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Sutro Marks Important Progress -- Receives Two Milestone Payments from Celgene

Sutro achieved preclinical development and manufacturing-related milestones under 2014 immuno-oncology collaboration

SAN FRANCISCO, Sept. 7, 2016 /PRNewswire/ -- Sutro Biopharma Inc. today announced that it has received two milestone payments from drug discovery and development partner Celgene Corporation (Celgene) for achievements in preclinical development and manufacturing under the company's 2014 immuno-oncology collaboration with Celgene. Financial terms of the milestones are not being disclosed.

These payments support acceleration of Sutro's pipeline from the late-stage preclinical phase into clinical development, as well as expansion of the company's cell-free manufacturing capability. The payments fall under a September 2014 collaboration agreement in which Celgene paid Sutro \$95 million, including an equity investment, and agreed to pay up to an additional \$75 million for research and manufacturing milestones during an initial research phase.

"These milestone payments recognize the significant advances we have made toward developing and manufacturing best-in-class, multispecific antibodies and antibody drug conjugates (ADCs) using our proprietary platform," said Sutro's CEO, Bill Newell.

Expanded Manufacturing capabilities have the potential to accelerate clinical development

Unlike conventional cell-based expression systems, Sutro's technology isolates a cell's protein production machinery into a cell-free extract, Xtract CF™, that includes all the necessary biochemical components for energy production, transcription and translation. Xtract CF™ and Xtract CF+™ are used in the Xpress CF™ and Xpress CF+™ platforms to support cell-free biochemical protein synthesis by the addition of the specific DNA sequence for the desired protein. This process is capable of producing single proteins at gram per liter yields in eight to ten hours at large scale, unconstrained by cellular structures and their limitations.

Sutro's GMP-compliant manufacturing facility in San Carlos, California, is built to maximize the speed and efficiency of cell-free extract and protein production. The Xtract CF™ and Xtract CF+™ processes enable manufacture of cell-free extract through a continuous multi-day process, which in turn can drive the Xpress CF™ and Xpress CF+™ reactions at scale. At full production capacity, the San Carlos manufacturing facility will be able to produce sufficient quantities of protein to support the early clinical development pipeline for Sutro and its collaboration partners.

The Sutro-Celgene three-year collaboration focuses on the discovery and development of multispecific antibodies and ADCs aimed at immuno-oncology therapeutics. Celgene has an option to extend the collaboration beyond the initial research term in exchange for an additional payment. Sutro is also eligible to receive additional clinical development and regulatory approval milestones for each compound selected by Celgene under the collaboration, as well as tiered royalties based on annual net sales of licensed products. Beginning in September 2016 through the end of the collaboration (as extended), Celgene will have the exclusive option to acquire Sutro based on a pre-specified valuation procedure, including rights to all Sutro-owned programs at that time.

About Sutro Biopharma

[Sutro Biopharma](#) Inc. located in South San Francisco, develops best-in-class antibody drug conjugate (ADC) and multi-specific antibody-based therapeutics for cancer therapy, including immuno-oncology therapies. Sutro's discovery and development efforts are driven by its proprietary Xpress CF™ and Xpress CF+™ platforms, a biochemical synthesis system that enables rapid and systematic evaluation of protein structure-activity relationships, as well as rapid and predictable scalability for manufacturing in Sutro's cGMP facility. In addition to developing its own drug candidate pipeline, which is focused on mono- and bi-specific ADCs, Sutro is collaborating with select pharmaceutical and biotech companies to discover and develop novel therapeutics.

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