

Press Release

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Phenex AG closes 11,5 M USD (8,2 M Euro) financing round

A Syndicate of institutional and private investors provides funding for the development of Phenex' drug candidate in Type 2 Diabetes and Metabolic Syndrome

Ludwigshafen, October 2nd, 2008

Phenex Pharmaceuticals AG today announced the closing of a 11,5 M USD (8,2 M EUR) financing round. Next to the lead investor LBBW Venture, Creathor Venture, various private investors, and EVP Capital, KfW and JAN Investment as Series A investors participate in this new round. Dr. Mathias Boehringer will join Phenex' Supervisory Board in order to complement the existing board with industry experience and an extensive network

„This funding will be sufficient to make the next quantum leap for Phenex into clinical development“, comments CFO Thomas Hoffmann on the closing of this round. „Together with the proceeds from our partnering and service business we now have enough funds to take our drug candidate into Phase I clinical testing by early of 2010 at the latest.“

„We are delighted to participate in the funding of such an exceptionally well positioned company as Phenex“, explains Dr. Harald Poth from LBBW Venture in his role as lead investor. “ Over the last years Phenex has become an acknowledged partner of the pharmaceutical industry with a worldwide customer base. With limited resources the company has managed to establish a high profile FXR-program. The excellent preclinical data set outlines the potential of Phenex' FXR agonists as the next generation of drugs to treat metabolic diseases. In the long run Phenex' FXR agonists have the potential to replace the TZD PPAR gamma agonists that recently have come under scrutiny due to substantial side effects.

Dr. Claus Kremoser, CEO of Phenex adds: „We have developed our own proprietary and potent agonists for the nuclear receptor FXR. They are very effective in lowering blood glucose and lipids as well as in improving insulin sensitivity in animal models of Type 2 Diabetes. In contrast to currently available oral antidiabetic medicines, our FXR drug shows a weight lowering rather than a weight gain effect without any signs of unwanted side effects. Therefore, we believe that our FXR candidate Px-101 unlocks significant market potential in the metabolic field. This can be further proven by the fact that Wyeth and GlaxoSmithkline are both in Phase I clinical trials with their own FXR drugs which puts us in a perfect fast follower position.”

About Phenex Pharmaceuticals AG:

Phenex Pharmaceuticals AG performs drug discovery and development within the target class of nuclear receptors. Phenex` goal is it to develop novel drugs with a new mode of action that provide superior therapies in the area of metabolic diseases and other indication areas with a high medical need. The company has developed a proprietary technology for the identification and analysis of novel selective drug candidates that target Nuclear Receptors, the **SNuRM[®]** - Technology (= **S**elective **N**uclear **R**eceptor **M**odulators = SNuRMs). Phenex generates revenues through research collaborations with international partners from the pharmaceutical and biotech industries. To date, Phenex has entered into more than 50 successful collaborations with pharmaceutical and biotechnology companies in Europe, the United States and in Japan, including F. Hoffmann La-Roche, Bayer Schering, Sanofi Aventis and many others, thereby making Phenex` Nuclear Receptor service business profitable since its inception in 2002.

Phenex invests the proceeds from its two funding rounds totalling up to 17 M USD (12 M Euros) into proprietary drug discovery programs targeting Type II Diabetes, Metabolic Syndrome and Atherosclerosis. Phenex value driver is its FXR project which aims in the development of a breakthrough therapy for Metabolic Syndrome and Type 2 Diabetes. Phenex` clinical candidate Px-101 will enter into Phase I testing by early 2010.

Phenex is an independent privately-held company located in Ludwigshafen, Germany.

<http://www.phenex-pharma.com/>