

Theraclone and Zenyaku Kogyo Announce Influenza Antibody Alliance

Exclusive Discovery Research Partnership for Asian Territory

SEATTLE, WA and TOKYO, JAPAN—October 5, 2009—Theraclone Sciences, Inc., a Seattle-based biotechnology company, and Zenyaku Kogyo Co., Ltd., a pharmaceutical company based in Tokyo, today announced that they have entered into a multi-year research and development agreement.

The collaboration will use Theraclone's I-STAR™ technology to discover broadly protective monoclonal antibodies for the treatment of pandemic influenza and severe seasonal influenza. In a September, 2009 publication in the journal, *Science*, Theraclone and collaborators announced the successful isolation of two novel, highly potent neutralizing antibodies to HIV virus from a human subject. Using a similar strategy, Theraclone and Zenyaku Kogyo will embark on a novel discovery program to identify conserved, essential antibody targets on the influenza A virus.

Under the terms of the agreement, Zenyaku Kogyo will receive an option to exclusive antibody rights in Asia, including certain Oceania countries. In addition, Zenyaku Kogyo will retain an option in the territory to potential vaccine candidates stemming from the discovery research. In exchange for these rights, Theraclone will receive an upfront cash payment. If Zenyaku Kogyo exercises its option, Theraclone is entitled to receive success-based R&D milestones totaling over \$18M through Phase 1 clinical studies. Theraclone shall receive clinical milestone payments and royalties from potential future sales in the territory and shall retain development and commercial rights in non-Asian countries.

"Influenza presents two major public health threats. The first is the potential emergence of a new, highly pathogenic strain, capable of causing a pandemic. The second is the significant annual toll of seasonal infection in elderly and immunocompromised patients." said David Fanning, President and CEO of Theraclone Sciences, Inc. "To effectively address these needs, we have entered into this strategic partnership with Zenyaku Kogyo, an early pioneer in the antibody therapeutics field. We believe that this partnership will contribute antibody drug candidates to help manage global pandemic risk and to improve patient outcomes in vulnerable patient populations."

"Zenyaku Kogyo is committed to the development of novel therapeutics that improve human health. We have been very impressed with initial results from Theraclone's innovative I-STAR™ technology platform. In partnership with Theraclone, we look forward to developing novel antibody drugs against conserved, essential targets on the influenza virus." says Kazuhiro Hashimoto, President and Chief Executive Officer of Zenyaku Kogyo Company, Ltd.

ABOUT INFLUENZA

Influenza is a contagious respiratory infectious disease, which typically causes mild to severe illness, but, at times, can lead to death. Each year in the United States, on average, 5% to 20% of the population is infected with influenza, and over 200,000 people are hospitalized as a result of influenza-related complications. Approximately 36,000 people die from flu-related causes annually in the US. Certain populations, such as older people, young children, and people with certain health conditions, are at particularly high risk for serious flu complications.

Influenza A is a virus that can replicate and mutate very rapidly. Reassortments of viral components from human, swine, and avian influenza strains, present the dangerous possibility of pathogenic strains capable of causing pandemic infection. To date, international governments have established multibillion dollar stockpiles of drugs and vaccines in an effort to provide protection against future influenza pandemics. The development of new, complementary therapeutic approaches, such as recombinant vaccines and broadly protective antibody therapeutics, is a high international public health priority.

ABOUT I-STAR™ TECHNOLOGY

The human immune system responds to pathogens, like viruses and bacteria, by evolving highly protective proteins, called antibodies, in real time. The immunological history of these protective responses is archived in human memory B cells, a specialized type of blood cell. The I-STAR™ platform allows comprehensive interrogation of this memory B cell archive. Theraclone's technology is unique, because it enables rapid functional screening of tens of thousands of natural human antibodies to find those with exceptional biological activities. The antibodies identified through this discovery process are appropriate for further study as novel therapies to help patients fight existing conditions.

ABOUT THERACLONE SCIENCES

Theraclone Sciences is a Seattle-based discovery-stage biotech focused on the development of novel therapeutic antibodies for the treatment of infectious disease and inflammation. The company's technology harnesses the power of the human immune system to identify naturally evolved monoclonal antibodies from the blood cells of immunologically relevant human subjects. Recombinant human monoclonal antibodies can be rapidly obtained using our discovery platform and scaled for large-scale industrial production. Such antibody drug candidates may be uniquely important in combating disease and may have potential as therapeutic products that can be administered to a broad patient population. Theraclone is a privately held company with venture investment from ARCH Venture Partners, Canaan Partners, Healthcare Ventures, Amgen Ventures, MPM Capital, and Alexandria Real Estate Investment. For additional information, please visit www.theraclone-sciences.com.

ABOUT ZENYAKU KOGYO COMPANY, LTD.

Zenyaku Kogyo is a privately-held Japanese pharmaceutical company with headquarters in Tokyo. The company is marketing in Japan dermatological and anti-cancer drugs including Rituxan™, an anti-CD20 antibody for the treatment of B-cell Non-Hodgkin's Lymphoma. The company also has an OTC consumer health care business. Zenyaku Kogyo's ongoing research interests are focused on cancer, autoimmune diseases, and antibody therapeutics. For additional information in Japanese, please visit www.zenyaku.co.jp.

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