TRACON Pharmaceuticals Announces Positive Results from National Cancer Institute Phase 1/2 Trial of TRC105 and Nexavar® in Hepatocellular Cancer Published in *Clinical Cancer Research*

Overall response rate of 25% by RECIST and median overall survival of 15.5 months exceeds response rate and median overall survival reported in pivotal trials of single agent Nexavar

San Diego, CA – August 16, 2017 – TRACON Pharmaceuticals (NASDAQ:TCON), a clinical stage biopharmaceutical company focused on the development and commercialization of novel targeted therapeutics for cancer, wet age-related macular degeneration and fibrotic diseases, today announced that positive results from the National Cancer Institute (NCI) Phase 1/2 trial of TRC105 and Nexavar® (sorafenib) in hepatocellular cancer (HCC) were published in the August 15 issue of *Clinical Cancer Research* (Volume 23, Issue 16, pages 4633-4641).

The Phase 1b/2 trial enrolled a total of 26 patients with advanced HCC. Patients were dosed at one of four levels of TRC105 (3, 6, 10 and 15 mg/kg every two weeks), and with the standard dose of Nexavar of 400 mg twice daily. The overall response rate (ORR) in the 20 evaluable patients with measurable disease over all four dose levels was 25% (95% CI: 8.7-49.1%) by the Response Evaluation Criteria in Solid Tumors (RECIST), with all responses occurring at the highest two dose levels of TRC105. The ORR in the two highest dose levels of TRC105 was 33%. Four additional patients had confirmed stable disease, one of whom was treated for 22 months. Median progression free survival (PFS) was 3.8 months (95% CI: 3.2-5.6 months) and median overall survival (OS) was 15.5 months (95% CI: 8.5-26.3 months). Nexavar was approved for the treatment of patients with advanced HCC based on median OS of 10.7 months (95% CI: 9.4-13.3 months) versus 7.9 months (95% CI: 6.8-9.1 months) with placebo in the multicenter SHARP trial. The ORR for Nexavar treatment by RECIST in the SHARP trial was 2%.

NCI study researchers concluded that the combination of TRC105 and Nexavar was well-tolerated at the recommended single agent doses of both drugs, and that encouraging evidence of activity was observed. TRACON is currently sponsoring a separate Phase 1/2 multicenter study of TRC105 and Nexavar (ClinicalTrials.gov identifier NCT02560779) to confirm the activity reported by the NCI. The NCI will recruit patients into this multicenter study.

"The final data from the NCI study of TRC105 and Nexavar in HCC published today reinforce the encouraging preliminary data presented previously at ASCO. Collectively, these data suggest that the combination of TRC105 and Nexavar is active in patients with HCC and support the advancement of this combination into further clinical studies," said Charles Theuer, M.D., Ph.D., President and CEO of TRACON. "We expect to report data from the TRACON-sponsored multicenter Phase 1/2 HCC trial in early 2018."

About Carotuximab (TRC105) and other Endoglin Antibodies

TRC105 is a novel, clinical stage antibody to endoglin, a protein overexpressed on proliferating endothelial cells that is essential for angiogenesis, the process of new blood vessel formation. TRC105 is currently being studied in one Phase 3 and multiple Phase 2 clinical trials sponsored by TRACON or the National Cancer Institute for the treatment of solid tumors in combination with VEGF inhibitors. TRC105 has received orphan designation for the treatment of soft tissue sarcoma in both the U.S. and EU. The

ophthalmic formulation of TRC105, DE-122, is currently in a Phase 2 clinical trial for patients with wet AMD. TRC205, a second generation antibody to endoglin, is undergoing preclinical testing in models of fibrosis. For more information about the clinical trials, please visit TRACON's website at www.traconpharma.com/clinical_trials.php.

About TRACON

TRACON develops targeted therapies for cancer, ophthalmic and fibrotic diseases. The Company's clinical-stage pipeline includes: TRC105, an endoglin antibody that is being developed for the treatment of multiple cancers; DE-122, the ophthalmic formulation of TRC105 that is being developed in wet AMD through a collaboration with Santen Pharmaceutical Company Ltd.; TRC102, a small molecule being developed for the treatment of lung cancer and glioblastoma; and TRC253, a small molecule being developed for the treatment of prostate cancer. To learn more about TRACON and its product candidates, visit TRACON's website at www.traconpharma.com.

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding TRACON's plans and timing with respect to its Phase 1/2 clinical trial of TR105 in HCC, the potential of TRC105 as a treatment for HCC, and other development plans and potential benefits of TRACON's product candidates. Forward-looking statements speak only as of the date of this press release and TRACON does not undertake any obligation to update or revise these statements, except as may be required by law. These forward-looking statements are based on management's expectations and assumptions as of the date of this press release and actual results may differ materially from those in these forward-looking statements as a result of various factors. These factors include, but are not limited to, the fact that results of subsequent studies may not be consistent with results of prior studies, TRACON's and NCI's ability to identify and enroll patients in on-going and planned clinical trials, potential delays in completing on-going clinical trials and initiating new clinical trials, whether TRACON's product candidates will be shown to be safe and effective in subsequent studies, and TRACON's and NCI's ability and willingness to fund additional clinical development of TRACON's product candidates. For a further description of these and other risks facing TRACON, please see the risk factors described in TRACON's filings with the United States Securities and Exchange Commission, including those factors discussed under the caption "Risk Factors" in those filings. Forward-looking statements speak only as of the date of this press release and TRACON undertakes no obligation to update or revise these statements, except as may be required by law.

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