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PROLOR BIOTECH RECEIVES NOTICE OF ALLOWANCE FOR NEW U.S. PATENT COVERING ITS LONGER-ACTING CTP-MODIFIED INTERFERONS

Nes-Ziona, Israel, October 11, 2011 -- PROLOR Biotech, Inc. (NYSE Amex: PBTH) today announced that it received a notice of allowance from the U.S. Patent and Trademark Office (PTO) for a patent application covering PROLOR's CTP-modified interferons. Interferons are proteins produced in response to the presence of tumor cells or pathogens, such as viruses, bacteria and parasites. Several interferon proteins, including interferon alfa and beta, are used as therapies for hepatitis B and C virus infections, multiple sclerosis and hematological malignancies, such as leukemia and lymphomas. The estimated worldwide market for interferons is approximately \$8 billion.

"We are very pleased with the growing number of new patent allowances PROLOR has received for specific CTP-modified compounds and for our CTP platform technology. Once issued, these allowances should strengthen the intellectual property portfolio that we are creating around our CTP technology, and we believe they will serve as an important value driver for PROLOR going forward," commented Shai Novik, president of PROLOR.

This new U.S. patent is expected to be issued in the next few months.

About PROLOR's CTP Technology

PROLOR's CTP technology is based on the naturally occurring human Carboxyl Terminal Peptide (CTP). When attached to a therapeutic protein, CTP significantly extends the length of time the protein remains active in the body. Clinical and preclinical studies show that the CTP technology appears to be safe and effective in extending the duration of all proteins tested to date. CTP's safety and efficacy have also been validated by the marketing approval of Merck's long-acting CTP-enhanced fertility drug *Elonva*[®] (FSH-CTP) in 2010. A single *Elonva* injection replaces a week-long regimen of seven daily FSH injections. PROLOR recently announced interim efficacy results from a Phase II trial of its CTP-modified human growth hormone (hGH-CTP) in growth hormone deficient adults, showing that a single weekly injection of hGH-CTP has the potential to replace seven consecutive daily injections of currently marketed human growth hormone. CTP was identified by researchers at Washington University in St. Louis and is exclusively licensed to PROLOR for all proteins and peptides, except for four endocrine proteins that are licensed to Merck. CTP is manufactured using standard industrial biotech processes.

ABOUT PROLOR

PROLOR Biotech, Inc. is a clinical stage biopharmaceutical company applying unique technologies, including its patented CTP technology and its Reversible Pegylation technology, primarily to develop longer-acting, proprietary versions of already approved therapeutic proteins that currently generate billions of dollars in annual global sales. The CTP technology is applicable to virtually all proteins and the Reversible Pegylation technology is well-suited for use with peptides and small molecule therapeutics. PROLOR is currently developing long-acting versions of human growth hormone, which is in Phase II clinical development, and Factor IX, Factor VII, interferon beta, anti-obesity peptide OXY-RPEG and erythropoietin, which are in preclinical development, as well as agents for atherosclerosis and rheumatoid arthritis. For more information, visit www.prolor-biotech.com.

Safe Harbor Statement: *This press release contains forward-looking statements, which may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipates," "believes," "should," "would," "intends," "estimates," "suggests," "has the potential to" and other words of similar meaning, including statements regarding the results of current clinical studies and preclinical experiments and the effectiveness of PROLOR's long-acting protein programs, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties that may affect PROLOR's business and prospects, including the risks that PROLOR may not succeed in generating any revenues or developing any commercial products, including any long-acting versions of human growth*

hormone, erythropoietin, interferon beta, GLP-1 and other products; that the long-acting products in development may fail, may not achieve the expected results or effectiveness and/or may not generate data that would support the approval or marketing of these products for the indications being studied or for other indications; that ongoing studies may not continue to show substantial or any activity; that the actual dollar amount of any grants from Israel's Office of the Chief Scientist is uncertain and is subject to policy changes of the Israeli government, and that such grants may be insufficient to assist with product development; and other risks and uncertainties that may cause results to differ materially from those set forth in the forward-looking statements. The results of clinical trials in humans may produce results that differ significantly from the results of clinical and other trials in animals. The results of early-stage trials may differ significantly from the results of more developed, later-stage trials. The development of any products using the CTP platform technology could also be affected by a number of other factors, including unexpected safety, efficacy or manufacturing issues, additional time requirements for data analyses and decision making, the impact of pharmaceutical industry regulation, the impact of competitive products and pricing and the impact of patents and other proprietary rights held by competitors and other third parties. In addition to the risk factors described above, investors should consider the economic, competitive, governmental, technological and other factors discussed in PROLOR's filings with the Securities and Exchange Commission. The forward-looking statements contained in this press release speak only as of the date the statements were made, and we do not undertake any obligation to update forward-looking statements, except as required under applicable law.

PROLOR CONTACT:

Shai Novik, President
PROLOR Biotech, Inc.
Tel: +1 866 644-7811

Email: shai@prolor-biotech.com

MEDIA CONTACT:

Barbara Lindheim
GendeLLindheim BioCom Partners
+1 212 584-2276

blindheim@biocompartners.com