Tanox, Inc.®

Bringing Science to Life™

2006 CORPORATE OVERVIEW

OVERVIEW

Tanox is a biotechnology company specializing in the discovery and development of biotherapeutics utilizing monoclonal antibody technology.

COMMERCIAL PRODUCT

Xolair® (omalizumab)

The company's first-approved drug, Xolair, is the first anti-immunoglobulin E (anti-IgE) antibody to be brought to the market. Xolair achieved 2005 U.S. sales of $320 million. Tanox received royalties, manufacturing-rights payments and profit-sharing revenue ($44.7 million in 2005) from its Xolair alliance with Genentech, Inc. and Novartis Pharma AG. Xolair is approved in nearly 50 countries and marketed in 15.

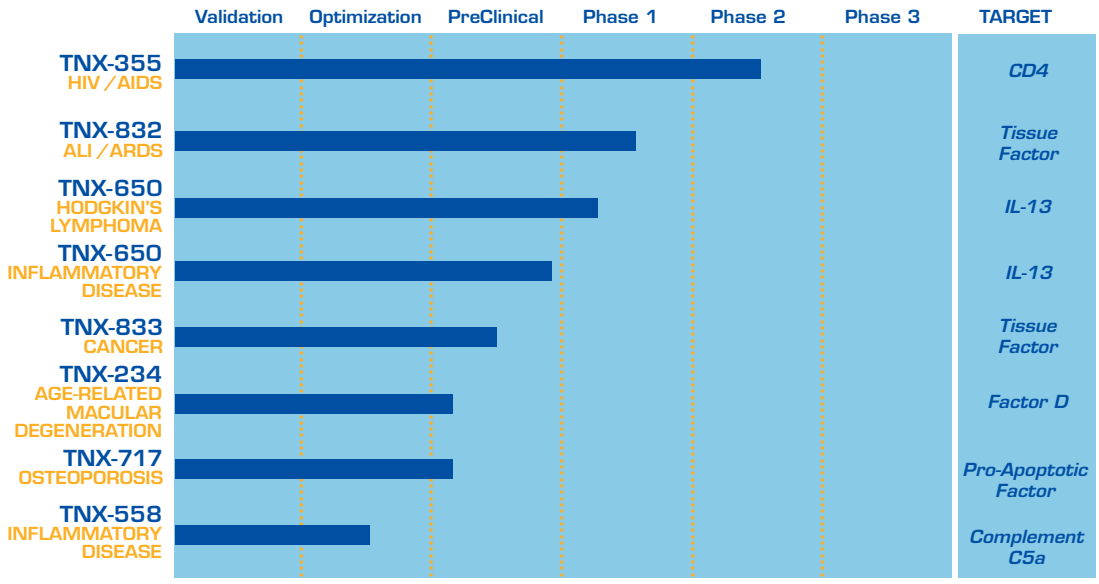
Results of recent Xolair studies were presented at the 2006 meeting of the American Academy of Allergy and Immunology, which detailed improvements in long-term asthma control in patients using Xolair. Novartis is also conducting a Phase 3 clinical trial of Xolair for the treatment of pediatric asthma. Additionally, Genentech is conducting a five-year post-marketing study of Xolair designed to compare the effectiveness and long-term safety profile of patients with mild-to-severe persistent IgE-mediated asthma who have been treated with Xolair, with patients of similar profile, but who have not been treated with Xolair.

BUSINESS STRATEGY

It is the objective of Tanox to become a profitable biopharmaceutical company by developing, manufacturing and marketing monoclonal antibody products. Key aspects of the company's growth strategy include:

- Expanding indications for Xolair
- Establishing proof-of-concept in key pipeline programs
- Advancing its product pipeline to create commercial opportunities
- Forming strategic collaborations to support development and commercialization of its products

DRUG DISCOVERY & DEVELOPMENT PROJECTS



Corporate Offices
Houston, Texas

Manufacturing Facility
San Diego, California

Technology
Monoclonal Antibodies

Leadership
Danong Chen, Ph.D.
President & CEO

Edward Hu
Senior Vice President &
Chief Operating Officer

Bing Yao, Ph.D.
Vice President, Research

Greg Guidroz
Vice President, Finance

Katie-Pat Bowman
Vice President, General
Counsel & Secretary

Brian Kim
Vice President, Quality

Hugo Santos
Vice President, Human Resources

Employees
200

History
Founded in 1986

Stock Data
Public: 2000
NASDAQ: TNOX
52-week Trading Range:
High $21 Low $11.57
Shares Outstanding: 45 million
Market Cap: $563 million
Avg. Daily Vol.: 171,502 shares
As of September 15, 2006

Analyst Coverage
Bear Stearns
CIBC World Markets
First Albany Capital
Global Crown Capital
Lazard Capital Markets
Leerink Swann & Company
Prudential Equity Group
Rodman & Renshaw
Summer Street Capital Partners
As of September 15, 2006

RECENT HIGHLIGHTS

- Presented TNX-355 Phase 2 efficacy and safety data at the International AIDS Conference in August
- Reported second-quarter revenues of $12.7 million
  - Reported second-quarter Xolair royalty revenue of $9.9 million
- Initiated TNX-355 discussions with the Food and Drug Administration

2006 CATALYSTS

- Finalize discussions with FDA regarding further development of TNX-355
- File IND for TNX-650 in an inflammatory-disease indication
- Complete preclinical studies for TNX-833 in cancer
- Advance and expand preclinical programs

CLINICAL CANDIDATES

TNX-355

The company's lead drug candidate, TNX-355, is the most-advanced monoclonal antibody in development for the treatment of HIV. TNX-355 is a humanized monoclonal antibody that is administered intravenously. The drug candidate is part of an emerging class of HIV therapies known as viral-entry inhibitors, but is distinct from other inhibitors in that it binds to CD4 receptors, the primary target of HIV infection.

In 2005, a Phase 2 study of TNX-355 met its primary endpoint of mean viral-load reduction from baseline at 24 weeks.

Results of the Phase 2 study at 48 weeks continued to show that patients who received TNX-355 plus an optimized background regimen (OBR) had a considerably greater reduction in viral load than did patients in the placebo plus OBR group. In addition, the 48-week results showed that patients who received TNX-355 with OBR experienced a significant increase in CD4+ cells compared to patients in the placebo-OBR group.

TNX-832

TNX-832 is in a phase 1/2 clinical trial for the treatment of acute lung injury/acute respiratory distress syndrome. A humanized version of TNX-832 is in preclinical development as a cancer therapy.

TNX-650

TNX-650 is in a Phase 1 trial for the treatment of Hodgkin's lymphoma and is also in preclinical development as an inflammatory-disease treatment.

For more information:
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