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MacroGenics and JDRF Form Partnership to Support Pivotal Phase II/III Clinical Trial of Anti-CD3 Monoclonal Antibody for Children and Adults with Recent-Onset Type 1 Diabetes

JDRF Provides MacroGenics with $2 Million in Funding for "Protégé" Trial

Rockville, MD. January 3, 2007. MacroGenics, Inc., a Maryland-based biotechnology company, and the Juvenile Diabetes Research Foundation (JDRF), the world's leading charitable funder of type 1 diabetes research, announced today that they have formed a partnership to support a pivotal multinational Phase II/III clinical trial of teplizumab (MGA031), a proprietary MacroGenics compound that has shown promise in slowing the progression of type 1 diabetes in children and adults newly diagnosed with the disease.

The "Protégé" trial will test teplizumab, an anti-CD3 humanized monoclonal antibody capable of suspending the autoimmune attack that destroys insulin producing beta cells in people with recent-onset type 1 diabetes. In addition to providing financial support for the Protégé trial, JDRF also will fund research at Yale University conducted by Dr. Kevan Herold to analyze biological samples from the Protégé trial with the goal of further elucidating the mechanism of action of teplizumab.

"We are delighted to announce our partnership with JDRF, and hope that with their support of Dr. Herold's research and the Protégé trial, we will be able to better understand the therapeutic potential of teplizumab and how the compound acts to preserve beta cell function in recently diagnosed type 1 diabetes patients," said MacroGenics President and Chief Executive Officer Scott Koenig, M.D., Ph.D. "As the world's leading charitable organization that funds type 1 diabetes research, JDRF's mission is to support the best and most promising research being done in this area. Their confidence in teplizumab and financial support of our clinical program is of great value to us and we hope it will accelerate MacroGenics' progress with this promising new compound."

JDRF is partnering with MacroGenics through its innovative Industry Discovery and Development Partnership program, which includes research with biotechnology, pharmaceutical and therapeutics development businesses around the world. JDRF will provide up to $2 million in funding for the Protégé trial, triggered by specific milestones in the clinical trial. The Protégé trial will assess the effectiveness, tolerance, and safety of teplizumab in three different dosing regimens in children and adults with recent-onset type 1 diabetes. The goal of the trial is to assess teplizumab's capacity to reduce insulin requirements, while maintaining relatively normal blood sugar levels. Additional information regarding the Protégé trial can be found on the www.clinicaltrials.gov website (type "MacroGenics" or "NCT00385697" in the "Search" field).

"MacroGenics and Dr. Herold have the opportunity to move anti-CD3 research forward significantly," said Richard Insel, M.D., JDRF Executive Vice President for Research. "At this time, anti-CD3 treatment is the only developed method of changing the clinical course of new onset type 1 diabetes. Because it preserves beta cell function in newly diagnosed patients, it has the potential to decrease insulin requirements, lead to better glucose regulation, and decrease short-term and long-term complications of diabetes. Furthermore, JDRF is especially excited about our partnership with MacroGenics because the Protégé trial is one of the first Phase III trials we've ever funded."

About teplizumab and Anti-CD3

Anti-CD3 antibodies such as teplizumab (MGA031, hOKT3-gamma-1 (Ala-Ala)) are engineered to block the function of CD3 cells, immune T cells that orchestrate the destruction of islets. The antibodies prevent "activation" of the T cells after they have identified their target, disarming them once they are poised to attack. Teplizumab is a humanized monoclonal antibody that binds to an epitope of the CD3-epsilon chain expressed on mature T cells.

In a June 2005 publication in the journal *Diabetes*, Dr. Herold reported two-year follow-up data for 21 subjects who received a single course of hOKT3-gamma-1 (Ala-Ala) within six weeks of their diagnosis of type 1 diabetes. The patients who received hOKT3-gamma-1 (Ala-Ala) had improved C-peptide responses following a mixed meal tolerance test, reduced hemoglobin A1c (HbA1c) levels, and lower insulin requirements for at least two years following the initial treatment compared to the control population. C-peptide responses measure a patient's residual beta cell function and ability to produce insulin. HbA1c is a measure of metabolic control that reflects the amount of glucose in a patient's blood over a three-month timeframe. Dr. Herold is an advisor to MacroGenics for further clinical testing of teplizumab.

About Type 1 Diabetes

Type 1 diabetes is an autoimmune disease in which the body's immune system attacks and destroys the insulin-producing cells

of the pancreas. Type 1 diabetes strikes suddenly, making a person dependent on injected or pumped insulin for life, and carrying the constant threat of devastating complications such as heart and kidney disease, nerve damage and blindness. As many as three million Americans may have type 1 diabetes and each year over 13,000 children are diagnosed with type 1 diabetes in the U.S. Although diagnosis most often occurs in childhood and adolescence, it can and does strike adults as well. To stay alive, people with type 1 diabetes must take multiple insulin injections daily or continually infuse insulin through a pump, and test their blood sugar by pricking their fingers for blood six or more times per day. While trying to balance insulin doses with their food intake and daily activities, people with this form of diabetes must always be prepared for serious hypoglycemic (low blood sugar) and hyperglycemic (high blood sugar) reactions, both of which can be life-limiting and life threatening. Accordingly, a treatment that aims to slow the progression of the disease has the potential to substantially improve the health and quality of life of people with recent-onset type 1 diabetes.

About JDRF

JDRF was founded in 1970 by the parents of children with juvenile diabetesa disease that strikes children suddenly, makes them insulin dependent for life, and carries the constant threat of devastating complications. Since inception, JDRF has provided more than $1 billion to diabetes research worldwide. More than 80 percent of JDRF's expenditures directly support research and education about research. JDRF's mission is constant: to find a cure for diabetes and its complications through the support of research. For more information about JDRF, please visit www.jdrf.org.

JDRF has identified the following important therapeutic areas: beta cell regeneration; autoimmunity; complications; metabolic control, and islet replacement. The agreement with MacroGenics is a part of JDRF's innovative Industry Discovery and Development Partnership program, through which JDRF partners with pharmaceutical, biotech, and medical device businesses looking to develop drugs, treatments, technologies, and other therapeutics leading to a cure, reversal, or prevention of type 1 diabetes and its complications.

About MacroGenics, Inc.

Founded in 2000, MacroGenics is a private, venture-backed biotechnology company headquartered in Rockville, Maryland that focuses on the development, manufacture, and commercialization of immunotherapeutics for autoimmune disorders, cancer, and infectious diseases. The company's proprietary Fc engineering technology offers ways of improving antibody function, such as enhancing its ability to eliminate cancer cells, cells that contribute to autoimmune disorders, or those infected with certain pathogens. The company is developing first-in-class product candidates from its autoimmunity, oncology and infectious disease portfolios. For more information about MacroGenics, please visit www.macrogenics.com.

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