



7:00AM 2006.10.26 (GMT+1)

## **Hugin Ad hoc announcement according to § 15 WpHG:**

### **Misc. strategic decisions:**

### **Epigenomics AG: Focus on late stage product development**

- Berlin operations streamlined - workforce reduced by 34 positions
- Business strategy unchanged - focus on key value drivers

*Berlin, Germany and Seattle, WA, USA* - Epigenomics AG (Frankfurt, Prime Standard: ECX), a German listed biotech company focusing on molecular diagnostics, today announced that it has completed an internal review of current operations in the context of its defined business strategy. To maximize its future growth potential and to enforce financial discipline, Epigenomics will focus its product development efforts entirely on later-stage programs in oncology, which are the company's key value drivers and greatest commercial opportunities. The partnership with Roche Diagnostics will not be affected by this measure. New clinical data from the colorectal and prostate cancer screening programs of this collaboration are expected in December as planned.

As a consequence, several early-stage research projects in disease indications outside of oncology as well as internal biomarker discovery work in some cancer indications will be scaled down, delayed or halted altogether. Epigenomics will also discontinue its clinical solutions service offering "EpiTrial" and streamline its operations accordingly. Epigenomics will continue to offer biomarker collaborations to pharmaceutical and biotech companies.

As part of the overall shift towards later-stage product development, Epigenomics will scale back its research and technology development operations and software development / IT efforts, as well as adjust administrative functions in its Berlin headquarters. As a result, Epigenomics will reduce its Berlin-based workforce by 34 positions to 78 by the end of the first quarter of 2007. The Berlin based tissue test development will not be affected by this measure. After the restructuring, Epigenomics will employ a total of 118 staff at its locations in Berlin and Seattle. Annual cost savings of about 3 million euros are expected from these measures.

**### END OF AD HOC ###**

"With this painful but necessary step we have underscored Epigenomics' focus on molecular diagnostics products based on our DNA methylation technology. We plan to continue with all our late-stage development programs, both partnered and internal" commented Christian Piepenbrock, COO. "While our business strategy remains unchanged, we have recognized a need for much more focus on our most advanced programs with commercialisation close ahead and we intend to apply our resources accordingly. "

Epigenomics' defined business strategy covers two complementary core business areas. In cooperation with industry partners, the company develops diagnostic screening tests for the early detection of cancer. Based on blood samples, these tests are aimed at finding colorectal, prostate, breast and lung cancer at an early stage before symptoms occur. A strong focus is on colorectal cancer detection, for which the company has entered into a global development, marketing and sales partnership with Roche Diagnostics. This program is on track with new



data from a blinded clinical study expected in December 2006. Further development programs for prostate and breast cancer are also partnered with Roche Diagnostics. Epigenomics develops all blood-based tests at its US development site in Seattle, USA, which is not at all affected by the restructuring.

As a second core business area located in Berlin, Epigenomics develops tissue-based prognostic tests for prostate and breast cancer patients. With a strong focus on prostate cancer applications, these tests are developed in strategic partnerships with Qiagen (pre-analytics) and Affymetrix (diagnostic device platform). In this area Epigenomics retains the flexibility to decide on potential partnerships for marketing and sales.

"Epigenomics' equity story has been crystallized and underscored by this coherent package of re-organizing, focusing on and pursuing major product opportunities in colon cancer early detection and prostate cancer prognosis. The announced strategy alignment allows us to fully explore our growth potentials and will strengthen us for the challenges of the upcoming commercialisation of our most promising development projects." added Oliver Schacht, the company's CFO.

#### **Note to the media:**

In a conference call for financial analysts and media representatives today, Epigenomics' executive board will comment on the measures taken to focus the company and restructure the Berlin site and will be available for questions.

#### **Conference call details:**

Date/Time: October 26, 2006 / 3 pm CET / 15:00 MEZ  
Dial-in Germany: +49(0) 6103 485 3001  
Dial-in USA: +1 480 293 1744

The conference call will be recorded and afterwards made available at the download section on our website.

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#### **About Epigenomics**

Epigenomics is a molecular diagnostic company with a focus on the development of novel products for cancer. Using DNA methylation markers, Epigenomics' tests can potentially diagnose disease at an early stage and help guide physicians to select an appropriate therapy. Epigenomics collaborates with Roche Diagnostics on the development of several diagnostic products for the early detection of colon, prostate and breast cancer. Epigenomics also works with Qiagen (pre-analytics) and Affymetrix (diagnostic platform) as strategic partners for its molecular pathology products. The company has its headquarters in Berlin, Germany, and a wholly owned subsidiary in Seattle, USA. For more information, please visit Epigenomics' website at [www.epigenomics.com](http://www.epigenomics.com).

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