

September 17, 2014



Sutro Biopharma and Merck KGaA of Darmstadt, Germany, to Partner on Development of Antibody Drug Conjugates

- Collaboration and license agreement allows the biopharmaceutical division of Merck KGaA, Darmstadt, Germany, to enhance its access to antibody drug conjugate technologies and to expand its oncology pipeline

- Sutro's Xpress CF™ and Xpress CF+™ platforms to be utilized to develop antibody drug conjugates for multiple undisclosed targets

SAN FRANCISCO, Sept. 17, 2014 /PRNewswire/ -- Sutro Biopharma, a biopharmaceutical company developing antibody drug conjugates and bispecific antibodies, and the biopharmaceutical division of Merck KGaA, Darmstadt, Germany, which operates as EMD Serono in the United States and Canada, today announced a collaboration and license agreement to develop antibody drug conjugates (ADCs). ADCs are composed of an antibody linked to a cytotoxic drug. The antibody is thought to specifically target and deliver the cytotoxic drug to the cancer cells.

The collaboration will allow the biopharmaceutical division of Merck KGaA to take advantage of Sutro's technology platforms in its oncology programs to develop ADCs for multiple undisclosed targets. Both companies believe that ADCs have the potential for directly targeting cancer cells while safeguarding healthy tissue and will combine Merck KGaA's knowledge about target biology with Sutro's technological and discovery capabilities to jointly develop ADCs. By following a strategic approach of creating partnerships, Merck KGaA and Sutro aim to develop drug candidates that may ultimately address the unmet needs of patients.

"We continue to explore opportunities that will allow us to better understand the potential ADCs have in directly targeting cancer cells," said Andree Blaukat, Senior Vice President and Head of Translational Innovation Platform Oncology at Merck Serono, the biopharmaceutical division of Merck KGaA, Darmstadt, Germany. "This collaboration with Sutro is reflective of our ongoing commitment to advancing innovation that may provide new therapies for patients."

"This partnership will help us to advance our position as a leading drug discovery partner to renowned pharmaceutical companies like Merck in Darmstadt, Germany," said William J. Newell, chief executive officer of Sutro. "Together with Merck KGaA, we will further advance our efforts to develop antibody therapeutics, engineered to deliver a cytotoxic agent to cancer cells. Our technology has been developed to allow loading of an antibody with

multiple different agents and to enable a potential higher uptake of the drug in the tumor cell through improved stability of the ADC."

Under the terms of the agreement, Sutro and Merck KGaA will collaborate to discover and develop multiple ADCs utilizing Sutro's cell-free protein synthesis platforms, Xpress CF™ and Xpress CF+™. Sutro will be responsible for delivering ADCs for Phase 1 clinical trials. Merck KGaA will be responsible for clinical development and commercialization of any resulting products.

Merck KGaA will make an upfront payment to Sutro and will fund certain R&D activities. Sutro is also eligible to receive payments on completion of certain research, development and regulatory milestones potentially totaling approximately € 230 million as well as royalties on product sales. Further financial details are not being disclosed.

About Sutro Biopharma

Sutro Biopharma, located in South San Francisco, is developing a new generation of antibody drug conjugate therapeutics and bifunctional antibody-based therapeutics for targeted cancer therapies. These therapeutics may significantly extend the clinical impact of current oncology therapeutic approaches and are beyond what can be envisioned with current, cell-based expression technologies. Sutro's biochemical synthesis technology, which underpins these therapeutics, allows the rapid and systematic exploration of many protein drug variants to identify drug candidates. Once the product candidates are identified, production can be rapidly and predictably scaled up to commercial levels. Sutro has established a Good Manufacturing Practice (cGMP) facility for the production of clinical supplies of materials using its biochemical protein synthesis platform. Sutro has formed multiple partnerships with biopharma companies utilizing its technology.

For more information, visit www.sutrobio.com.

About EMD Serono, Inc.

EMD Serono, Inc., a subsidiary of Merck KGaA, Darmstadt, Germany, is a leading US biopharmaceutical company focused exclusively on specialty care. For more than 40 years, EMD Serono has integrated cutting-edge science, innovative products and devices, and industry-leading patient support and access programs. EMD Serono has deep expertise in neurology, fertility and endocrinology, as well as a robust pipeline of potential therapies in neurology, oncology, immunology and immuno-oncology. Today, EMD Serono has more than 1,100 employees around the country with commercial, clinical and research operations based in the company's home state of Massachusetts.

For more information, please visit www.emdserono.com

About Merck KGaA, Darmstadt, Germany

Merck KGaA of Darmstadt, Germany, is a leading company for innovative and top-quality high-tech products in the pharmaceutical and chemical sectors. Its subsidiaries in Canada and the United States operate under the umbrella brand EMD. Around 39,000 employees work in 66 countries to improve the quality of life for patients, to further the success of customers and to help meet global challenges. The company generated total revenues of

€11.1 billion in 2013 with its four divisions: Biopharmaceuticals, Consumer Health, Performance Materials and Life Science Tools. Merck KGaA of Darmstadt, Germany is the world's oldest pharmaceutical and chemical company – since 1668, the name has stood for innovation, business success and responsible entrepreneurship. Holding an approximately 70 percent interest, the founding family remains the majority owner of the company to this day.

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