

Sunesis Out-Licenses LFA-1 Program to SARcode Corporation

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Sunesis Receives License Payment and Convertible Note

SOUTH SAN FRANCISCO, Calif., Jan 04, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Sunesis Pharmaceuticals, Inc. (Nasdaq: SNSS) announced today the out-license of the company's LFA-1 inhibitor program to SARcode Corporation, a privately-held biopharmaceutical company. SARcode intends to use the license to develop small molecule drugs to treat inflammatory diseases. Sunesis had previously discontinued the LFA-1 inhibitor program, which is outside of the company's strategic focus on discovering and developing novel small molecule therapeutics to treat cancer.

In conjunction with this out-license arrangement, Sunesis received a \$250,000 license fee and a \$250,000 note convertible into preferred stock while SARcode received Series A funding. Under the terms of the license agreement, SARcode received an exclusive, worldwide license to all Sunesis LFA-1 patents and related know-how. In addition to cash and note payments already received, Sunesis may in the future receive up to \$1 million in license fees and convertible notes, \$31 million in development and marketing milestone payments, and royalties for the commercialization of a licensed compound.

"We are pleased that our LFA-1 inhibitor program, which was not receiving any resources by Sunesis for strategic reasons, has found a promising new home and that we will have an opportunity to participate in the program's potential financial upside," said Daniel N. Swisher, Jr., Chief Executive Officer of Sunesis.

"We are fortunate to be able to leverage Sunesis' technological prowess and pioneering work in the identification of potent and selective small molecule anti-inflammatory agents," commented SARcode's cofounders, John Burnier and Tom Gadek.

About Sunesis Pharmaceuticals

Sunesis is a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of novel small molecule therapeutics for oncology and other serious diseases. Sunesis has built a broad product candidate portfolio through internal discovery and in-licensing of novel cancer therapeutics. Sunesis is advancing its product candidates through in-house research and development efforts and strategic collaborations with leading pharmaceutical and biopharmaceutical companies. For additional information on Sunesis Pharmaceuticals, please visit <http://www.sunesis.com>.

Forward-Looking Statements

This press release may contain forward-looking statements that involve substantial risks and uncertainties. Sunesis may not actually achieve the plans, intentions or expectations contained in such forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations contained in such forward-looking statements. Sunesis does not assume any obligation to update any such forward-looking statements. For further information on Sunesis Pharmaceuticals, please visit <http://www.sunesis.com>.

SOURCE Sunesis Pharmaceuticals, Inc.

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