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MacroGenics Acquires Eliance, Inc., and Establishes Partnership in Immunotherapeutics with UT Southwestern.

\$12.6 Million in Financing Completed

Rockville, MD and Dallas, TX, June 7, 2002: MacroGenics, Inc., a biotechnology company with operations in both Rockville, MD and Seattle, WA, today announced the acquisition of Eliance Biotechnology, Inc., a private vaccine discovery company located in Dallas, TX, which was founded to exploit technology developed at The University of Texas Southwestern Medical Center at Dallas (UT Southwestern) Center for Biomedical Inventions (CBI). The company and university also announced the formation of an alliance between MacroGenics and UT Southwestern to enhance discovery and development of immunotherapeutics to prevent and treat cancer and autoimmune and infectious diseases.

The agreements include: the establishment of a MacroGenics research site in Dallas for infectious disease target identification and development of new methods for genetic immunization; the licensing of a patent portfolio from UT Southwestern related to new vaccine antigens, adjuvants, and methods of immunization; and a multiyear-sponsored research agreement with UT Southwestern in the field of immunobiology. In addition, the Board of Directors at MacroGenics will be expanded to seven members and will include the addition of Mr. Michael S. Richman, EVP and COO at MacroGenics, and Dr. Dennis Stone, VP for technology development at UT Southwestern.

Concurrent with the acquisition of Eliance and agreements with UT Southwestern, MacroGenics raised an additional \$12.6 million, led by InterWest Partners, and including investments by MPM Capital, OrbiMed Advisors, STARTech Early Ventures, Cogene Biotech Ventures, Hunt Ventures and Alexandria Realty Equities.

The acquisition of Eliance and the opportunity to work with Dr. Stephen Johnston and his team at CBI provide a superb complement to the technology being developed at MacroGenics and its collaboration with the Institute for Systems Biology in Seattle," said Dr. Scott Koenig, president and CEO of MacroGenics. "We are now well positioned to become a comprehensive immunotherapeutics company. Also, we are gratified by the addition of several Texas-based venture firms to our current group of investors and advisors and look forward to their participation, as we expand the breadth and depth of the company."

The company will add a diversified portfolio of vaccine targets and adjuvants, key patented technologies for the rapid screening of new disease targets, including rapidly emerging agents in bioterrorism, and the tools for developing more effective antibody and vaccine therapeutics to its existing technologies. The company expects to advance many of these targets into clinical testing and seek selective partnerships for both product candidates and the technology.

"The merger of Eliance and MacroGenics sets a new standard for biotechnology in Dallas and is a major milestone in the local development of this industry." said Dr. Dennis Stone of UT Southwestern. "In addition to the breakthrough vaccine discovery technology of Eliance, the new entity brings to Dallas world class management, top tier biotech venture groups, alliances with The Institute for Systems Biology in Seattle and Dr. Jeffrey Ravetch from the Rockefeller University in New York, and the outstanding development team at MacroGenics' core in Rockville, Maryland."

"We are pleased to have the opportunity to provide additional funds to the outstanding management at MacroGenics," said Dr. Arnold Oronsky, General Partner of InterWest Partners. "The addition of the technologies developed by the teams at UT Southwestern and Eliance will augment the existing assets at MacroGenics and position it to be a major player in the field of immunotherapeutics."

About the Partnership

Through its acquisition, MacroGenics will gain the technology to rapidly screen bacteria and viruses that cause human diseases using animal model systems and methods called Expression Library Immunization (ELI) and Linear Expression Elements (LEE), both developed by Dr. Johnston and colleagues, including Dr. Kathryn Sykes, assistant professor of internal medicine at UT Southwestern, now at Eliance.

These methods have already led to the identification of new vaccine candidates and novel adjuvants for human and veterinary

use that will advance into pre-clinical development at MacroGenics. Many of these candidates were unexpected proteins with the potential to protect against common illnesses in humans. New screens to identify protective proteins in many other pathogens are being pursued, including Emerging Disease and Bioterrorism Agents cited by the National Institute of Health.

In addition, methods have been developed that can efficiently produce antibodies to most human and murine protein antigens, and these will be used to create new diagnostic tools and therapeutic agents for the programs in cancer, autoimmunity and infectious diseases at MacroGenics. New technology in the field of genetic immunization also has been licensed from UT Southwestern and will be thoroughly evaluated in small animals and primates as a way to create multi-valent therapeutic and prophylactic vaccines.

About the Agreements

MacroGenics, Inc. and Eliance, Inc. completed a definitive merger agreement under which MacroGenics acquired Eliance through an equity exchange. In addition, MacroGenics, is entering into licensing and sponsored research agreements with the UT Southwestern entitling them to an option to license future technologies in the field of immunobiology under defined terms. In return, MacroGenics exchanged equity and agreed to future milestone and royalty payments on product sales. Licensed technologies included specific targets for immunotherapy, adjuvants and methods of immunization.

About MacroGenics

MacroGenics, Inc., is focused on the development of improved immunotherapeutic products based on the discoveries of one of its founders, Dr. Jeffrey Ravetch, and through the identification of new targets for the treatment of cancer and inflammatory diseases in collaboration with MacroGenics' founders, Drs. Leroy Hood, Alan Aderem and Ruedi Aebersold at the Institute for Systems Biology. MacroGenics has a lead antibody candidate to treat autoimmune diseases in pre-clinical development. In addition to developing its own therapeutic products, the company intends to enter into partnerships with other biotechnology and pharmaceutical companies utilizing its licensed technologies to screen for more effective antibody therapies. Prior to the current announcement, MacroGenics had been financed by Series A investments of \$13.6 million from InterWest Partners, MPM Capital, OrbiMed Advisors, and Alexandria Realty Equities. Additional information concerning the company, its technology and investors can be found on its Web site (www.macrogenics.com).

About the Investors

InterWest Partners, founded in 1979, is a leading diversified Venture Capital firm focused on building long-term relationships with entrepreneurs and portfolio companies. With \$1.6 billion capital under management, InterWest's experienced partners bring together deep domain knowledge in medical technology, telecommunications and software. InterWest takes a long-term, collaborative approach to venture funding, providing early-stage and ongoing enlightened capital, management coaching and access to a broad network of resources. Examples of the firm's previous investments include ArthroCare Corp., CIENA Corp., Copper Mountain Networks, Inc., Corixa, Cor Therapeutics, Coulter Pharmaceutical, Cubist Pharmaceuticals, Stratacom (subsequently acquired by Cisco), Lightera Networks (subsequently acquired by CIENA), PercuSurge (subsequently acquired by Medtronic), Silicon Graphics, SiTera, Ventritex (subsequently acquired by St. Jude Medical), and Xilinx, Inc. InterWest Partners has offices in Menlo Park, CA and Dallas, TX.

MPM Capital L.P. is a global asset management firm focused solely on health-care investing from early stage start-ups to large capitalization public companies. Headquartered in Boston, MA, MPM Capital has offices in South San Francisco, CA and Munich, Germany. MPM's current portfolio consists of biopharmaceutical and medical devices companies and encompasses platform technology as well as product plays. The firm manages over \$1.7 billion in assets under management through \$1.3 billion in venture capital funds and \$400 million in MPM BioEquities, a fund raised to invest in public health-care companies. These combined funds make MPM Capital one of the largest asset management firms dedicated to the life-sciences sector.

OrbiMed Advisors is a leading health-care investment firm with more than \$3 billion under management. OrbiMed takes a global perspective on the health-care industry and invests, through a series of funds, in all aspects of the biotechnology and pharmaceutical industry, from start-ups to the largest pharmaceutical companies. OrbiMed is active in supporting its investments via operational and strategic direction. Previous companies in which OrbiMed has invested include Abgenix Pharmaceuticals, Arena Pharmaceuticals, Caliper Technologies and Given Imaging.

Cogene Biotech Ventures is a life-sciences and medical-technology venture capital firm with an investment focus on biopharmaceuticals and biotechnology platforms that enable better, faster and cheaper therapeutic drug discovery. Other areas of investment focus include bio-nanotechnology, therapeutic medical devices and health-care IT/software. With approximately \$50 million under management, Cogene's investments range in size from \$200,000 to \$5 million with two portfolio companies, Lexicon Genetics (NASDAQ: LEXG) and Informax (NASDAQ: INMX), currently trading in the public markets. The president and CEO of Cogene Biotech Ventures is Dr. C. Thomas Caskey, the former SVP of Research at Merck, a member of the National Academy of Sciences and one of the nation's most respected experts on genomics.

STARTech Early Ventures is a for-profit, next-generation, high-tech business accelerator that provides seed funding and

expert counseling, as well as a seamless suite of business services, to startups until they reach a liquidity event. With offices in Dallas and Austin, STARTech Early Ventures assists Texas-based startups through its extensive network of stakeholders, mentors and venture capitalists. Founded in 1997, the company's portfolio companies have raised more than \$800 million in funding within multiple high-tech sectors, including telecommunications, wireless, semiconductors, photonics, software, biotechnology and E-business. For more information, visit www.startechev.com.

Hunt Ventures, based in Dallas, is Ray Hunt's early stage investment arm focused on life sciences and information technology. Founded in 1999, Hunt Ventures is a part of Hunt Consolidated Inc., a diversified holding company with its major subsidiaries engaged in oil and gas exploration and production, real estate development, electric power, ranching, agriculture and private investing.

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