



September 26, 2011

RUSNANO and Cleveland BioLabs to Establish New Joint Venture to Develop Innovative Compounds for Cancer and Infectious Disease

RUSNANO and Cleveland BioLabs, Inc. (NASDAQ: CBLI) announce that they have entered into an agreement to provide funding for CBLI's new subsidiary, Panacela Labs, Inc., which will develop a portfolio of new preclinical drug candidates.

According to the terms of the agreement, RUSNANO will invest up to \$26 million over a four-year period, with an initial investment of \$9 million financed upon closing of the agreement and three subsequent investments to be made upon achievement of development milestones and attraction of new investments to the project. Cleveland BioLabs and three other intellectual property owners, Roswell Park Cancer Institute, Cleveland Clinic Foundation and Children's Cancer Institute Australia, will transfer intellectual property rights related to a specific portfolio of compounds to Panacela. Cleveland BioLabs will also contribute \$3 million as an initial investment. The transaction is scheduled to close on or around September 30, 2011.

Immediately after the closing, Cleveland BioLabs and RUSNANO will have an initial ownership stake of approximately 55 percent and 24 percent respectively in Panacela.

A portfolio of five promising drug candidates developed under the guidance of Andrei Gudkov, Ph.D., D.Sc., Chief Scientific Officer of Cleveland BioLabs and Senior Vice President of Basic Science at Roswell Park Cancer Institute will be transferred to Panacela:

- Mobilan, an adenoviral vector based pharmaceutical inducing an immune response to cancer. This compound has shown efficacy in preclinical studies and is positioned to enter a formal preclinical program in preparations for clinical trials.
- Revercom, a combination of a proprietary inhibitor of a multidrug resistance transporter MRP1, and a conventional chemotherapeutic agent, increasing the effectiveness of established chemotherapy. This compound is also positioned to enter a formal preclinical program.
- Xenomycins, a family of compounds for both topical and systemic anti-infective treatment that have shown efficacy in-vitro and in-vivo with multiple pathogens, such as malaria, herpes, trypanosoma, and others.



- Antimycons, a series of inhibitors of the oncoprotein Myc, one of the most universal cancer treatment targets, which have entered hit-to-lead optimization studies with the goal of developing targeted treatment for multiple cancer types.
- Arkils, androgen receptor inhibitors of a new type being developed as a prostate cancer treatment, which is ready for hit-to-lead optimization studies.

Development of these compounds will be undertaken through an innovative approach, which will first seek licensure and approval of Panacela drugs in the Russian Federation. Following the introduction of these compounds into clinical practice in Russia, Panacela intends to pursue licensure and approval in other global markets, including the United States.

Michael Fonstein, Ph.D., Chief Executive Officer and President of Cleveland BioLabs, stated, “Basic research is one of our fundamental strengths, and our goal is to continually produce breakthrough discoveries that may be developed into significant therapeutic opportunities. We are very pleased to have RUSNANO as a partner in this venture. RUSNANO’s substantial investment further underscores the potential importance of these projects.”

Dmitry Lisenkov, RUSNANO Managing Director commented, “The biopharmaceutical industry is one of the core activity areas for RUSNANO, so we appreciate the opportunity to partner with CBLI, one of the most promising research and development biotechnology companies. Our joint venture, Panacela, will bring top global expertise to Russia to develop economically effective and socially important pharmaceuticals for the Russian and worldwide market.”

About RUSNANO

*RUSNANO was founded in March 2011 as an open joint stock company through reorganization of state corporation Russian Corporation of Nanotechnologies. RUSNANO's mission is to develop the Russian nanotechnology industry through co-investment in nanotechnology projects with substantial economic potential or social benefit. The Government of the Russian Federation owns 100 percent of the shares in RUSNANO. **Anatoly Chubais** is CEO and chairman of the Executive Board of RUSNANO.*

Work to establish nanotechnology infrastructure and training for nanotechnology specialists, formerly conducted by the Russian Corporation of Nanotechnologies, has been entrusted to the Fund for Infrastructure and Educational Programs, a non-commercial fund also established through reorganization of the Russian Corporation of Nanotechnologies.



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About Cleveland BioLabs, Inc.

Cleveland BioLabs, Inc. is a drug discovery and development company leveraging its proprietary discoveries around programmed cell death to develop treatments for cancer and protection of normal tissues from exposure to radiation and other stresses. The Company has several strategic relationships with the Cleveland Clinic, Roswell Park Cancer Institute, Children's Cancer Institute Australia, ChemBridge Corporation and the Armed Forces Radiobiology Research Institute. To learn more about Cleveland BioLabs, Inc., please visit the company's website at www.cbiolabs.com.

Panacela Labs, Inc. is headquartered in Buffalo, New York, USA with a fully owned subsidiary Panacela Labs LLC (ООО «Панацела Лабс») registered in Moscow. Russian subsidiary is charged with conducting preclinical and clinical studies, registration of drugs for sales in Russia as well as eventual commercial-scale production.

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