

**DECLARATION OF COMPLIANCE 2010
WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO
SECTION 161 PARAGRAPH 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG)**

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The Executive Board and the Supervisory Board of Epigenomics AG hereby declare that since the last declaration of compliance in December 2009, Epigenomics AG has complied with the recommendations of the German Government Commission on the German Corporate Governance Code in the version of June 18, 2009 and May 26, 2010, respectively, and will comply in the future with the recommendations of the German Government Commission on the German Corporate Governance Code in the version of May 26, 2010, in each case with the following exemptions, partly due to specific corporate particularities. The declaration for the period after the last declaration of compliance until July 1, 2010, is based on the German Corporate Governance Code (hereinafter also "DCGK") in the version of June 18, 2009 ("Code 2009"). For the Corporate Governance Code practice of Epigenomics AG since July 2, 2010, the declaration refers to the recommendations of the German Corporate Government Code in the version of May 26, 2010 ("Code 2010"), which was published in the electronic Federal Gazette ("Elektronischer Bundesanzeiger") on July 2, 2010.

Section 2.3.2

The Company could not and cannot comply with the recommendation to send notification of the convening of the Annual General Shareholders' Meeting with the convention documents to all domestic and foreign financial services providers, shareholders, and associations of shareholders by electronic means, if the approval requirements are fulfilled. Due to the existing free float of shares, a sufficiently secured identification and addressing of all shareholders cannot be assured. However, irrespective of the notification pursuant to Section 125 AktG, the Company transmits these documents upon request by electronic means for informational purposes.

Section 3.8 Paragraph 2 and 3

The D&O (directors' & officers') liability insurance taken out by Epigenomics AG for its Executive Board and Supervisory Board members includes a deductible. However, we think a deductible is not a precondition for responsible management; responsible management rather is a self-evident duty of all Executive and Supervisory Board members.

- Therefore, an amount of a deductible of at least 10% of a damage at least up to the amount of one-and-a-half times the fixed annual compensation of the Executive Board members pursuant to Section 3.8 paragraph 2 of the Code 2009 was for us no matter of particular interest. Therefore, we did not comply with the recommendation in Section 3.8 paragraph 2. Epigenomics AG does not intend to amend its current D&O insurance agreements for Executive Board members. An adjustment of the insurance agreements for Executive Board members will take place according to the current statutory regulation regarding the deductibles in consideration of the respective transitional provisions for the period after expiration of the particular existing service contract of the Executive Board members.
- For the same reason, we did not and do not comply with the recommendation in Section 3.8 paragraph 3 regarding the agreement of a respective self-contribution amount in the D&O insurance policy for Supervisory Board members.

Section 4.1.5

Regarding the occupation of the leadership positions in the company the Executive Board considers the company-specific situations as well as an appropriate diversity. We are convinced that flat requirements for the selection of suitable candidates constraints the Executive Board inadequately.

Section 4.2.3 Paragraph 2 and 3

At the time of this declaration and also in the past, the service contracts of the Executive Board members of Epigenomics AG do not and did not stipulate a multi-year assessment basis for variable compensation components and take and took neither positive nor negative developments into account when determining variable compensation components. Therefore, the stock options granted to Executive Board members in the past were not related to demanding, relevant comparison parameters. With respect to the existing deviation from the Code for the reporting period, we considered and consider that referring to comparison parameters does not improve the responsibility and the motivation of the Executive Board members and that a possibility of limitation (cap) is not necessary due to the structure of the existing stock option programs. With regard to the period after the publication of the Code 2009 and of the Code 2010 the deviation is therein justified, that the existing service contracts of the Executive Board members have been already signed before the Code 2009 and before the Code 2010 respectively as well as the new statutory provisions came into effect and hence do not reflect the recommendations in Section 4.2.3 of the Code 2009 and of the Code 2010, and the new statutory provisions regarding the implementation of variable compensation components. Therefore, Epigenomics AG has to implement the new statutory regulations for Executive Board members only in case of an amendment of the existing compensation components. In case of a future decision on the Executive Board compensation, the Supervisory Board will, as a matter of course, follow the new statutory regulations as well as the recommendations of the Code 2010 and will thereby decide upon a future compliance with the recommendations of the Code for variable compensation components.

Section 4.2.3 Paragraph 4 and 5

The service contracts with Executive Board members of Epigenomics AG do not include a redundancy cap in case of a premature extraordinary termination due to a change of control pursuant to Section 4.2.3 paragraph 4 and 5. In case of such an extraordinary termination, the payout of the basic compensation for the remaining period is provided. An agreement of a redundancy cap would be contradictory to the nature of a service contract which is regularly concluded for the term of appointment and could potentially not accommodate sufficiently for the concrete circumstances in a change of control case. Accordingly, we did not and will not comply with the recommendation in Section 4.2.3 paragraph 5.

Section 5.3.2, Sentence 2

With respect to the composition of the Audit Committee, the Supervisory Board emphasizes an appropriate qualification of all members of the Audit Committee in order to implement and execute properly all duties and responsibilities, which were assigned to the Audit Committee by the Supervisory Board. Furthermore, the Supervisory Board emphasizes that at least one of the Committee members has specialist knowledge and experience in the application of accounting principles and internal control processes. In order to provide equal treatment for all members of the Committee, especially with regard to the number of additional tasks of the chairman of the Committee, the Supervisory Board introduced a rotation system regarding the chairmanship. Until December 31, 2008, the chairman of the Committee met the special requirements for a professional qualification. Due to the rotation system, the chairmanship changed on January 1, 2009. Since then, the chairman of the Committee was not and is not the person, who meets the special requirements for a professional qualification. Accordingly, the Supervisory Board did not and does not comply with the recommendation in Section 5.3.2, sentence 2, that the chairman of the Audit Committee must have specialist knowledge and experience in the application of accounting principles and internal control processes. This will be warranted by the rotation system starting as of January 1, 2011. At this time there are no plans to an extraordinary recomposition of the Audit Committee

Section 5.3.3

The Supervisory Board took and takes the view that the requirement to form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the Annual General Shareholders' Meeting is not necessary with regard to the size of the Company. This task has been addressed amongst others to the Company's Personnel and Compensation Committee.

Section 5.1.2 Paragraph 1 and 2 and Section 5.4.1

In the past the Supervisory Board and Executive Board has respected for the filing of its members the company-specific situation, potential conflicts of its interests as well as the international activities of the company through an appropriate diversity.

Deviating from the revised recommendations in Section 5.1.2 paragraph 2 as well as the rewritten recommendations in Section 5.4.1 paragraph 2 we consider the commitment to institute special age limits for members of the Executive Board and Supervisory Board as an inadequate limitation of the voting rights our shareholders.

In addition, we are convinced that flat requirements for the composition of the Executive Board as requested in Section 5.1.2 paragraph 1 constrain the Supervisory Board inadequately for its selection of suitable members of the Executive Board. Same shall apply for the flat requirements of the composition of the Supervisory Board as requested in Section 5.4.1 paragraph 2 and paragraph 3. We are basically convinced that these requirements are an inadequate limitation of the single selection of suitable candidates for the Supervisory Board. Notwithstanding, such target influences the voting right from our shareholders inadequately.

Accordingly, we did not and will not comply with these recommendations of the DCGK.

Section 5.4.3, Sentence 3

We do not comply with the recommendation to communicate the nominee proposals for the Supervisory Board chairmanship to the shareholders. As pursuant to Section 10 paragraph 4 of the Company's Articles of Association, the Supervisory Board itself elects among its members a chairperson. According to Section 2 paragraph 1, sentence 2 of the Rules of Procedure of the Supervisory Board, the election of the chairperson shall take place subsequent to the Annual General Shareholders' Meeting in which at least one new member of the Supervisory Board has been elected, in a meeting to be held without specific convocation. As a consequence, a previous announcement of the nominee proposals cannot be realized. Accordingly, Epigenomics AG did not and will not comply with the recommendation in Section 5.4.3, sentence 3.

Section 5.4.5, Sentence 2

The Supervisory Board cannot comply with the recommendation in Section 5.4.5, sentence 2 of the Code 2009, that one Supervisory Board member which is an executive board member of a publicly quoted company, should not hold more than three supervisory board mandates in publicly quoted, non-group companies or in supervisory bodies of companies with similar requirements. The Supervisory Board considers an adequate limitation of the number of mandates as not necessary, as long as each Supervisory Board member has sufficient time to pursue the duties of his/her mandates. Accordingly, Epigenomics AG did not and will not comply with the recommendation in Section 5.4.5, sentence 2 of the Code 2009 and of the Code 2010, as long as it is ensured, that all Supervisory Board members have sufficient time to pursue the duties of their mandates.

Section 5.4.6 Paragraph 1, Sentence 3

The Company adheres to the recommendation concerning compensation for Supervisory Board activities and committee activities for the Supervisory Board with the exception that there will be a separate compensation for the committee chairmanship only but not just for the mere membership in a committee. Since the committee activities are evenly distributed among the members of the Supervisory Board, a separate compensation appears not necessary regarding the bare membership in committees. Accordingly, we did not and will not comply with the recommendation in Section 5.4.6 paragraph 1, sentence 3.

Section 5.4.6 Paragraph 2

The compensation of the Supervisory Board members does not include a performance-related component. In our opinion a performance-related compensation would not lead to an additional incentive or an increase in motivation. Accordingly, we did not and will not comply with the recommendation in Section 5.4.6 paragraph 2. The adoption of performance-related compensation components in the future shall be subject of a future decision of the Annual General Shareholders' Meeting, as the case may be.

Section 7.1.2 Sentence 3

Due to the change in the Executive Board as of April 1, 2011 Epigenomics AG will publish its Consolidated Financial Statements 2010 on April 7, 2011. Accordingly, we did not comply with the recommendation in Section 7.1.2 sentence 3 that the Consolidated Financial Statements shall be published within 90 days of the end of the financial year. In the following years we will comply with the recommendation in Section 7.1.2 sentence 3.

Berlin, March 2011

On behalf of the Supervisory Board:

On behalf of the Executive Board:

Prof. Dr. Dr. Rolf Krebs
(Chairman of the Supervisory Board)

Geert Walther Nygaard
(CEO)

Oliver Schacht, Ph.D.
(CFO)