

Please note: translation is provided for informational purposes only.

**DECLARATION OF COMPLIANCE 2012
WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO
SECTION 161 PARAGRAPH 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG)**

The Executive Board and the Supervisory Board of Epigenomics AG hereby declare that, since the last declaration of compliance in December 2011 and until 15 June 2012, Epigenomics AG has complied with the recommendations of the German Government Commission on the German Corporate Governance Code in the version of May 26, 2010 (hereinafter also "Code") and has since 15 June 2012 complied, and complies, with the recommendations of the Code in the version of 15 May 2012 (published by the Ministry of Justice in the official part of the Federal Gazette on 15 June 2012), in each case with the exceptions set forth below.

Section 4.1.5

When filling managerial positions in the company, the Executive Board considers company-specific situations and seeks to achieve an appropriate diversity. This applies both to the internationality of the managerial staff and to the appropriate consideration of women. However, it is ultimately in the corporate interest to fill managerial positions with the most suitable male or female candidate. Therefore, in our opinion, sweeping requirements inadequately restrict the Executive Board in its decision on the filling of managerial positions.

Section 4.2.1

In view of the size and financial situation of the company the Supervisory Board is of the opinion that currently the composition of the Executive Board with only one member is adequate. The Supervisory Board is convinced that Mr. Taapken has the necessary expertise and personality to manage the company. The Supervisory Board will supervise the fulfilment of all requirements for a successful management of the Company together with the Executive Board and, if deemed necessary, take adequate personnel decisions. Based on the fact that the Executive Board has only one member, no chairman or spokesman of the Executive Board is appointed. Accordingly, the by-laws governing the work of the Executive Board do not contain provisions recommended in Section 4.2.1 to the extent they refer to Executive Boards composed of several persons.

Section 4.2.3 Paragraphs 2 and 3

The service contracts of the Executive Board members do not and did not provide that both positive and negative developments are taken into account when determining variable compensation components. Therefore, the granting of stock options to Executive Board members in the past did not relate to demanding, relevant comparison parameters. The existing deviation from the Code in this respect is due to the fact that we believe that referring to comparison parameters does not improve the sense of responsibility and the motivation of the Executive Board members and that the possibility of a limitation (cap) is not necessary due to the structure of our existing stock option programs.

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Section 4.2.3 Paragraphs 4 and 5

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

Section 5.1.2 Paragraphs 1 and 2 and Section 5.4.1 Paragraphs 2 and 3

In the past, when filling the positions in its bodies, the Executive Board and the Supervisory Board considered the company-specific situation, and also made allowances for potential conflicts of interest as well as the international activities of the company through an appropriate diversity of their members as well as the appointment of an adequate number of independent Supervisory Board members. In deviation from the recommendations in Section 5.1.2 paragraph 2 and in Section 5.4.1 paragraph 2, we consider the commitment to institute special age limits for members of the Executive Board and the Supervisory Board as an inadequate limitation of the voting rights of our shareholders. In addition, we are convinced that sweeping requirements for the composition of the Executive Board as requested in Section 5.1.2 paragraph 1 constrain the Supervisory Board inadequately in its selection of suitable members of the Executive Board. The same applies accordingly to the specification of sweeping objectives regarding the composition of the Supervisory Board, as required in Section 5.4.1 paragraph 2 and assumed in Section 5.4.1 paragraph 3. We strive to achieve an appropriate diversity in the Executive Board and the Supervisory Board, especially with respect to the internationality and the participation of women and to ensure that an adequate number of independent Supervisory Board members is elected. However, it is ultimately in the corporate interest to appoint as members of the Executive Board and the Supervisory Board the most suitable male or female candidates. We therefore believe that sweeping requirements constitute an inadequate limitation of the individual selection of suitable candidates for the Executive Board or the Supervisory Board. Furthermore, a target requirement regarding the composition of the Supervisory Board also inadequately impairs our shareholders' right to elect the Supervisory Board members. Accordingly, we did not and will not comply with these recommendations of the Code.

Section 5.3.1, 5.3.2 and 5.3.3

As a consequence to the reduction of the number of Supervisory Board members from six to three resolved upon in the Annual General Shareholders' Meeting on 2 May 2012 the Supervisory Board considers the formation of committees no longer to be adequate. An increase of the efficiency of the Supervisory Board's work would not be achieved. Committees comprising less than three members and therefore less than the full Supervisory Board could not be delegated powers to take decisions. Therefore, the Supervisory Board has not formed committees.

In addition, prior to the reduction of the number of Supervisory Board members, the Supervisory Board did, in view of the company's size, not consider the formation of a nomination committee (Section 5.3.3) necessary. In the past these issues were handled by the personnel and remuneration committee.

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Section 5.4.5 Sentence 2

The Supervisory Board cannot comply with the recommendation in Section 5.4.5 sentence 2, that a Supervisory Board member who is the member of the Executive Board of a listed company, shall not accept more than a total of three supervisory board mandates in non-group listed companies or in supervisory bodies of companies with similar requirements. The Supervisory Board considers a corresponding 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, 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

In the past, the compensation of the Supervisory Board members for their committee activities was structured such that there was a separate compensation for the committee chairmanship but not for the mere membership in a committee. The committee activities were evenly distributed among the members of the Supervisory Board. A separate compensation for the mere membership in committees did not appear necessary. Accordingly, we did not comply with the recommendation in Section 5.4.6 paragraph 1 sentence 3.

As a consequence of the reduction of the number of the Supervisory Board members resolved upon in the Annual General Shareholders' Meeting on 2 May 2012 committees do no longer exist. Accordingly, a separate compensation is neither stipulated for the chairmanship nor the mere membership in committees. Therefore, we continue to 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 comply with the recommendation in Section 5.4.6 paragraph 2 of the Code in the version of 26 May 2010. In the version of the Code of 15 May 2012 the recommendation to implement a performance-related compensation is repealed; therefore, as from the applicability of this version of the Code on 15 June 2012 no deviation from the Code is to be declared.

Berlin, October 2012

On behalf of the Supervisory Board:

Heino von Prondzynski
(Chairman of the Supervisory Board)

On behalf of the Executive Board:

Dr. Thomas Taapken
(CEO/CFO)