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PROLOR BIOTECH RECEIVES NOTICE OF ALLOWANCE FOR NEW U.S. PATENT COVERING PRODUCTION AND MANUFACTURING PROCESSES FOR ITS LONG-ACTING HUMAN GROWTH HORMONE

Nes-Ziona, Israel, October 3, 2011 -- PROLOR Biotech, Inc. (NYSE Amex: PBTH) today announced that it has received a notice of allowance from the U.S. Patent and Trademark Office (PTO) for a patent application covering the company's long-acting CTP-enhanced human growth hormone (hGH-CTP). Upon issuance, the new patent would provide PROLOR with additional intellectual property protection covering the production and manufacturing processes used for hGH-CTP. This new protection will be in addition to the core composition patent for the hGH-CTP compound, which was issued to PROLOR in 2009. PROLOR recently announced positive results from a Phase II study of hGH-CTP in adults with growth hormone deficiency.

"Allowance of this new manufacturing patent is significant for PROLOR's intellectual property portfolio, since we view our manufacturing process as integral to the efficient production of our hGH-CTP therapeutic," said Shai Novik, president of PROLOR. "In addition to this new patent, we have several other CTP-related patent applications that are currently pending. We believe that our growing CTP patent portfolio will provide significant protection for our CTP-enhanced compounds in development, as well as for our CTP platform technology, and that it will serve as an important value driver for PROLOR in the future."

This new U.S. patent is expected to issue 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.

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