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Fate Therapeutics Secures Up to $20 Million in Debt Financing

Strengthened Cash Position Expected to Fund Company Through 2015

SAN DIEGO, July 31, 2014 (GLOBE NEWSWIRE) -- Fate Therapeutics, Inc. (Nasdaq:FATE), a biopharmaceutical company engaged in the discovery and development of adult stem cell modulators to treat orphan diseases, announced today that it has completed a long-term debt financing of up to $20 million with Silicon Valley Bank. The Company has drawn down $10 million, at a fixed interest rate of 6.9%, under the first tranche of the debt facility.

"This debt financing further secures the necessary cash resources to clinically validate our lead product candidate PROHEMA® across multiple disease franchises including adult and pediatric patients with hematologic malignancies and pediatric patients with inherited metabolic disorders," said J. Scott Wolchko, Chief Financial & Operating Officer of Fate Therapeutics, Inc. "The additional capital also enables the Company to invest in, and achieve a number of important milestones in connection with, its pipeline of disease-altering hematopoietic- and muscle-based cellular therapeutics."

Fate Therapeutics is currently enrolling patients in its Phase 2 PUMA study, a randomized, controlled clinical trial that is designed to assess the efficacy and safety of PROHEMA® (16, 16-dimethyl prostaglandin E2, or dmPGE2, modulated cord blood) in adult patients undergoing hematopoietic stem cell transplantation (HSCT) for the treatment of hematologic malignancies. Safety reviews are planned after six and 12 subjects, respectively, have been treated with PROHEMA® in the PUMA study, and the Company intends to provide a clinical update following the completion of these reviews. Full data on the primary efficacy endpoint from the PUMA study are expected in mid-2015. In addition, Fate Therapeutics has received clearance from the U.S. Food and Drug Administration (FDA) to conduct two clinical trials of PROHEMA® in pediatric patients undergoing HSCT. Both the Phase 1b PROMPT study for the treatment of hematologic malignancies and the Phase 1b PROVIDE study for the treatment of inherited metabolic disorders are expected to commence enrollment in the second half of 2014.

"Over the past five years, we have worked closely with Fate Therapeutics, providing capital to support the Company's development of its hematopoietic stem cell modulation platform, and we are pleased to continue this long-standing relationship as the Company advances and expands its clinical development of PROHEMA®," said Michael White, Managing Director, Life Sciences, of Silicon Valley Bank's Southwest Division. "Our dedication to the life science and healthcare sector enables us to put financings in place that our clients, like Fate Therapeutics, need in their pursuit of therapeutics to improve patients' lives."

Proceeds from the transaction will be used for general working capital purposes including the expansion of the Company's research on therapeutic applications of human induced pluripotent stem cell (iPSC)-derived hematopoietic cells and myogenic progenitor cells. Subject to the achievement of a specified clinical milestone relating to the PUMA study, the Company has the option to access a second tranche of up to $10 million through the end of the fourth quarter of 2014. There is no warrant coverage under the first tranche of the debt facility, and 2% warrant coverage on the debt facility in the event the Company elects to access the second tranche. Assuming the full amount of the second tranche is accessed, the total cost of capital of the debt financing is approximately 11.8%, including the cost of the warrants, based on current market valuations.

About Fate Therapeutics, Inc.

Fate Therapeutics is a clinical-stage biopharmaceutical company engaged in the discovery and development of pharmacologic modulators of adult stem cells, including small molecules and therapeutic proteins, to treat orphan diseases. The Company has built two adult stem cell modulation platforms: a hematopoietic stem cell (HSC) modulation platform, which seeks to optimize the therapeutic potential of HSCs for treating patients with hematologic malignancies and rare genetic disorders, and a muscle satellite stem cell modulation platform, which seeks to activate the regenerative capacity of muscle for treating patients with degenerative muscle disorders. The Company is presently advancing its lead HSC product candidate, PROHEMA®, in Phase 2 clinical development for hematologic malignancies, while also advancing its proprietary Wnt7a protein analogs in preclinical development for the treatment of muscular dystrophies. Fate Therapeutics is headquartered in San Diego, CA. For more information, please visit www.fatetherapeutics.com.

Forward-Looking Statements

This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the therapeutic potential of PROHEMA® in adult and pediatric patients with hematologic malignancies and pediatric patients with inherited metabolic disorders, our clinical development plans for PROHEMA®, our

research and development of hematopoietic- and muscle-based cellular therapeutics, the availability of loan funds under our debt facility, the expected use of the loan funds received under the debt facility, and our projected cash runway. These and any other forward-looking statements in this release are based on management's current expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially and adversely from those set forth in or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks that the second tranche of loan funding may become unavailable to us as a result of any events of default or failure by us to satisfy certain requirements under the terms of the debt facility, PROHEMA® may not produce the therapeutic benefits suggested by the results observed in our prior preclinical and clinical development, or may cause other unanticipated adverse effects, the risk of cessation or delay of any ongoing or planned research, preclinical or clinical development activities for a variety of reasons including the uncertainty of the FDA IND review process and other regulatory requirements, additional information that may be requested or additional obligations, including changes to our clinical development plans or protocols, that may be imposed by the FDA as a condition to our initiation or continuation of clinical trials with PROHEMA®, or any adverse events or other negative results that may be observed during development, and the adequacy of available cash and available amounts under our credit facilities to meet our future liquidity needs. For a discussion of other risks and uncertainties, and other important factors, any of which could cause our actual results to differ from those contained in the forward-looking statements, see the risks and uncertainties detailed in the company's periodic filings with the Securities and Exchange Commission, including but not limited to the company's Form 10-Q for the first quarter ended March 31, 2014, and from time to time the company's other investor communications. Fate Therapeutics is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

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