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Leonardo Biosystems Receives Second \$1.25 Million Investment from the Texas Emerging Technology Fund

HOUSTON, TX — November 14, 2011 — Leonardo Biosystems, Inc., an emerging drug delivery company, announced today that it has received the second half of a \$2.5 million award from the Texas Emerging Technology Fund (TETF). The initial investment tranche was received in April 2010.

Leonardo was founded based on the breakthrough multi-stage drug delivery technology of Dr. Mauro Ferrari, President of the Methodist Hospital Research Institute in Houston. The Company's primary technology is based on micron-sized particles of porous silicon that are loaded with a variety of secondary nanoparticles containing a therapeutic agent, such as a drug or small interfering RNA molecule. These silicon particles protect their payload from several key defenses used by the body and many cancers to thwart the effective delivery of therapeutic agents. Fundamental proof of concept was demonstrated last year in a collaborative effort with the University of Texas Health Science Center in Houston and the MD Anderson Medical Center (Cancer Research, 2010. 70(9): p. 3687-3696), with further proof of concept work ongoing.

The Company achieved a major breakthrough with the initial TETF investment by demonstrating a manufacturing process that it believes can be scaled-up economically to produce sufficient particles for human dosing and eventual commercialization. The second tranche of TETF funds will now be used to design, test and validate the commercial manufacturing process and to initiate toxicology testing as a necessary intermediate step on the way to human trials.

"We are excited to receive this second investment from the TETF," said Bruce D. Given, M.D., Chief Executive Officer of Leonardo Biosystems. "Having demonstrated the feasibility of a high volume manufacturing process necessary for commercialization, we are looking forward to moving ahead aggressively with our development program."

About Leonardo's multi-stage system

Leonardo's lead technology consists of fully biodegradable, porous silicon particles smaller than a red blood cell, which can be loaded with a diverse array of secondary nanoparticles such as liposomes, micelles, carbon nanotubes, dendrimers and metallic nanoparticles. In addition to bypassing many of the body's natural defenses that lead to rapid clearance of nanoparticles administered alone, Leonardo's particles can be designed to seek out tumor vasculature and can be tuned to create an intravascular depot, providing sustained release following a single intravenous injection.

About Leonardo Biosystems, Inc.

Leonardo Biosystems is a drug delivery company built around technology developed by Dr. Mauro Ferrari, one of the world's best-known nano-science innovators. Leonardo has a multi-stage delivery platform that has been shown in animal models to be highly effective in targeting delivery of siRNA and small molecule drugs. Leonardo is a portfolio company of Arrowhead Research Corporation (NASDAQ: ARWR).

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