

Covagen enters into a strategic research collaboration and license agreement with Mitsubishi Tanabe for the development of bispecific FynomAbs

ZURICH-SCHLIEREN, Switzerland, Oct. 17, 2012 - Covagen announced today that it has entered into a strategic research collaboration and license agreement with Mitsubishi Tanabe Pharma Corporation (Osaka, Japan) and its fully owned subsidiary Tanabe Research Laboratories U.S.A., Inc. of San Diego Calif. (TRL). Under the agreement, Covagen will use its proprietary Fynomer-antibody platform to generate bispecific proteins (FynomAbs) against two target pairs selected by TRL and Mitsubishi Tanabe. Fynomers are small binding proteins that can be engineered to bind to any antigen of interest. Because of their excellent biophysical properties, Fynomers can be readily fused to therapeutic proteins such as antibodies to create bispecific FynomAbs.

For the global, exclusive rights to bispecific FynomAbs against one target pair, Mitsubishi Tanabe will pay to Covagen EUR 4.0 million upfront. Under the agreement, Mitsubishi Tanabe will fund all research activities and be solely responsible for the development, manufacturing and global commercialization activities. Upon achievement of certain research, development and regulatory milestones, Covagen will be entitled to receive payments of up to EUR 108.25 million for FynomAbs against the first target pair as well as tiered royalties on worldwide net sales of products resulting from the collaboration. Financial terms are substantially similar for FynomAbs addressing the second target pair which TRL and Mitsubishi Tanabe have the option to select.

"This collaboration agreement is an important milestone for Covagen as we develop our unique Fynomer technology and advance bispecific therapeutic FynomAbs in collaboration and in our own therapeutic pipeline", said Julian Bertschinger, Ph.D., chief executive officer of Covagen. "Bispecific therapeutic compounds have enormous potential in the treatment of many types of diseases and this collaboration is an important validation of our pioneering work in this field."

Dragan Grabulovski, Ph.D., chief scientific officer of Covagen, added: "This agreement underlines the value of our FynomAb platform as a source of innovative bispecific biologics with excellent biophysical properties and positions our company as a highly attractive partner for the development of next generation biotherapeutics."

Roland Newman, Ph.D., chief scientific officer of TRL, said: "This collaboration with Covagen will allow TRL and Mitsubishi Tanabe to bring a new generation of biologics with

novel mechanisms to physicians and their patients. We anticipate an exciting and fruitful relationship with Covagen utilizing their bispecific FynomAb technology and their extensive expertise in this area.”

About Covagen: [Covagen](#) is a privately held company pioneering the commercialization of Fynomers and bispecific Fynomer-antibody fusions (FynomAbs) as next generation protein drugs to address unmet medical needs in inflammatory diseases and cancer. Fynomers are small binding proteins that can be engineered to bind to any antigen of interest. Because of their excellent biophysical properties, Fynomers can be readily fused to therapeutic proteins such as antibodies to create bispecific FynomAbs. FynomAbs have novel modes of action as they can engage simultaneously with multiple antigens or multiple binding sites on the same target. At the same time, FynomAbs maintain the advantageous drug-like properties of antibodies such as excellent stability and long half-life.

About Mitsubishi Tanabe Pharma Corporation: [Mitsubishi Tanabe Pharma Corporation](#) is a research-driven pharmaceutical company based in Osaka. Our philosophy states that "We contribute to the healthier lives of people around the world through the creation of pharmaceuticals." In accordance with this philosophy, we strive to continually discover drugs with new value and to provide those drugs to patients around the world. Mitsubishi Tanabe Pharma is taking on the challenge of drug discovery in the fields of autoimmune disorders, diabetes, and renal diseases, as well as in other fields with high levels of unmet medical needs. To that end, the Company is strengthening its R&D pipeline.

About Tanabe Research Laboratories (TRL): [TRL](#) is an independent subsidiary of Mitsubishi Tanabe Pharma Corporation located in San Diego California, whose role is to discover and develop potential biological drug candidates for therapy. Currently, TRL's efforts are directed towards antibody and antibody related research to target specific immune cells and/or soluble factors. TRL is establishing collaborative relationships with other companies and academic research organizations to further its goals of identifying preclinical lead compounds for therapeutic development.

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For more information, please visit www.covagen.com.

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