



2 March 2009

**Cancellation: Share Buyback;
Announcement: 5 cents Dividend.**

Arana Therapeutics Limited (ASX: AAH) (“Arana”) today announced the cancellation of its on market share buyback program. This decision was made in light of the recommended takeover offer received from Cephalon International Holdings, Inc. (“Cephalon”) on 27 February 2009.

Further, the Arana Board of Directors today declared a fully franked special dividend of 5 cents cash per share as a substitute capital management initiative. In making their decision, the Board noted that the proposed total dividend payable to shareholders was approximately equal to the cash that would have been used to conduct the balance of the on-market share buyback program.

The record date for this special dividend will be 30 March 2009 and the payment date will be 15 April 2009.

As the declaration of this special dividend will breach a takeover bid condition in the Cephalon announcement made on 27 February 2009, Arana has obtained confirmation from Cephalon that Cephalon International Holdings Inc will waive its rights in respect of this proposed special dividend and proceed with a formal takeover bid for all of the shares in Arana on the same terms as announced on 27 February 2009 (except that under the terms of Cephalon International Holdings Inc offer, the 5 cent dividend will be set off against Cephalon’s \$1.40 offer price).

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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.