U.S. Centers for Disease Control's top concerns.

About Protez

Headquartered in Malvern, PA, Protez Pharmaceuticals discovers and develops new antibiotics for difficult-to-treat infections. Its focus is on highly differentiated intravenous and oral small molecule antibiotics to address increasing bacterial resistance and chronic or recurrent infections. Protez intends to acquire, develop and commercialize additional antibiotic product opportunities to which it can add significant value by leveraging its core technologies and drug development expertise.

About BioAdvance Ventures

BioAdvance Ventures was founded in the fall of 2004, to invest in early-stage biomedical companies in southeastern Pennsylvania. Some investors in BioAdvance Ventures include Cephalon, Merck, GlaxoSmithKline, Wyeth, AquaAmerica, the Pennsylvania Tobacco Settlement Investment Board, and major academic and economic development institutions in the region. BioAdvance Ventures is managed by Quaker BioVentures, a \$280 million family of funds based in the Philadelphia area, and is sponsored by BioAdvance, the Biotechnology Greenhouse of Southeastern Pennsylvania.

About Birchmere Ventures

Headquartered in Pittsburgh, PA, Birchmere Ventures has approximately \$150 million under management. Birchmere Ventures' third fund, Birchmere Ventures III, LP, focuses on early-stage technology and life sciences companies throughout the mid-Atlantic region. It is jointly managed by Birchmere Ventures and Bay City Capital, a San Francisco-based life sciences investment fund with over \$600 million under management.