



For Immediate Release

**Xcellerex Announces Sale of FlexFactory® Bioproduction Line
to R-Pharm for New Manufacturing Facility in Russia**

*Agreement is part of Xcellerex strategy to play key role in upcoming wave
of Russian investments in biomanufacturing capacity*

Marlborough, MA, June 2, 2011 – Xcellerex, Inc. announced today that the Russian pharmaceutical company R-Pharm is acquiring a 2,000L FlexFactory® bioproduction line for its new biologics manufacturing facility in Yaroslavl, Russia. The facility, R-Pharm’s first entry into large scale manufacturing of biologics, including innovative and biosimilars, in Russia, dramatically accelerates its production timeline and validates Xcellerex’s strategy to offer cost effective, high quality solutions in emerging biologics production markets. Financial terms were not disclosed.

“Biologics are revolutionizing the treatment of many diseases,” said Alexey Repik, R-Pharm Chairman. “R-Pharm has made a strategic commitment to producing these advanced medicines locally to increase their access and affordability to the Russian people. The FlexFactory and the expertise that Xcellerex are providing will significantly accelerate our development and commercial timelines.” R-Pharm expects to begin production with the FlexFactory in 2012, years faster than with conventional technologies. Within the project, the company will produce innovative drugs for the treatment of critically important diseases.

Xcellerex Chief Executive Officer Guy Broadbent commented, “R-Pharm is leveraging Xcellerex’s FlexFactory platform and know-how, proven over 10 years, to fast-track entry into biologics manufacturing. This agreement is an important first step in our strategy to play a key enabling role in the coming wave of Russian investment in biomanufacturing capacity.” He noted that the Russian government has identified growth in local production of biologics as a major policy objective.

Mr. Broadbent added that R-Pharm is indicative of a group of pharmaceutical companies in emerging markets that are capitalizing on new, accessible biomanufacturing technologies to enter the rapidly growing market for biologics. “With Xcellerex biomanufacturing technology in place across the globe, including major markets in Japan, Korea, Australia, India, Europe and the US, we have a strong, well-established foundation for growth as these efforts accelerate. “

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Under the agreement, Xcellerex will provide R-Pharm with the FlexFactory production line, along with extensive bioprocess services and training to ensure rapid and efficient transfer of technology and expertise to support cGMP operations that meet global regulatory requirements for production.

About R-Pharm

CJSC R-Pharm is a Russian high-tech pharmaceutical enterprise founded in 2001 in Moscow. The company is involved in R&D, manufacturing, market access and distribution of pharmaceuticals used in hospital and specialty care. R-Pharm employs over 1,400 highly qualified specialists, has 26 branches across Russian Federation. Turnover reached \$ 1,3 billion in 2010. Key areas of R-Pharm's competence include: manufacturing of finished drugs and APIs, research and development of innovative pharmaceutical products and technologies, training and education for industry and health care specialists. In 2011 R-Pharm is launching newly constructed manufacturing site in Yaroslavl designed according to all latest GMP requirements, which is unprecedented for Russia, especially for the production of aseptic injection drug formulations.

About FlexFactory

Xcellerex's FlexFactory is an innovative, portable biomanufacturing platform, based on the innovative application of (1) single-use technologies; (2) controlled environmental modules (CEMs); and (3) advanced and proven process automation. The FlexFactory effectively eliminates clean- and steam-in-place requirements and simplifies clean room infrastructure; greatly simplifies facility design, reducing manufacturing footprint and capital investment; and creates breakthrough gains in operating efficiency, flexibility and environmental friendliness.

About Xcellerex, Inc.

Xcellerex is commercializing turnkey biomanufacturing solutions that transform the speed and economics of producing therapeutic proteins, including biosimilars and vaccines. The company's FlexFactory® is a complete modular and portable production train based on single-use technologies, advanced process automation, and compact clean room architecture.

FlexFactory allows deployment of GMP manufacturing capacity more rapidly and at greatly reduced costs compared with traditional facilities. Through its BridgeSourcing™ services, Xcellerex manufactures a partner's biomolecules while the partner prepares for commissioning of its own new FlexFactory. When the partner's facility is ready, Xcellerex deploys its TransPlant™ process to install, validate and train partner personnel in their own FlexFactory. This parallel-path model both accelerates time to clinical and commercial manufacturing and allows partners to manage the development and market risks associated with adding manufacturing capacity.

Xcellerex also leverages its proprietary single use technologies through the sale of XDR bioreactors, XDM Quad Mixers, and related single-use assemblies. To date, more than 20 therapeutic proteins and vaccines have been manufactured for clinical trials using Xcellerex technology.

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Based in Marlborough, Massachusetts, Xcellerex is backed by an experienced management team and top-tier venture investors including Kleiner Perkins Caufield & Byers, VantagePoint Venture Partners and SCG Capital. For more information, please visit the company's website at <http://www.xcellerex.com>

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