July 18, 2005

Promising Treatment for Juvenile Diabetes Advances with Agreement Signed by MacroGenics and Tolerance Therapeutics

Phase 2 Clinical Trial Set to Begin

ROCKVILLE, MARYLAND. July 18, 2005. MacroGenics, Inc. announced today the signing of an agreement with Tolerance Therapeutics, Inc. in which MacroGenics will acquire the intellectual property, materials, and know-how related to a promising anti-CD3 monoclonal antibody for the treatment of Type 1, or juvenile, diabetes and other autoimmune diseases. A key monoclonal antibody clinically shown to play an important role in fighting juvenile diabetes, anti-CD3 targets an antigen expressed on T lymphocytes, the cells of the immune system that are responsible for the destruction of islet cells of the pancreas and could slow the progression of the disease in children and adolescents.

A Phase I clinical study conducted at the Naomi Berrie Diabetes Center at Columbia University Medical Center in New York by Dr. Kevan Herold showed that patients with recent-onset type 1 diabetes appeared to experience improved metabolic control and reduced reliance on insulin up to two years following a single course of treatment with a specific type of the anti-CD3 monoclonal antibody. The results of this study were reported in *The New England Journal of Medicine* and the journal, *Diabetes*. A Phase 2 clinical trial is planned to commence soon and will evaluate a multi-course study of the drug in patients with new onset diabetes.

Dr. Scott Koenig, President and Chief Executive Officer of MacroGenics, commented on the agreement: This is an exciting opportunity for patients, and for MacroGenics, as it represents a critical step toward the development and commercialization of an important molecule that has been shown to slow the progression of juvenile diabetes in early clinical studies. Koenig added that MacroGenics would additionally define the dose and regimen of the drug in clinical trials to create a final candidate with the best product profile.

The American Diabetes Association reports that approximately one in every 400 to 500 children and adolescents will develop Type 1 diabetes. Diabetic patients are prone to a variety of complications, including heart disease, high blood pressure, blindness, and kidney disease. Accordingly, treatments that aim to slow the progression of the disease have the opportunity to substantially improve health and quality of life for these patients.

Dr. Jeffrey Bluestone, Chairman of Tolerance Therapeutics, renowned immunologist and autoimmunity expert at the University of California, San Francisco and the original developer of the drug stated, Monoclonal antibodies have been clinically proven to be safe and effective in the treatment of several chronic diseases and I am pleased to see the continued development of this anti-CD3 monoclonal antibody by MacroGenics for patients with new-onset Type I diabetes and for individuals afflicted with other autoimmune disorders .

About MacroGenics, Inc.

Founded in 2000, MacroGenics is a private, venture-backed biotechnology company based in Rockville, Maryland. The company focuses on the development, manufacture, and commercialization of immunotherapeutics for autoimmune disorders, cancer, and infectious diseases. In addition to the anti-CD3 monoclonal antibody, MacroGenics is developing an anti-CD16 monoclonal antibody and soluble Fc receptor fusion protein to treat antibody-mediated autoimmune diseases such as idiopathic thrombocytopenia purpura (ITP), systemic lupus erythematosis (SLE), and rheumatoid arthritis (RA). The latter two candidate molecules are being developed in partnership with Genzyme. The companys proprietary platform Fc engineering technology offers ways of improving antibody function, such as enhancing its ability to eliminate cancer cells or cells that contribute to autoimmune disorders. MacroGenics is also developing a therapeutic monoclonal antibody and a vaccine to prevent and treat West Nile virus.

Media Contact:

Scott Koenig, M.D., Ph.D.
Chief Executive Officer
MacroGenics, Inc.

Michael Richman
Chief Operating Officer
MacroGenics, Inc.

301-354-0680
KoenigS@macrogenics.com

301-354-0681
RichmanM@macrogenics.com