

**Press release**

**Covagen adds new investor to financing round and advances novel protein scaffold technology in inflammation and oncology**

*Zurich, Switzerland, October 5, 2009*

Covagen, an ETH Zurich spin-off company pioneering the development of a novel class of protein therapeutics (Fynomers), announced today the closing of a financing round with its existing shareholder Novartis Venture Fund and MP Healthcare Venture Management, Inc. (MPH) joining as a new investor. This closing allows Covagen to further develop its Fynomer technology platform and to generate key proof of principle data for its lead drug candidate, an IL-17 inhibitor for the treatment of multiple inflammatory diseases.

"We are looking forward to having MPH as investor, and are very pleased that Covagen is backed by two experienced venture capital firms", said Julian Bertschinger, Chief Executive Officer of Covagen.

MPH is a corporate venture capital firm based in Boston (US) and is a jointly owned subsidiary of Mitsubishi Tanabe Pharma Corporation (MTPC) and Mitsubishi Chemical Holdings Corporation (MCHC). "After an extensive review of many opportunities in the next generation biotherapeutics sector, it was clear that Covagen's Fynomer technology shows great promise as a new scaffold, and its management team is able to move their programs forward very effectively", stated Jeffrey Moore, Vice President of MPH.

"Covagen has made great progress developing their protein scaffold technology platform, and the financing will enable the company to pursue Fynomers against additional targets", says Anja König from the Novartis Venture Fund. "We are very excited to welcome MPH to the investor syndicate."

*For further details, please contact:*

Covagen AG

Dr. Julian Bertschinger, CEO

Tel: +41 (0) 44 635 60 33

[julian.bertschinger@covagen.com](mailto:julian.bertschinger@covagen.com)

***About Covagen:***

Covagen develops next generation protein drugs for the treatment of inflammatory diseases and cancer by using its proprietary protein engineering technology, which has been developed at ETH Zurich (Switzerland). Covagen's innovative platform comprises the recently developed Covalent DNA Display technology and a novel single domain protein scaffold, which - in analogy to antibodies - can be engineered to yield high affinity binding proteins called Fynomers that can be used for therapeutic applications. In addition, the modular structure of Covagen's Fynomers and its favorable biophysical properties potentially allow for treatment modalities that are difficult or impossible to be exploited with antibodies. For more information, please visit [www.covagen.com](http://www.covagen.com).

***About MPH:***

MP Healthcare Venture Management, Inc. (MPH) is a life sciences venture capital firm, investing in innovative companies developing novel therapeutics, platform technologies, vaccines and diagnostics. MPH invests in seed to late stage private companies, and investment is not limited by geographic region. MPH is a jointly owned subsidiary of Mitsubishi Tanabe Pharma Corporation (MTPC) and Mitsubishi Chemical Holdings Corporation (MCHC). For more information, please visit <http://www.mp-healthcare.com>.

***About Novartis Venture Fund:***

Novartis Venture Fund manages currently more than USD 750 mio, making it one of the world's largest corporate biotech venture funds. Novartis Venture Fund has investment teams in Basel (Switzerland) and Boston (US), which oversee investments in over 50 companies. Novartis Venture Fund primarily focuses its investment activity on novel therapeutics and platforms, but is also active in the area of medical devices, diagnostics or delivery systems. For more information, please visit <http://www.venturefund.novartis.com>.