

**Press release**

**Covagen adds Ventech to investor syndicate and further strengthens its Scientific Advisory Board**

*Zurich, Switzerland, December 1, 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 Ventech joining as a new investor.

“We are very pleased that we could attract an additional internationally renowned venture firm to invest into Covagen. The additional funding provided by Ventech validates the interest in our technology and discovery projects and will allow us to accelerate to progress into development”, said Dr. Julian Bertschinger, Chief Executive Officer of Covagen. Dr. Karl Nägler of Ventech, who will join Covagen’s Board, added: “There continues to be significant interest in small binding proteins and we are convinced that Covagen is best positioned to fulfill the demand for differentiated pharmacology based on the versatility of its Fynomer platform.”

Covagen also announced today that it has further strengthened its Scientific Advisory Board, which will be expanded by two industry experts with strong background in inflammation and oncology.

Prof. Christoph Lengauer is VP & Global Head of Oncology, Discovery Research at sanofi-aventis. Before joining sanofi-aventis, he was Executive Director & Senior Unit Head Oncology Discovery at the Novartis Institutes for Biomedical Research (NIBR). In 2007, he received the Top Innovator – Novartis Oncology President’s Award. Prior to Novartis, Dr. Lengauer served as Associate Professor of Oncology at the Sidney Kimmel Comprehensive Cancer Center at Johns Hopkins University in Baltimore (USA).

Dr. Lengauer studied Human Genetics in Salzburg, Austria, and obtained his Ph.D. in 1992 from the University of Heidelberg, Germany. He did his postdoctoral research at the Research Institute of Molecular Pathology (IMP) in Vienna and then in the laboratory of Profs. Bert Vogelstein & Ken Kinzler at the Johns Hopkins University School of Medicine in Baltimore. Dr. Lengauer is lead author of several scientific articles that have been published in highly esteemed journals such as Nature and Science.

“Covagen has recently made substantial progress towards validating the full potential of its technology”, said Dr. Lengauer. “I feel honored for being chosen to support the company at this interesting stage of its development.”

Dr. Christoph Heusser served as Head of Biologics in Anti-inflammatory Diseases & Transplantation Research at NIBR and member of the Biologic Advisory Board at Novartis until his retirement in November 2009. Previously, he was Head of the Immunology Section at Ciba and later at Novartis with a focus on therapeutic antibodies. Dr. Heusser studied biochemistry at the Swiss Federal Institute of Technology, Zürich. After obtaining his PhD in 1974 at the University of Lausanne and Swiss Federal Institute of Technology, Dr. Heusser worked at the Department of Medicine, Allergy and Clinical Immunology Section, at the Denver Medical Center as a postdoctoral fellow, and in 1976, he became a member of the Basel Institute of Immunology. In 1979, Dr. Heusser joined Ciba-Geigy, which later became Novartis, where he introduced the concept of using anti-IgE antibodies for the treatment of rhinitis and allergic asthma. This work formed the basis for the clinical development of Xolair (Novartis/Genentech) which was approved by the FDA in 2003.

“I think that the Fynomer technology is very exciting”, said Dr. Heusser. “I am looking forward to helping Covagen’s team to bring their promising Fynomer drug candidates through preclinical to clinical development.”

“We are very proud that we were able to attract Dr. Heusser and Dr. Lengauer to our Scientific Advisory Board”, added Dr. Julian Bertschinger. “They will be very valuable for the further development of Covagen.”

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***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 <http://www.covagen.com>.

***About Ventech:***

Ventech is a venture capital firm with more than USD 540 mio under management. Created 10 years ago, Ventech invests in innovative companies in both the Information Technology and Life Science sectors. Originally based in Paris, Ventech is now also present in China. In the Life Science sector, the objective is to invest primarily in Europe and the US with a specific focus towards drug discovery, diagnostics and medical device technologies. More information is available at <http://www.ventechvc.com>.