Press Release

Cellzome Announces Second Major Strategic Drug Discovery Alliance with GlaxoSmithKline in Inflammatory Disease

Collaboration exploits Cellzome's world-leading proteomics technology in epigenetics

Cambridge, United Kingdom and Heidelberg, Germany, 10th March 2010 - Cellzome today announced that it has formed a second strategic alliance with GlaxoSmithKline (GSK). This new collaboration gives GSK exclusive access to Cellzome's proprietary *Episphere*™ technology in the emerging field of epigenetics as applied to immunoinflammatory disease. Epigenetic mechanisms play a key role in controlling immune cell differentiation and inflammatory gene expression during an excessive inflammatory response.

Under the terms of the agreement, the companies will work together using Cellzome's *Episphere*™ technology platform, to identify selective small-molecule drug candidates against targets from four different epigenetic target classes. The companies will share operational responsibility for the programs until identification of drug candidates, at which stage GSK will assume responsibility for any further preclinical and clinical development and commercialisation.

Under the financial terms, Cellzome will receive an upfront payment of €33 million, comprising technology access fees and the purchase of equity. In addition, Cellzome is eligible for milestone payments and tiered royalties for each programme. Milestone payments under this collaboration could reach over €475 million if all programmes under the alliance are successfully developed and commercialised.

Tim Edwards, Chief Executive Officer of Cellzome, said: "We are delighted to form another major alliance with GSK, using our leading technology and people to find transformative medicines in this exciting field of biology. Combining forces with GSK will accelerate the development of new anti-inflammatory drugs for the benefit of patients."

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About Cellzome

Cellzome is a privately-owned drug discovery and development company, and a leader in the use of chemical proteomics technologies to identify a new generation of drug candidates for the treatment of inflammatory diseases.

Our pipeline of small-molecule therapeutics is driven by *Kinobeads*™, a proprietary technology for screening and profiling kinases in their physiological context. We have developed a new technology, called *Episphere*™ to address epigenetic targets in disease-specific protein complexes. Our goal is to identify oral therapeutics for inflammatory diseases such as rheumatoid arthritis, multiple sclerosis, and inflammatory bowel disease.

In addition to the alliance with GSK in the field of epigenetics, Cellzome has another strategic alliance with GSK to discover, develop and market kinase-targeted therapeutics to treat inflammatory disease and an alliance with Johnson & Johnson focused on the discovery of novel medicines for the treatment of Alzheimer's disease.

Cellzome's holding company is domiciled in the US and it employs about 90 people at its two R&D laboratories in Cambridge, UK and Heidelberg, Germany. To learn more about Cellzome, please visit the website: www.cellzome.com.

About *Episphere*™ and epigenetics

Episphere™ is a chemical proteomics technology for the discovery of novel drugs directed against targets involved in epigenetic regulation. The technology allows the screening and profiling of inhibitors of epigenetic targets in their native environment, directly in the lysate of cells and tissues and can also differentiate between the complexes these targets operate in. The term epigenetics refers to heritable changes in gene expression and phenotype caused by mechanisms other than changes in DNA sequence. One major mechanism is the specific enzymatic modification of histone tails, which affects the packaging of DNA into chromatin and through that controls the transcription of specific genes. Enzymes, such as histone deacetylases (HDAC) or methyltransferases (HMT) can change the modification of the histone tails and therefore change the 'histone code'. Dysregulation of these modifications is thought to play a central role in cancer and in chronic degenerative diseases like neurological and autoimmune disease. The enzymes which carry out these histone modifications are part of large multifunctional protein complexes, which represent attractive novel targets for drug discovery.