



Facet Biotech

BIO CEO and Investor Conference

February 9, 2010

Facet Biotech Corporation

Forward-looking Statements

This presentation contains forward-looking statements involving risks and uncertainties and Facet's actual results could differ materially from those, express or implied, in this presentation. The forward-looking statements include, without limitation, that we expect: (i) to initiate the DECIDE phase 3 trial for daclizumab in 1H 2010, (ii) to receive milestone payments related to the development of daclizumab, (iii) to fund our current operations through the end of 2012, (iv) MS market dynamics to shift towards higher efficacy therapeutics, and (v) daclizumab would compete with these higher efficacy therapeutics. Various factors may cause differences between our expectations and actual results including: the development and commercial potential of daclizumab and elotuzumab could be adversely impacted by changes in our plans or timelines, including because of unexpected safety or efficacy data observed during clinical trials, enrollment rates in clinical trials, changes in expected competition and changes in regulatory support for our development path; changes in clinical development program expectations, including regarding the advancement, slowing or termination of clinical development programs, unexpected litigation or other disputes and other unexpected events could adversely impact our cash utilization and costs and expenses. Other risk factors we face are discussed in the "Risk Factors" sections of our SEC filings, which may be obtained at the "Investors" section of our website at www.facetbiotech.com. We expressly disclaim any obligation or undertaking to update or revise any forward-looking statements to reflect any change in expectations, even as new information becomes available or other events occur in the future. All forward-looking statements in this presentation are qualified in their entirety by this cautionary statement.

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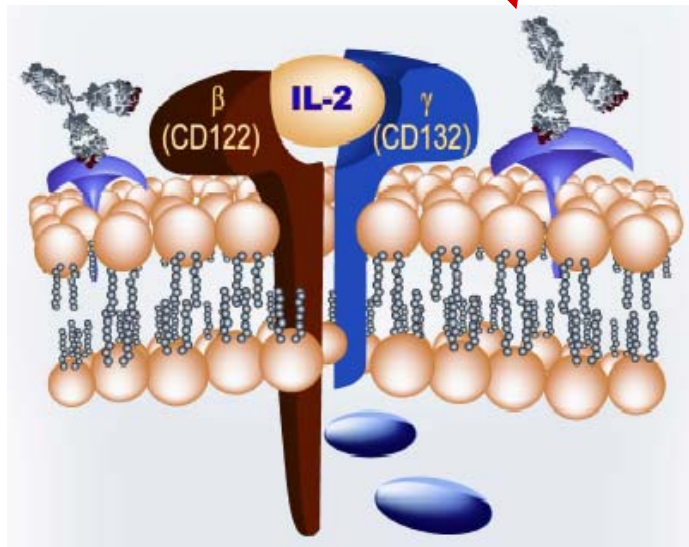
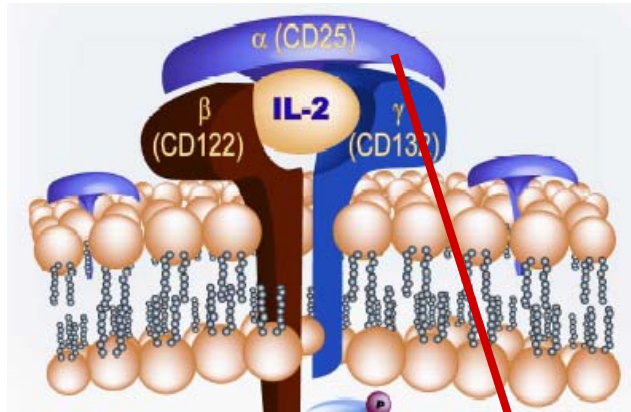


Investment highlights

- **Robust pipeline of five clinical-stage programs**
 - ▶ Compelling data seen to-date; significant value-driving inflection points through 2011
- **Promising proprietary protein engineering platform**
 - ▶ Opportunities in global “biobetter” and “biosimilar” markets
- **Financial strength to fund company to achieve key milestones through 2012**
 - ▶ \$316.1 million in cash and related at November 30, 2009
- **Strategic process continues; discussions remain ongoing**



Daclizumab: late-stage development for MS



- Humanized monoclonal antibody specific for CD25 (α -subunit of the high affinity IL-2 receptor; Tac)
- Proposed MOA
 - ▶ Selectively inhibits signaling through the high-affinity IL-2 receptor
 - ▶ Reduces activated T-cell numbers and activities
 - ▶ Increases regulatory NK cells (CD56^{bright})
- Does not deplete T cells or B cells
 - ▶ Potential for a differentiated safety profile



Strong rationale for daclizumab in MS

Open-label, P1/2
investigator-sponsored
trials

P2 CHOICE trial:
daclizumab + IFN

P2 SELECT trial:
daclizumab monotherapy

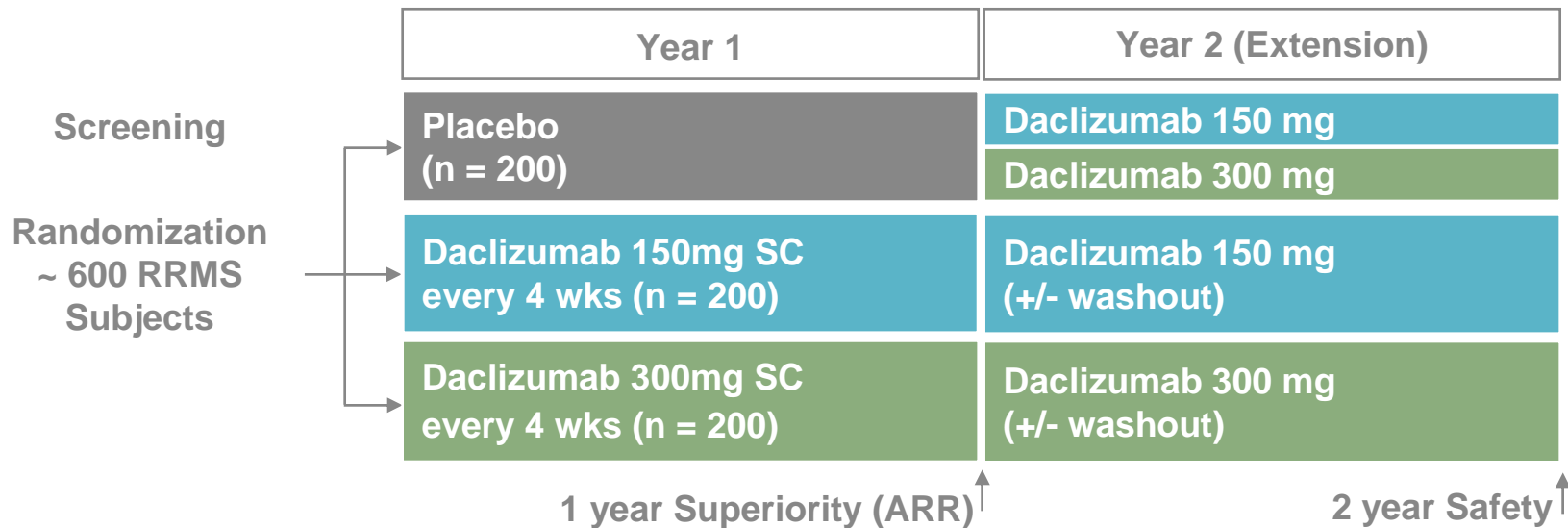
Daclizumab and CD56^{bright}
NK cells

- P1/2 monotherapy data suggest activity in excess of 80% reduction in Gd-enhancing lesions and 50% reduction in ARR¹⁻⁴
- P2 CHOICE data demonstrate high activity and an acceptable safety profile for daclizumab + IFN
- SELECT interim futility analysis passed and data assessment completed
- Potential drug-biomarker combination in MS



SELECT: first registration-enabling trial

- 600-patient study assessing 150 mg and 300 mg doses SC every 4 weeks
- Interim futility analysis and data assessment performed July 2009 on 150 patients who had been on therapy at least 6 months

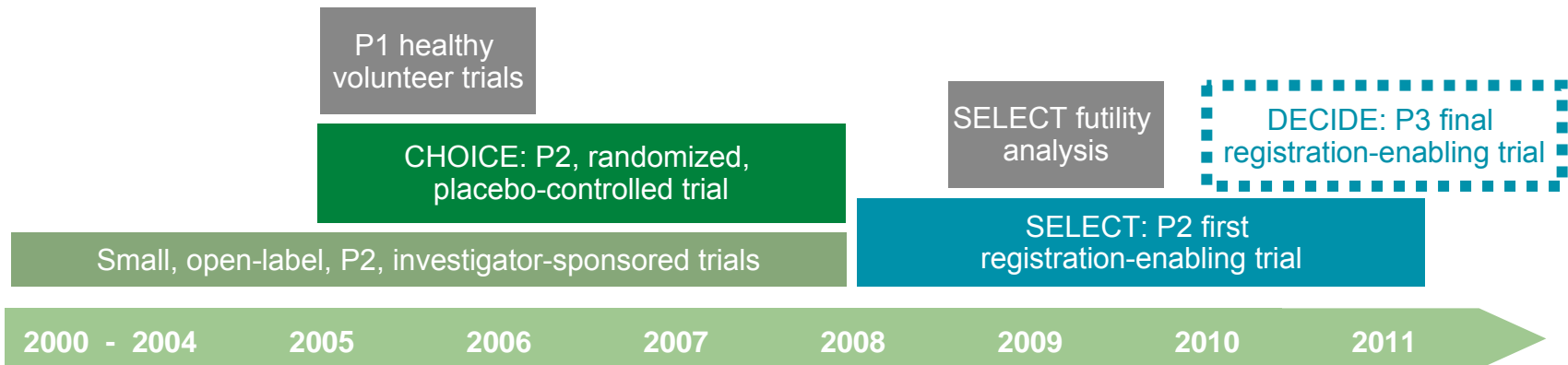


Trial enrollment projected to be completed by end of 2010; primary endpoint data readout by end of 2011



DECIDE: final registration-enabling trial

- **DECIDE P3 trial expected to commence in 1H 2010**
 - ▶ Trial start-up activities ongoing
 - ▶ SPA process in final stages
 - Will provide additional study details at the time of trial initiation
- **\$30M milestone from Biogen Idec for first patient enrolled**
 - ▶ Expected H1 2010
 - ▶ Additional potential milestones of \$220M for MS and other indications



Significant opportunity for next-generation therapies

ANNUALIZED RELAPSE RATE (ARR)

Relative Reduction vs. No Therapy

AVONEX®
REBIF®
BG-12
BETASERON®
COPAXONE®

~30%

50%+

DACLIZUMAB HYP
RITUXAN®
FTY-720
CLADRIBINE
TYSABRI®

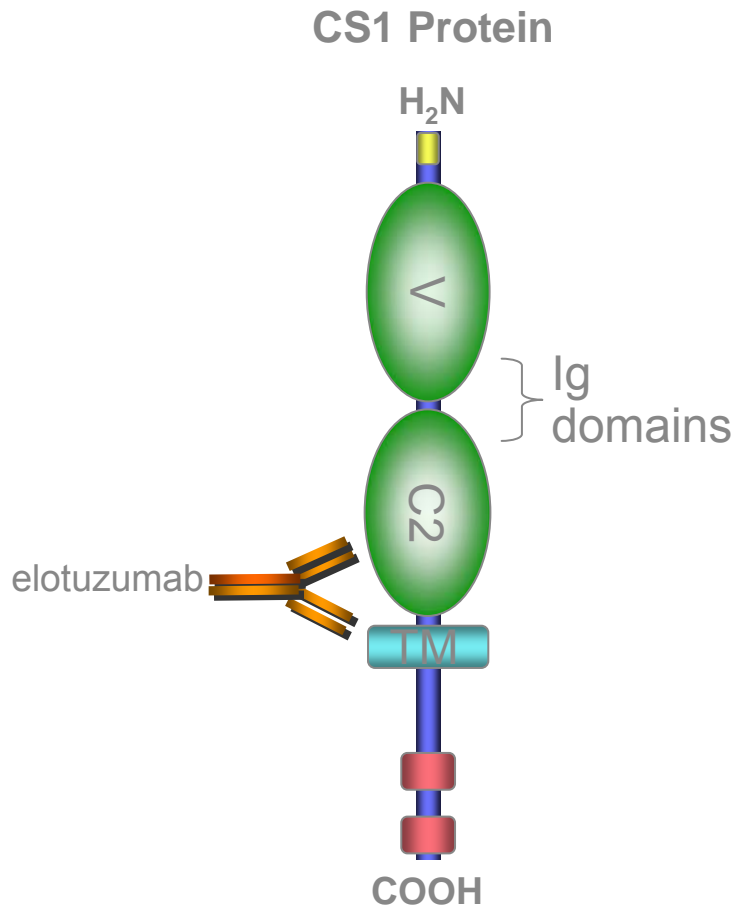
- **Worldwide ABCR market valued at ~\$10B**
- **ABCRs currently capture most new patients**
- **Cycling dynamics should change once more efficacious therapies gain approval**
- **Failure of the ABCR therapies creates a large patient population seeking better control of MS**

- **The next generation of novel agents will raise the efficacy bar¹**
- **Within this group, safety is key**
 - ▶ While oral compounds have demonstrated strong efficacy and offer convenience, their safety profiles may limit use
- **Based on the available data and analyses, we believe daclizumab will be a strong contender in this “next-generation” market**

1. Assumed ARR reduction based on reported clinical results with the exception of Tysabri.



Elotuzumab: novel antibody for multiple myeloma



- A humanized monoclonal IgG1 antibody that targets Cell Surface 1 (CS1)
 - ▶ No cross-reactivity with non-human species, including primates
- CS1 exhibits a restricted expression profile
 - ▶ CS1 target is uniformly and highly expressed in >95% of primary myeloma patients
 - ▶ Not on normal stem cells or other normal tissues
- MOA appears to be mainly through NK-mediated ADCC
 - ▶ NK health in patients may be critical to elotuzumab activity
- Elotuzumab significantly enhances anti-tumor activity of lenalidomide and bortezomib in vivo
 - ▶ Formed basis for combination studies, one with lenalidomide + low-dose dexamethasone and one with bortezomib
 - ▶ Phase 1/2 trial in combination with bortezomib ongoing; data continues to mature



Elotuzumab in combination with lenalidomide shows significant promise in multiple myeloma

	Total pts (%)	Lenalidomide-naïve (%)
Total treated population	28	22
ORR (≥ PR)	23 (82%)	21 (95%)
VGPR	5 (18%)	5 (23%)
PR	18 (64%)	16 (73%)
SD	4 (14%)	1 (4%)
PD	0	0
NE	1 (4%)	0

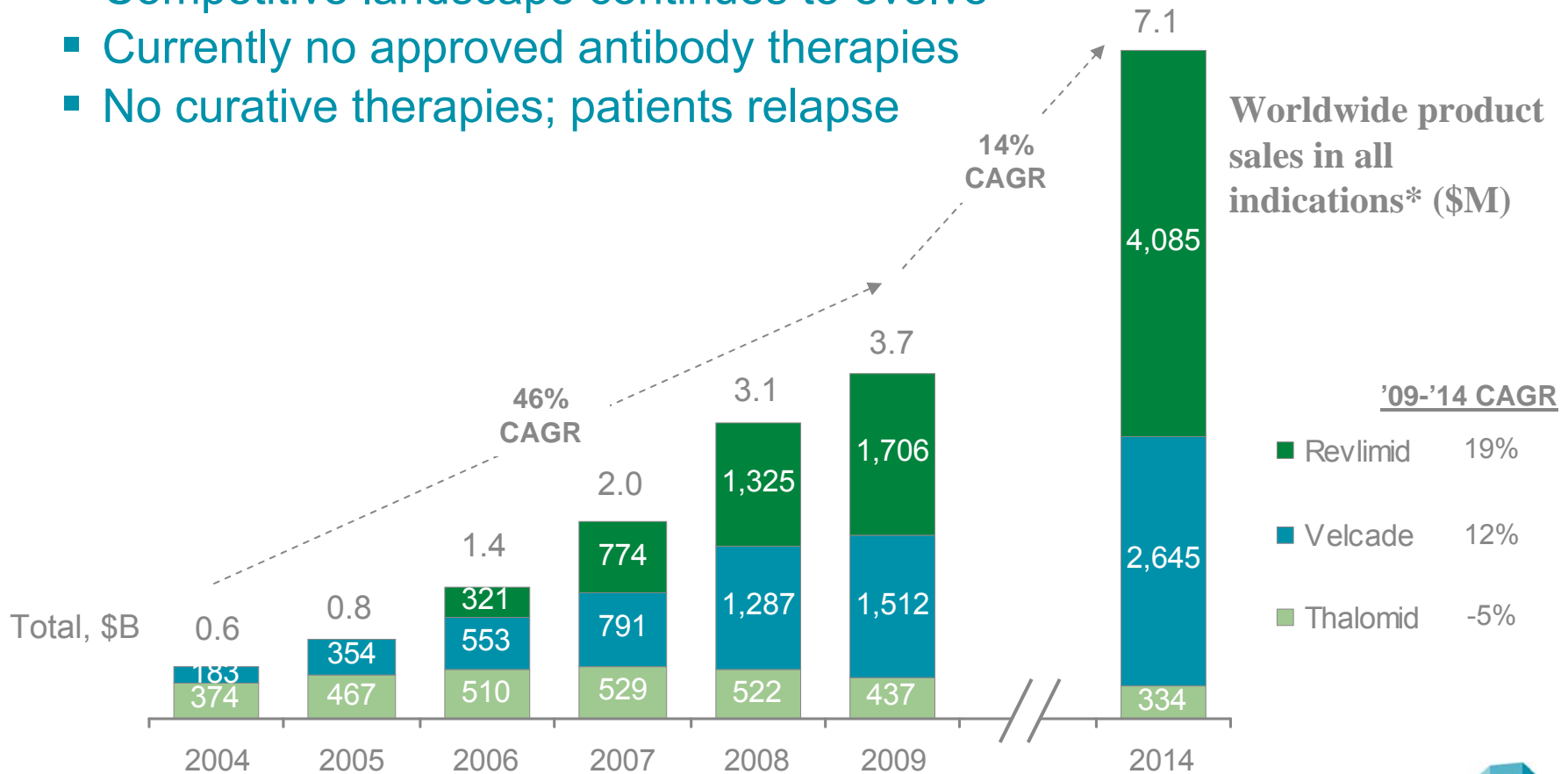
Prior lines of therapy	All treated pts		Lenalidomide-naïve	
	Total pts	ORR (%)	Total pts	ORR (%)
1	7	6 (86%)	6	6 (100%)
≥ 2	21	17 (81%)	16	15 (94%)
Median = 3 (1-10)	28	23 (82%)	22	21 (95%)

- Oral presentation at ASH 2009
- Compelling efficacy seen to date
 - ▶ 95% ORR in lenalidomide-naïve patients
 - ▶ 100% ORR in lenalidomide-naïve patients with 3 or fewer prior lines of therapy
 - ▶ 82% ORR in all patients
- Acceptable safety profile
 - ▶ Frequently reported AEs included fatigue, diarrhea, constipation, myelosuppression, nausea, muscle spasms, fever, chills, dyspnea
- P2 initiated in Jan 2010; received \$15M milestone from BMS
 - ▶ Additional potential milestones of \$665M for MM and other potential oncology indications
- Expect to complete enrollment in P2 by end of 2010; planning for P3 in 2011



Market opportunity for multiple myeloma

- Myeloma represents a growing market
- Competitive landscape continues to evolve
- Currently no approved antibody therapies
- No curative therapies; patients relapse

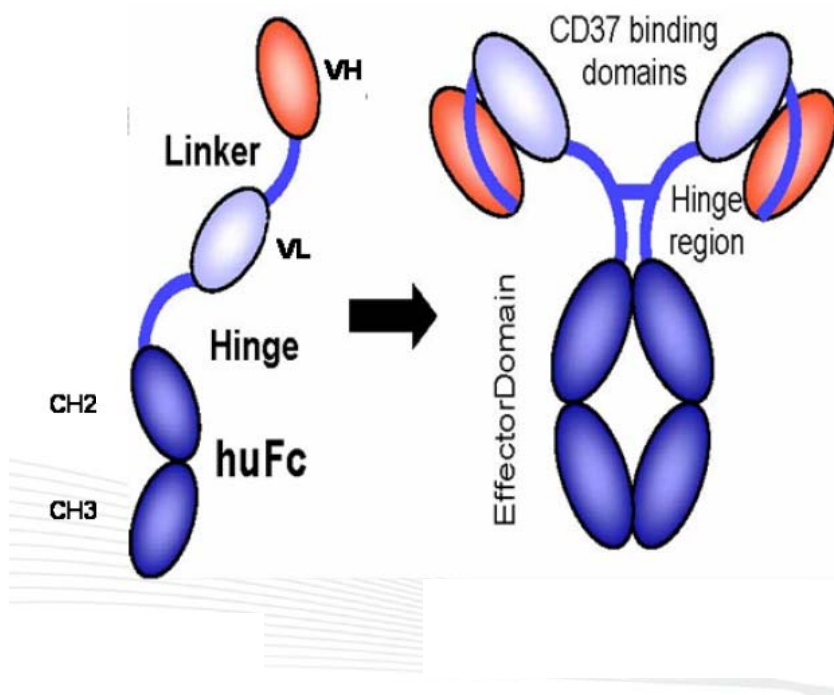


* The data includes sales in all indications. Velcade® is also approved for MCL (~10% of sales in the US), Revlimid® for MDS (~30% of sales in the US), and Thalomid® for Leprosy).

Source: Evaluate Pharma



TRU-016: a novel B-cell therapeutic



- **Targets CD37**
 - ▶ A clinically validated B-cell antigen
 - ▶ Known to be over-expressed in patients with CLL and other B-cell malignancies except multiple myeloma
- **A small modular immunopharmaceutical (SMIP™)**
 - ▶ Has human and humanized protein domains
 - ▶ Antibody-like target specificity and binding
 - ▶ Smaller than an antibody
- **Two potential mechanisms of action**
 - ▶ ADCC
 - ▶ Apoptosis
- **In vivo data in a lymphoma model shows superiority to rituximab**



Compelling phase 1 data for TRU-016 in CLL

- Clinical activity observed beyond cohort 2
 - ▶ 5 PRs in heavily pretreated CLL patients (monotherapy)
 - ▶ Reduction in lymphadenopathy; up to 39% by CT
 - ▶ Reductions in splenomegaly and peripheral lymphocytosis
 - ▶ Improvement in pre-treatment cytopenias

- Rationale exists for further study of TRU-016 in combination with other therapeutic agents
 - ▶ In vitro and in vivo synergy of TRU-016 in combination with other agents
 - ▶ Clinical activity seen in this trial

- Expect to initiate P2 trial in CLL and additional P1 trials in non-Hodgkin's lymphoma this year

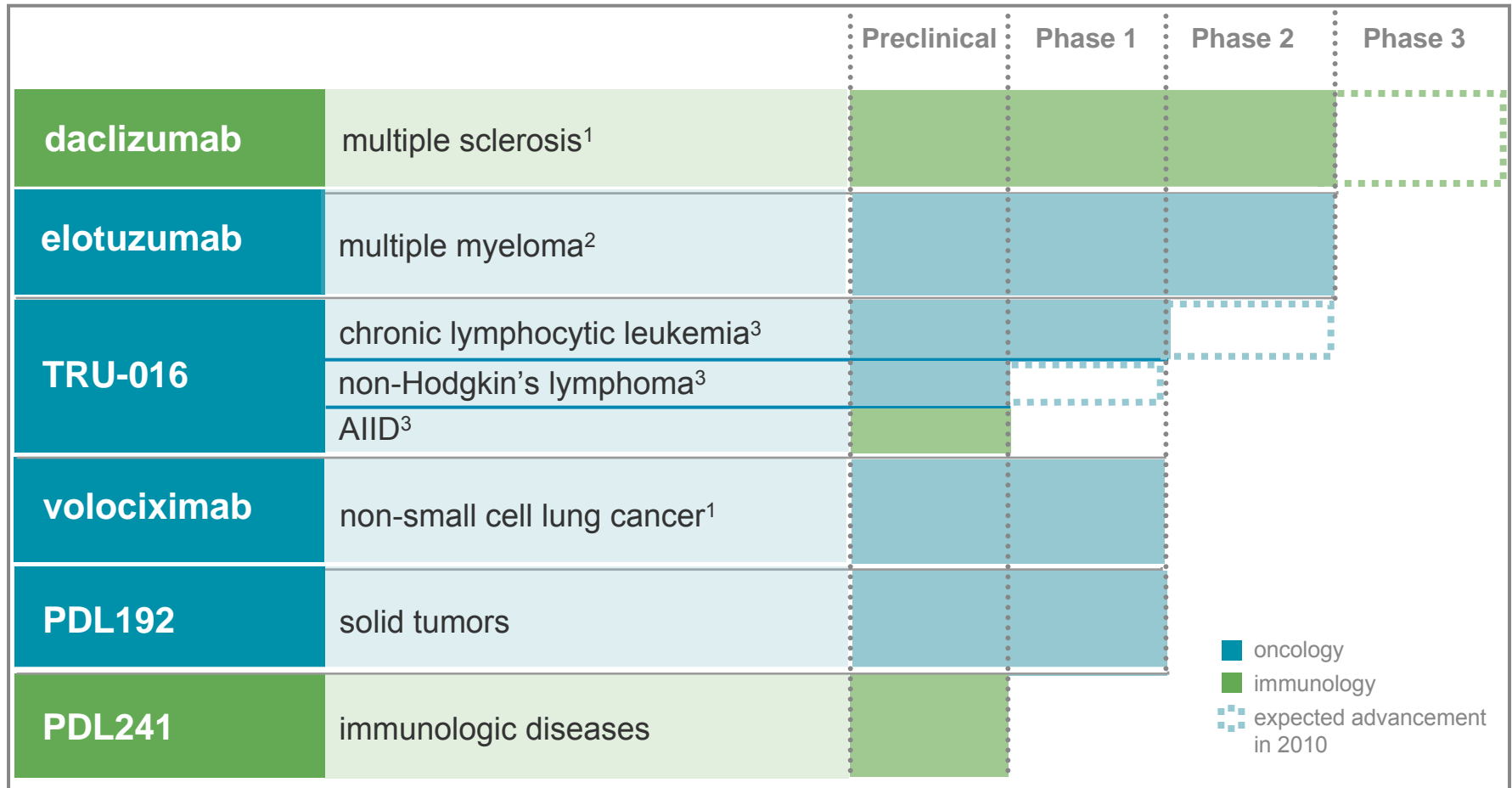
Dose cohort	n	ALC normalization ¹ n (%)	Best response ²
1 mg/kg	3	0/3 (0)	–
3 mg/kg	4	0/4 (0)	–
6 mg/kg	4	1/4 (25%)	1 PR
10 mg/kg	5	4/5 (80%)	2 PR
TIW Load (administered 3 times per week)			
3 mg/kg	4	1/4 (25%)	1 PR
6 mg/kg	4	1/1 (100%)	1 PR

1. Only pts with elevated peripheral ALC at Day 1 compared to count at end of treatment (cycles 1, 2 or 3). In the 6 mg/kg TIW cohort, only 1 pt had elevated ALC at baseline.

2. Best response as reported by investigator for all pts in cohort; 2-month confirmation pending.



Significant value inflection points expected in 2011



1. In collaboration with Biogen Idec (BIIB); for DAC HYP, ongoing SELECT Phase 2 trial considered first of two required registration enabling trials;
 2. In collaboration with Bristol-Myers Squibb (BMS); 3. In collaboration with Trubion Pharmaceuticals.



Proven protein engineering platform poised to create value

Avastin®

Humira®

Xolair®

Herceptin®

Erbix®

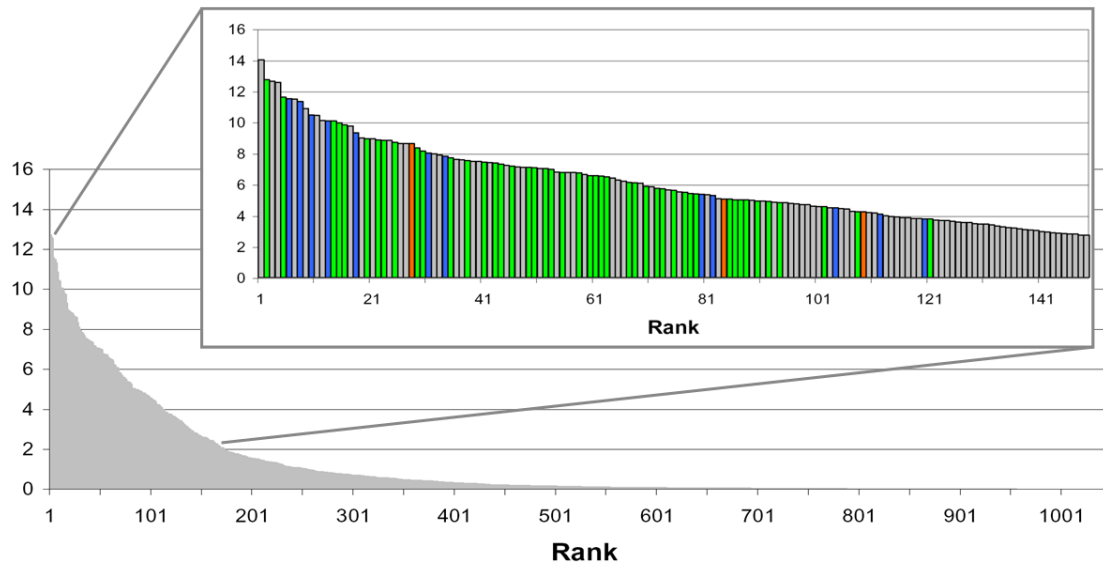
In-house
mAbs

- We have filed composition of matter (COM) patent applications covering numerous engineered variants of each of the following: Avastin, Erbitux, Herceptin, Humira and Xolair
- Our platform provides enabling technology for companies entering “biobetter” or “biogeneric” space
 - ▶ Proprietary platform of next-generation protein engineering technologies that improve antibodies using half-life extension, affinity modulation, de-immunization, cross-reactivity engineering and comprehensive mutagenesis mapping (PxP)
 - ▶ Rapid (months vs. years) and exhaustive mapping of CDR mutants (affinity and immunogenicity)
- Discussions underway with parties seeking to enter “biobetter” space or improve existing antibodies



Erbix: novel higher affinity mutants identified

- Using our proprietary PxP technologies, we identified and validated the 27 previously identified mutations and more than 50 additional **novel** mutations on the Erbix antibody CDRs that increase binding affinity
 - ▶ Above and beyond 3 previously identified mutations from in silico predictions by Lippow et. al. and approximately 24 previously identified mutations from phage display by Applied Molecular Evolution (AME)
 - ▶ We continue to work on validating the additional 100 novel mutations we have identified using our PxP technologies
- We identified all of these mutations in 6 months time, significantly faster than more traditional methods



Financial strength to achieve key milestones

- \$316.1M in cash, marketable and investment securities and restricted cash¹
 - ▶ \$12.61 per share based on shares outstanding²
- Up to \$45M in milestone payments achievable by end of first half of 2010
 - ▶ \$1.79 per share based on shares outstanding²
 - ▶ \$30M from Biogen Idec for initiation of daclizumab P3 trial
 - ▶ \$15M from BMS for initiation of elotuzumab P2 trial (earned and received since 11/30)

1. As of November 30, 2009 and includes equity investment in Trubion; 2. Based on 25.07 million shares outstanding as of 12/04/09.



Facet has favorable collaboration terms

Terms

Biogen Idec

- 50/50 cost sharing
- Significant milestone opportunities
- Commercialization and co-promotion rights
- 50/50 profit split in US, Canada and EU; royalty ROW

Bristol-Myers Squibb

- 20/80 Facet/BMS cost sharing
- Significant milestone opportunities
- 30/70 Facet/BMS U.S. profit split; royalty ex-US

Trubion

- 50/50 cost sharing
- Risk-mitigated outbound milestone payments given late-stage nature
- Commercialization rights worldwide
- 50/50 profit split worldwide
- Flexibility to assign or terminate



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