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FIVEPRIME ENTERS OSTEOARTHRITIS AND PULMONARY FIBROSIS COLLABORATION WITH CENTOCOR

SAN FRANCISCO, California – January 3, 2007. Five Prime Therapeutics, Inc. today announced a worldwide collaborative research and license agreement with Centocor Research and Development Inc. The collaboration will focus on novel therapeutic products to treat osteoarthritis and pulmonary fibrosis. Under the collaboration, FivePrime will screen its comprehensive protein library against cell-based assays directed to osteoarthritis and fibrosis and Centocor will have exclusive rights to the proteins and targets identified in these screens.

FivePrime will receive an upfront payment of \$15 million, comprised of cash and an equity investment by Johnson and Johnson Development Corporation (JJDC), and two years research funding from Centocor. Centocor will have exclusive worldwide rights to develop and commercialize products and targets discovered during the research term in exchange for future milestones and royalties. Further details of the agreement have not been disclosed.

“With Centocor as a partner in these disease areas, we should be able to move the products of our discovery platform into clinical trials faster and more effectively”, commented Lewis T. “Rusty” Williams, FivePrime’s founder and Executive Chairman.

“Centocor has a long-standing commitment to innovative biotherapeutics”, added Gail Maderis, President and CEO of FivePrime. “We are extremely pleased to be working with a group that shares our enthusiasm for the tremendous potential of novel biologic therapies. Additionally, we welcome JJDC to our premier group of investors.”

A key component of the collaboration is FivePrime’s comprehensive, rapid protein discovery system. FivePrime’s protein screening library contains essentially all human secreted proteins and their receptors, including many that are unavailable in public collections. FivePrime screens its protein library in complex, primary cell assays with a level of precision, speed and thoroughness previously achievable only in small molecule screening. Using technologies for rapid *in vivo* validation of hits from its screens, FivePrime aims to reduce time from idea to an Investigational New Drug to less than three years.

About FivePrime

FivePrime is a privately held protein therapeutics discovery and development company located in San Francisco’s Mission Bay. Its proprietary discovery platform allows the rapid screening of the complete set of secreted proteins and their receptors in medically relevant, cell-based assays to identify new biotherapeutics. FivePrime is applying its high throughput biologics discovery system first in the areas of oncology, metabolic disease, immunology and regenerative medicine with lead proteins in pre-clinical development to treat cancer and type II diabetes. Earlier this year, FivePrime initiated a collaboration with Boehringer Ingelheim in the field of rheumatoid arthritis. Additional information on FivePrime can be found at www.fiveprime.com.