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For Immediate Release

**Xcellerex Receives Two Phase I DARPA contracts to Develop
Technology To Accelerate Protein and Vaccine Manufacturing**

Grants to Xcellerex and Collaborators Total Over \$13 Million

Marlboro, MA – July 17, 2007 – Xcellerex, Inc. announced today that the company has received two Phase I contracts awarded by the Defense Advanced Research Projects Agency (DARPA) for the Accelerated Manufacture of Pharmaceuticals (AMP) program. The AMP program is a three phase program in which the U.S. military is focused on technologies for producing emergency therapeutics and vaccines, rapidly and cost effectively in order to respond to a wide range of biological threats. Phase I of the AMP program, for which these contracts were awarded, is focused on optimizing host strains that will express a model vaccine and antibody, and demonstrating small scale production. Subsequent phases will be aimed at rapid process optimization, scale up and cost effective production. The total funding for the two Phase I contracts is over \$13 million.

Xcellerex will serve as the Prime Contractor on the first grant, in which the company is collaborating with DowpharmaSM, a business unit of The Dow Chemical Company, Biopharm Services, and deltaDOT, Ltd. The team combines Xcellerex's PDMaxTM process development and FlexFactoryTM manufacturing technologies with Dowpharma's Pfenex Expression TechnologyTM, a *Pseudomonas* based expression system. deltaDOT's PeregrineTM and OspreyTM high throughput technology platforms provide critical analytical capabilities required to track product quality, while BioPharm Services will be providing advanced modeling capabilities for biopharmaceutical manufacturing.

Dr Michael Callahan, Program Manager for DARPA's AMP program stated, "The Accelerated Manufacture of Pharmaceuticals program will develop radically-enhanced high-throughput manufacturing technologies to direct novel protein expression platforms to produce vaccines and antibodies at unprecedented rates, in huge quantities and at extraordinary low cost per dose."

Parrish Galliher, Xcellerex's Founder, President, and Chief Technology Officer, commented, "The DARPA grants recognize the potential of Xcellerex's PDMaxTM and FlexFactoryTM systems to establish biomanufacturing capacity and produce vaccines and therapeutic proteins rapidly and cost-effectively. Current production methods can take many months to optimize for large scale production, while a large scale manufacturing process and facility could require years to prepare. While there have been significant efforts directed at the discovery of new vaccines and therapeutics, less attention has been focused on developing novel manufacturing technology. We are pleased DARPA has selected Xcellerex and its partners to participate in this program to develop innovative biomanufacturing technology."

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"We are honored that DARPA sees the *Pfē*nex Expression Technology platform as a technology that could meet the aggressive goals set by the AMP program," said Kurt Hoeprich, commercial director for Dowpharma's biopharmaceutical business. "This is another example of the rapid adoption of *Pfē*nex Expression Technology for the cost effective production of therapeutic proteins and vaccines. This team is comprised of cutting edge technology providers that will ultimately lead to advances in rapid, cost effective biopharmaceutical manufacturing."

Both contracts involve development of technology based on Xcellerex's FlexFactory™ and PDMax™ systems in conjunction with each of the collaborators' technologies.

On the second contract, Xcellerex is collaborating with Neugenes as the Prime Contractor, SRI International and BioPharm Services. The grant is based on the use of PDMax™ and FlexFactory™ to demonstrate the potential of Neugenes's proprietary NeuBIOS™ protein production platform. Neugenes and SRI will provide project management and integration systems for the team.

The use of disposable components and other modular unit operations provides great flexibility to rapidly establish manufacturing capacity and produce multiple products at a single facility at significantly lower costs than traditional manufacturing facilities. The PDMax™ system is a high throughput process optimization, development, and formulation technology that is designed to rapidly optimize conditions for high cell productivity and maximum yield. Together with FlexFactory™, PDMax™ provides a fully integrated approach to manufacturing with potential across the full range of cell production types.

About Xcellerex, Inc.

Xcellerex, Inc. provides next generation manufacturing services and novel manufacturing systems for biotherapeutics and vaccines based on proprietary, single use, disposable component technology. Xcellerex's top quality contract manufacturing services include: cell line creation, process development and GMP manufacturing. The company's products and technology include the FlexFactory™ manufacturing system, a complete, turnkey, modular production train; XDR™ stirred tank disposable bioreactor systems at 1,000L working volume; XDM™ stirred tank mixing systems, and PDMax™, a high throughput process development service platform. Xcellerex is based in Marlborough, MA. Learn more about Xcellerex at www.xcellerex.com.

About DowpharmaSM and *Pfē*nex Expression Technology™

DowpharmaSM provides the pharmaceutical and biopharmaceutical industries with innovative technologies, products and services for clients in drug discovery, development, manufacturing and delivery. *Pfē*nex Expression Technology™ includes an extensive toolbox of gene expression capabilities and multiple host strains. Combined with high-throughput methods, strains producing high levels of active, complex recombinant proteins such as antibody derivatives and fully-functional antigens and adjuvant proteins are rapidly constructed and identified. The production process contains no animal derived products and no antibiotics or antibiotic selection markers, making scale-up safe, efficient, and highly cost effective. For more information about Dowpharma visit www.dowpharma.com

About BioPharm Services

BioPharm Services is a technical consultancy dedicated to helping clients in the biopharmaceutical manufacturing sector to reduce costs, understand their markets, improve productivity and reduce their time to market. The company offers a range of specialist services including market research and business development, economic analysis, process simulation, facility design and validation. See www.biopharmservices.com.

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About deltaDOT Ltd

deltaDOT is a biotechnology company that is developing and commercializing highly innovative enabling technologies and products in the bioscience arena. The company was founded in 2000 and is a spin-out from Imperial College London, UK. It is focused on the harnessing of cutting-edge particle physics technology and its application to the needs of biomolecular separation, including proteins, DNA and RNA analysis. The company has a strong proprietary position and extensive expertise in instrumentation, micro-fluidics, automation, computing and analysis which will contribute to improvements in knowledge, profitability and process time throughout drug discovery and general life sciences research. Find out more about deltaDOT Ltd at <http://www.deltadot.com>

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