



Avaxia Biologics Raises \$6.4 Million in Series B Financing

-- Funding Enables Initiation of Phase 1b Clinical Trial for AVX-470 for Ulcerative Colitis --

LEXINGTON, Mass. – December 18, 2012 – [Avaxia Biologics, Inc.](#), a clinical-stage biopharmaceutical company developing gut-targeted therapeutics, announced today that the company raised \$6.4 million in a Series B financing. The round was led by existing investor Cherrystone Angels and new investor Golden Seeds. Also participating in the round were existing investors Beacon Angels, Boston Harbor Angels, Launchpad Venture Group, Mass Medical Angels, and North Country Angels; new investors the Beta Fund, Granite State Angels, the Keiretsu Forum, and Maine Angels; and individual investors. Avaxia plans to use the proceeds to fund a first-in-human Phase 1b clinical trial of its oral anti-TNF antibody, AVX-470, for the treatment of ulcerative colitis. As a gut-targeted therapeutic, AVX-470 is designed to act locally in the gastrointestinal tract to suppress inflammation and treat inflammatory bowel disease (IBD), which includes ulcerative colitis and Crohn's disease. In November 2012, Avaxia announced that its investigational new drug (IND) application was cleared by the FDA, and patient enrollment is expected to begin in early 2013.

"Avaxia truly appreciates the funding that we have received from our investors in this financing round. Their support enables us to begin clinical development of AVX-470 in patients with ulcerative colitis," said Barbara S. Fox, CEO of Avaxia. "Our goal is to provide a new first-line therapy to patients with inflammatory bowel disease by combining the efficacy of existing anti-TNF therapeutics with a lower risk of dangerous immunosuppressive side effects."

"We are encouraged by AVX-470's promising preclinical data and the potentially large market for an orally administered, targeted, anti-TNF antibody treatment for IBD," said Nada Jain of Golden Seeds. "We are pleased to support Avaxia's dedicated team in starting clinical development for its lead candidate and advancing other gut-targeted therapeutics arising from its novel antibody platform."

"The Avaxia team has impressed us with their ability to execute on the AVX-470 program," said Robert J. Manning of Cherrystone Angels. "IBD is a devastating disease with huge unmet medical need despite the availability and effectiveness of current anti-TNF therapeutics. In time, AVX-470 may offer an important new treatment option to millions of IBD patients."

About Inflammatory Bowel Disease

Inflammatory bowel disease (IBD) is a serious disease that has a major societal impact. IBD refers to two related but different diseases: ulcerative colitis and Crohn's disease. More than 2.5 million people are

afflicted with IBD. These diseases cause chronic inflammation of the intestinal tract, which leads to a variety of debilitating symptoms resulting in a significant reduction in quality of life and the risk of life-threatening complications and diseases, including cancer. A chronic disease, IBD is characterized by periods of active disease alternating with periods of disease control (remission). The annual worldwide market for IBD medications exceeds \$4.5 billion, approximately \$2.5 billion of which represents sales of currently marketed anti-TNF antibodies.

About AVX-470

AVX-470 is a gut-targeted anti-TNF antibody that has the potential to be a transformative first-line therapy for inflammatory bowel disease (IBD). Currently marketed anti-TNF antibodies have proven highly effective for IBD. These antibodies are injected and then distribute throughout the body, where they suppress the immune system to reduce inflammation. This untargeted suppression of the immune system may cause serious side effects, such as the reactivation of tuberculosis. Because of these side effects, anti-TNF antibodies are most often used only as a second- or third-line therapy, despite evidence that earlier use could improve patient outcomes. In contrast, AVX-470 is an orally administered anti-TNF antibody that targets its immunosuppressive effects to the gastrointestinal tract to minimize the potential for side effects in other parts of the body. This potential to confine immunosuppression to where the disease occurs differentiates AVX-470 from other anti-TNF antibodies and offers the possibility for AVX-470 to become a first-line therapy that transforms the treatment of IBD. Avaxia plans to begin enrolling patients with ulcerative colitis into a Phase 1b clinical trial of AVX-470 in early 2013.

About Avaxia Biologics

Avaxia is a leader in the growing field of gut-targeted therapeutics — orally administered, minimally absorbed drugs that are designed to act locally in the gastrointestinal tract. Avaxia's lead clinical candidate, AVX-470, is an oral anti-TNF antibody for inflammatory bowel disease. This transformative product offers potentially improved safety and efficacy over existing anti-TNF therapies by focusing immune suppression only where needed in the diseased gut. Avaxia is using its proprietary oral antibody platform to develop gut-targeted therapeutics to address many other serious diseases such as type 2 diabetes, celiac disease, GI acute radiation syndrome and oral mucositis. www.avaxiabiologics.com