

Proteon Therapeutics Completes \$38M Equity Financing; Initiates Phase 1/2 Clinical Study of PRT-201 in Hemodialysis Patients and Signs Option Agreement with Major Pharmaceutical Company

March 5, 2009 4:14 PM ET

WALTHAM, MA., March 5, 2009 – Proteon Therapeutics, Inc., announced today that it has successfully completed a \$38 million Series B equity financing, led by MPM Capital on behalf of the MPM Bio IV NVS Strategic Fund L.P. This announcement follows the initiation of a Phase 1/2 human clinical study of its lead product, PRT-201, in patients with end stage renal disease undergoing surgery for arteriovenous fistula (AVF) creation. Additionally, Proteon further bolstered its cash reserves by entering into an agreement with Novartis whereby Novartis has been granted an exclusive option to acquire Proteon following the successful completion of a Phase 2 clinical study of PRT-201 with a potential secondary right to a global license under pre-agreed conditions. Including the initial acquisition payment plus potential additional regulatory milestone payments, the deal with Novartis could exceed \$550 million.

The Series B financing includes new investors, the MPM Bio IV NVS Strategic Fund L.P. and the Vectis Healthcare & Life Sciences Fund, along with existing investors TVM Capital, Skyline Ventures, Prism VentureWorks, Intersouth Partners and several of Proteon's original angel investors. Concurrent with the investment, Proteon also announced the addition of Dr. Steven St. Peter, Managing Director of MPM Capital, to the Proteon Therapeutics Board of Directors.

“Patients with kidney failure endure great suffering and frequent hospitalization due to vascular access complications. If successful, PRT-201 may improve medical outcomes and lower the associated cost of care,” said Timothy P. Noyes, President and CEO of Proteon. “We greatly appreciate the continued support of our existing venture and angel investors, and we are excited to welcome MPM and Vectis as new investors.” The combination of the Novartis option agreement and the closing of the Series B financing will allow Proteon to develop PRT-201 through Phase 2.

“Vascular access complications represent a significant healthcare problem, and we were impressed by the market opportunity for PRT-201 and with the quality of Proteon's team,” said Dr. Steven St. Peter, Managing Director of MPM Capital. “We are pleased to be a part of this successful financing structure, and I look forward to working closely with Proteon.”

About PRT-201

PRT-201 is a recombinant human elastase that is being studied for its ability to improve arteriovenous fistula (AVF) surgery outcomes in patients requiring chronic hemodialysis. PRT-201 has been shown to cause dilation of segments of arteries and veins following topical intraoperative application in animals. Vessel dilation and increased blood flow through the fistula may decrease AVF maturation failure rates. Improved maturation rates may lead to fewer corrective surgical procedures, hospitalizations, lower costs, and less suffering for dialysis patients. PRT-201 also will be studied for its ability to prolong the patency of arteriovenous grafts (AVGs).

About Proteon Therapeutics

Proteon Therapeutics, Inc., is a privately held biopharmaceutical company developing novel, first-in-class pharmaceuticals to address the critical medical needs of patients with kidney and vascular diseases. The company is headquartered in Waltham, Mass., and has research facilities in Kansas City, Mo. For additional information, please visit www.proteontherapeutics.com.

About MPM Capital

MPM Capital is one of the world's largest life science-dedicated venture investors. With committed capital under management in excess of \$2.4 billion, MPM Capital is uniquely structured to invest globally in healthcare innovation.

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