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ASX & MEDIA RELEASE

**ARANA PROVIDES UPDATE ON STATUS ON
CEPHALON OFFER**

Arana Therapeutics Limited ('Arana') provides this update on the conditional takeover offer from Cephalon, Inc ('Cephalon') for all of the outstanding shares in Arana (the 'Cephalon Offer') in order to ensure that Arana shareholders are aware of the status of the Cephalon Offer.

Importantly, Arana shareholders should read this announcement in conjunction with the Target's Statement dated 24 March 2009, the Supplementary Target's Statement dated 8 April 2009, the Bidder's Statement dated 24 March 2009, the Supplementary Bidder's Statement dated 1 April 2009 and 16 April 2009 and recent ASX releases by Arana.

- **CLARIFICATION OF THE CEPHALON OFFER PRICE:** The Directors of Arana are aware that there may be some confusion among Arana shareholders as to what shareholders will be paid once they accept the Cephalon offer. The offer price is \$1.40 cash per share however this is adjusted for the five cent per share special dividend which has already been paid by Arana. This means that, as the Cephalon Offer currently stands, by accepting the Cephalon Offer you would receive \$1.35 in cash once the Cephalon Offer becomes unconditional. If acceptance levels move to 90%, shareholders (even if they have already accepted) will receive \$1.40 per share.
- **STATUS OF BID CONDITIONS:** The Cephalon Offer remains conditional and is therefore subject to a number of conditions, including:
 - A 50.1% minimum acceptance condition (as at 30 April 2009, Cephalon held an interest in 36.84% of Arana's issued capital);
 - No material adverse change to the Arana Group;
 - No change of control event triggered under any material contracts to which Arana is a party; and
 - No contravention of certain 'prescribed occurrences,' including those set out in sections 652C(1) and (2) of the Corporations Act.

Cephalon has waived two of its previous offer conditions, the details of which can be found on page four of the first Supplementary Bidder's Statement dated 1 April 2009.

If the remaining offer conditions are not waived or satisfied before the end of the offer period (which has now been extended until Monday 1 June 2009), the Cephalon Offer will lapse.

Whilst the Cephalon Offer remains conditional, Cephalon announced in a second Supplementary Bidder's Statement on 16 April 2009, that in the event:

- the total of Cephalon's existing shareholding in Arana, acceptances of the Cephalon Offer and acceptance instructions held in the Institutional Acceptance Facility reaches 50.1% of Arana shares on issue; and
- Cephalon has not become aware that any defeating condition of the Cephalon Offer has been or is likely to be breached (or all breaches are waived by Cephalon),

Cephalon will declare the Cephalon Offer unconditional and will make payment to accepting shareholders within five days.

- **EXTENSION OF OFFER PERIOD:** The Cephalon Offer has been extended by one month and will now close on Monday 1 June 2009 at 7pm Sydney time unless further extended.

Cephalon may further extend the offer period beyond this date of 1 June 2009 but if Cephalon extends the offer period beyond 1 June 2009 and at that time the Cephalon Offer is still subject to defeating conditions (ie Cephalon has not reached the 50.1% minimum acceptance condition), any Arana shareholder who had previously accepted into the Cephalon Offer may withdraw their acceptance.

- **DIRECTORS' RECOMMENDATION:** The Directors of Arana continue to recommend that, in the absence of a superior proposal, you ACCEPT the Cephalon Offer.

If you have any further questions on this announcement please contact the Arana shareholder information line on 1300 206 331 or +61 2 9237 2800 if calling from outside Australia.

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About Arana Therapeutics:

Arana Therapeutics (ASX: AAH) is a biopharmaceutical company focused on developing next generation antibody based drugs that will improve the lives of patients with inflammatory diseases and cancer.

Arana Therapeutics' innovative engineering technologies provide the basis for developing its next generation antibody candidates. Arana Therapeutics has the financial strength and management expertise to develop its product pipeline.

Arana has a significant track record of commercialising its technologies and has collaborations with GlaxoSmithKline (GSK), CSL, Kyowa Hakko Kirin (KHK), and licensing arrangements with Centocor (J&J) and Abbott Laboratories.

For further information: www.arana.com.