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**PhaseRx Announces \$19 Million Financing**

*New biotech startup uses novel polymer technology to address siRNA delivery*

SEATTLE, WA - February 28, 2008. PhaseRx Inc, a new biotechnology company focused on developing novel approaches to the delivery of siRNA and other macromolecules, today announced the closing of its first institutional financing totaling \$19 million. The investment is in two tranches, with an up front investment of \$4 million and the remainder being invested upon the achievement of certain research and business milestones.

The financing was led by ARCH Venture Partners, 5AM Ventures and Versant Ventures. In connection with the financing, Steven Gillis of ARCH Venture Partners, John Diekman of 5AM Ventures and Brian Atwood of Versant Ventures will join the company's board. Dr. Gillis will also become the company's Chairman.

PhaseRx was formed by Robert Overell of Foundation BioVentures, together with cofounders Professors Patrick Stayton and Allan Hoffman from the University of Washington's Department of Bioengineering; Professor Oliver Press of the Fred Hutchinson Cancer Research Center's Clinical Research Division; and Dr. Paul H. Johnson, the company's Chief Scientific Officer. The company has exclusively licensed novel polymer technology from the University of Washington from the Stayton and Hoffman laboratories that enables the effective delivery of siRNA. "We are very excited to see this technology move from the academic setting into the commercial realm" said Professor Stayton.

Steven Gillis, the Company's new Chairman, said "as investors, we see siRNA delivery as a very important area, and believe the PhaseRx polymer technology represents a potential platform solution for issues associated with delivery of not just siRNA but other types of therapeutics that have proven difficult to deliver to intracellular targets". "We are very fortunate to have such distinguished venture groups and individuals to help us develop this technology" said Robert Overell, President of PhaseRx, "the initial financing will allow us to reduce this technology to practice, and the \$15 million will be used to develop it into a truly robust system for important clinical applications." Dr. Johnson, the Company's founding Chief Scientific Officer, said "I am very excited about the PhaseRx technology, which I believe has significant promise based on my extensive prior experience in the arena of siRNA delivery."

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