



Tercica Initiates Phase II Clinical Trial with Next-Generation Growth Hormone Product for the Treatment of Short Stature

BRISBANE, Calif., Jan 22, 2008 (BUSINESS WIRE) -- Tercica, Inc. (NASDAQ: TRCA) today announced that the Company has begun dosing the first patient in a Phase II clinical study evaluating the combination of Genentech, Inc.'s recombinant human growth hormone Nutropin AQ(R) (somatropin (rDNA origin)) and Tercica's recombinant insulin-like growth factor-1 Increlex(R) (mecasermin (rDNA origin) injection). The primary objective of this trial is to assess the efficacy, measured as first-year height velocity, and safety of three different combination regimens of growth hormone and IGF-1 compared to growth hormone alone in the treatment of short stature associated with IGF-1 deficiency.

"With demonstrated synergies in pre-clinical studies, the combination of growth hormone and IGF-1 could have the potential for several important therapeutic benefits compared to either growth hormone or IGF-1 monotherapy alone for the treatment of patients with short stature," said John A. Scarlett, M.D., Tercica's President and Chief Executive Officer. "We are pleased to be starting the Phase II clinical trial just six months after signing the agreement with Genentech," continued Dr. Scarlett.

Development of GH/IGF-1 Combination Product in Short Stature

Potential of GH/IGF-1 Combination Product: The combination product will be studied in children with short stature not associated with growth hormone deficiency, who also have low IGF-1 levels. A potential cause of short stature in this group of patients could be a suboptimal IGF-1 secretion in response to growth hormone stimulation alone. Pre-clinical studies suggest that co-administration of GH and IGF-1 may increase specific growth responses greater than growth hormone alone. Therefore, Tercica believes that treatment with a combination of both GH and IGF-1 may be superior to monotherapy of growth hormone alone in a subpopulation of children with low IGF-1 and short stature not associated with growth hormone deficiency.

Study design: This Phase II study, referred to as MS316, is a randomized clinical trial comparing three different combination regimens to growth hormone alone. The three combination arms each contain a different ratio of IGF-1 to growth hormone. The primary efficacy endpoint is height velocity during the first 12 months of therapy. After evaluation of the primary endpoint, the study will be continued to evaluate long-term effects. Approximately 100 patients will be enrolled in the study. Tercica expects to complete enrollment in mid-2009.

About the Genentech and Tercica Agreement

In July 2007, Tercica and Genentech entered into an agreement for the development, manufacture and worldwide commercialization of two products containing Genentech's recombinant human growth hormone Nutropin AQ(R) and Tercica's recombinant insulin-like growth factor-1 Increlex(R). One product is for the treatment of short stature, and the other product is for the treatment of adult growth hormone deficiency (AGHD) and potentially other metabolic disorders.

According to the agreement terms, Genentech has certain rights to opt-in to the development programs for both products. The opt-in rights remain open until completion of a Phase II clinical study for each product that is sufficient to enable a pivotal trial.

Upon exercise of any opt-in by Genentech, Genentech shall reimburse certain incurred research and development costs. Following such exercise by Genentech, a cost and profit share structure will take effect for all future development and commercial activities of combination products, and both Tercica and Genentech will have certain commercialization rights, including the right to co-promote combination products upon regulatory approval. If Genentech does not exercise any of its opt-in rights, then Tercica will have full development and commercialization rights to the combination products, and will owe Genentech royalties on worldwide sales.

About Tercica

Tercica is a biopharmaceutical company committed to improving endocrine health by partnering with the endocrine community to develop and commercialize new therapeutics for pediatric and adult growth disorders, and for adult metabolic disorders. For further information on Tercica, please visit www.tercica.com.

Safe Harbor Statement

Except for the historical statements contained herein, this press release contains forward-looking statements concerning

Tercica's prospects and expectations, including without limitation, that Tercica: (A) believes treatment with a combination of both GH and IFG-1 may offer several important therapeutic benefits or be superior to monotherapy; and (B) expects to complete enrollment in the trial by mid-2009. Because Tercica's forward-looking statements are subject to risks and uncertainties, there are important factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include, without limitation, risks and uncertainties related to the following: (i) despite the encouraging data in the pre-clinical studies, the combination therapy may not result in safe or efficacious treatment in humans; (ii) due to the uncertainty of enrollment for any clinical trial, the enrollment may not be completed in mid-2009; and (iii) the risks and uncertainties disclosed from time-to-time in reports filed by Tercica, including most recently Tercica's Form 10-Q for the quarter ending September 30, 2007 filed with the SEC on November 1, 2007. Tercica disclaims any obligation or undertaking to update or revise any forward-looking statements contained in this press release.

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