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## **DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 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 statement of compliance in December 2005, Epigenomics AG has complied with the recommendations of the German Government Commission on the Corporate Governance Code in the version of June 2, 2005 and July 12, 2006, respectively, and will comply with the recommendations of the German Government Commission on the Corporate Governance Code in the version of July 12, 2006, with the following exemptions, partly due to specific corporate particularities:

### **Section 3.8 Paragraph 2.**

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 board members. Therefore, the "adequacy" of the amount of a deductible is not of particular importance. Accordingly, we did not and will not comply with the recommendation in Section 3.8. paragraph 2 regarding the adequacy of the deductible.

### **Section 4.2.3 Paragraph 3.**

The stock options granted to Executive Board members in the past were not related to relevant comparison parameters. With regard to existing stock option programs a retroactive change of performance targets is not excluded, and for extraordinary, unforeseen developments a possibility of limitation (cap) has not been agreed upon. We think that the responsibility and motivation of Executive Board members are not improved by referring to comparison parameters and that a possibility of limitation (cap) is not necessary due to the structure of the existing stock option programs. Therefore, the aforementioned recommendations pursuant to Section 4.2.3 paragraph 3 of the Code were not adhered to with regard to stock options granted in the past and with regard to existing stock option programs and will not be complied with.

### **Section 5.1.2 Paragraph 2.**

An age limit for members of the Executive Board has not been specified. Such a general limit could restrict the members of the Supervisory Board in their selection of particularly qualified and experienced candidates. From our point of view, age is not necessarily an adequate criterion for the disqualification of candidates. Furthermore, the age structure of the Executive Board does not suggest the adoption of an age limit within the foreseeable future. Accordingly, we did not and will not comply with the recommendation in Section 5.1.2 paragraph 2 regarding an age limit for members of the Executive Board.

### **Section 5.4.1**

Due to the aforementioned reasons, an age limit for members of the Supervisory Board has neither been specified. An age limit would inappropriately narrow the shareholders' right to elect the members of the Supervisory Board. Accordingly, we did not and will not comply with the recommendation in Section 5.4.1 sentence 2 regarding an age limit for members of the Supervisory Board.

### **Section 5.4.7 Paragraph 1.**

The Company adheres to the recommendation in Section 5.4.7 paragraph 1 concerning compensation for committee work with the exception that there will be no separate compensation for the mere membership in committees apart from presidency. Since the committee work is evenly distributed among the members of the Supervisory Board, a differentiated compensation appears not necessary regarding the bare membership in committees.

### **Section 5.4.7 Paragraph 2.**

The compensation of the Supervisory Board members contains no performance-related component. A performance-related compensation would not lead to an additional increase in incentive or motivation. 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.

*Berlin, December 2006*

*The Management Board*

*The Supervisory Board*