



Mustang Bio Reports First Quarter 2017 Financial Results and Recent Corporate Highlights

New York, NY – May 15, 2017 – Mustang Bio, Inc. (“Mustang”), a Fortress Biotech (NASDAQ: FBIO) Company focused on the development of novel immunotherapies based on proprietary chimeric antigen receptor engineered T cell (CAR T) technology, today announced financial results and recent corporate highlights for the quarter ended March 31, 2017.

Dr. Manuel Litchman, President and Chief Executive Officer of Mustang, said, “In the first quarter of 2017, Mustang strengthened our position as an emerging leader in the CAR T field with key milestones that will enable us to advance the development of meaningful therapies. From October 2016 to March 2017, we secured roughly \$95.0 million in private placement financings to support the clinical progress of our lead CAR T therapies, MB-101 and MB-102, and our expansion into new CAR Ts and therapeutic indications. In addition, we entered into strategic licensing agreements that will allow us to build out our cancer detection and targeting applications. I was thrilled to join the team in April, and look forward to continuing to deliver on milestones that validate Mustang’s therapeutic potential.”

Financial Results:

- As of March 31, 2017, Mustang’s cash totaled \$75.0 million compared to \$27.5 million at December 31, 2016, an increase of \$47.5 million for the quarter.
- Research and development expenses were \$0.7 million for the first quarter of 2017, compared to \$0.6 million for the first quarter of 2016.
- Research and development expenses from license acquisitions totaled \$0.6 million for the first quarter of 2017, compared to \$0 for the first quarter of 2016.
- General and administrative expenses were \$2.0 million for the first quarter of 2017, compared to \$0.3 million for the first quarter of 2016.
- Net loss attributable to common stockholders was \$3.2 million, or \$0.14 per share, for the first quarter of 2017. This compares to a net loss attributable to common stockholders of \$0.9 million, or \$0.09 per share, for the first quarter of 2016.

Recent Corporate Highlights:

- From October 2016 to March 2017, Mustang closed on a total of approximately \$95.0 million in private placement financings, prior to fees and expenses.
- In February 2017, Mustang entered into three amended and restated exclusive patent license agreements with City of Hope (“COH”) related to Mustang’s lead therapies IL13R α 2-specific CAR (MB-101) and CD123 CAR (MB-102), and to spacer technology to be used in the development of CAR T treatments. These agreements amended and replaced an original patent license agreement between Mustang and COH related to IL13R α 2, CD123 and spacer technology.
- Also in February 2017, Mustang entered into an exclusive license agreement with COH to acquire intellectual property rights in patent applications related to the intraventricular and intracerebroventricular methods of delivering T cells that express CARs.
- In March 2017, Mustang entered into an exclusive license agreement to acquire intellectual property rights in patent applications related to engineered anti-prostate stem cell antigen antibodies for cancer detection and targeting.
- In April 2017, Mustang appointed Dr. Litchman as President and Chief Executive Officer, as well as a member of the Board of Directors.

About Mustang Bio

Mustang Bio, Inc., a subsidiary of Fortress Biotech, Inc., is a clinical-stage biopharmaceutical company focused on the development and commercialization of novel cancer immunotherapy products designed to leverage the patient's own immune system to eliminate cancer cells. Mustang aims to acquire rights to these technologies by licensing or otherwise acquiring an ownership interest, funding research and development, and outlicensing or bringing the technologies to market. Mustang is currently developing proprietary chimeric antigen receptor (CAR) engineered T cell (CAR T) technology, which was licensed from Drs. Stephen Forman and Christine Brown's laboratory at the City of Hope National Medical Center ("COH"). Mustang and COH have established a research agreement to develop CARs across multiple cancers. Mustang's lead programs are in Phase 1 trials at COH: MB-101 for the treatment of brain cancer, and MB-102 as a therapeutic agent in acute myeloid leukemia. Mustang is registered under the Securities Exchange Act of 1934, as amended, and files periodic reports with the U.S. Securities and Exchange Commission. For more information, visit www.mustangbio.com.

About Fortress Biotech

Fortress Biotech, Inc. ("Fortress") is a biopharmaceutical company dedicated to acquiring, developing and commercializing novel pharmaceutical and biotechnology products. Fortress develops and commercializes products both within Fortress and through certain of its subsidiary companies, also known as Fortress Companies. In addition to its internal development programs, Fortress leverages its biopharmaceutical business expertise and drug development capabilities and provides funding and management services to help the Fortress Companies achieve their goals. Fortress and the Fortress Companies may seek licensings, acquisitions, partnerships, joint ventures and/or public and private financings to accelerate and provide additional funding to support their research and development programs. For more information, visit www.fortressbiotech.com.

Forward-Looking Statements

This press release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, each as amended. Such statements include, but are not limited to, any statements relating to our growth strategy and product development programs and any other statements that are not historical facts. Forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could negatively affect our business, operating results, financial condition and stock value. Factors that could cause actual results to differ materially from those currently anticipated include: risks relating to our growth strategy; risks relating to the results of research and development activities; risks relating to the timing of starting and completing clinical trials; our ability to obtain, perform under and maintain financing and strategic agreements and relationships; uncertainties relating to preclinical and clinical testing; our dependence on third-party suppliers; our ability to attract, integrate and retain key personnel; the early stage of products under development; our need for substantial additional funds; government regulation; patent and intellectual property matters; competition; as well as other risks described in our SEC filings. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as required by law.

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MUSTANG BIO, INC.
UNAUDITED CONDENSED BALANCE SHEETS
(\$ in thousands, except for share and per share amounts)

| | <u>March 31, 2017</u> | <u>December 31, 2016</u> |
|--|---------------------------|------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 75,010 | \$ 27,499 |
| Prepaid expenses | 15 | - |
| Total current assets | <u>75,025</u> | <u>27,499</u> |
| Total Assets | <u>\$ 75,025</u> | <u>\$ 27,499</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 766 | \$ 683 |
| Common shares issuable liability | - | 1,682 |
| Accrued expenses - related party | 15 | 125 |
| Accrued interest - related party | 2 | 413 |
| Notes payable - related party | 28 | 320 |
| Total current liabilities | <u>811</u> | <u>3,223</u> |
| Total Liabilities | <u>811</u> | <u>3,223</u> |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Preferred stock (\$0.0001 par value), 2,000,000 shares authorized, 250,000 shares of Class A preferred stock issued and outstanding as of March 31, 2017 and December 31, 2016, respectively | - | - |
| Common Stock (\$0.0001 par value), 50,000,000 shares authorized | - | - |
| Class A common shares, 1,000,000 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively | - | - |
| Common shares, 25,041,889 and 15,165,244 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively | 3 | 2 |
| Common stock issuable, 0 and 767,264 shares as of March 31, 2017 and December 31, 2016, respectively | - | 4,396 |
| Additional paid-in capital | 94,549 | 36,998 |
| Accumulated deficit | <u>(20,338)</u> | <u>(17,120)</u> |
| Total Stockholders' Equity | <u>74,214</u> | <u>24,276</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 75,025</u> | <u>\$ 27,499</u> |

MUSTANG BIO, INC.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS
(\$ in thousands, except for share and per share amounts)

| | For the three months ended March 31, | |
|---|---|------------------------|
| | 2017 | 2016 |
| Operating expenses: | | |
| Research and development | \$ 706 | \$ 567 |
| Research and development – licenses acquired | 575 | - |
| General and administrative | 2,025 | 255 |
| Loss from operations | <u>(3,306)</u> | <u>(822)</u> |
| Other income (expense) | | |
| Interest income | 90 | - |
| Interest expense - related party | (2) | (81) |
| Total other income (expense) | <u>88</u> | <u>(81)</u> |
| Net Loss | <u>\$ (3,218)</u> | <u>\$ (903)</u> |
| Net loss per common share outstanding, basic and diluted | <u>\$ (0.14)</u> | <u>\$ (0.09)</u> |
| Weighted average number of common shares outstanding, basic and diluted | <u>22,401,000</u> | <u>10,052,198</u> |