

Press Release

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Phenex AG obtains four patents relevant for its drug discovery efforts

The nuclear receptor-based drug discovery company starts to build a broad patent estate on FXR- and LXR-binding drugs

Ludwigshafen, March 8th, 2006

Phenex Pharmaceuticals AG today announced that it became the US patent 6,974,830 for “FXR binding compounds” granted. This patent enables Phenex to perform further exclusive research and development on a certain class of 2-aminothiazole compounds that bind to the nuclear receptor FXR and may be useful as medicaments to treat conditions such as gastrointestinal diseases, cholestatic conditions or metabolic diseases.

Furthermore, Phenex received the “notice of allowability” from the US-Patent and Trademark Office for its applications US10/217,141 and US 10/185,721, that they will be granted soon. This widens Phenex’ patent portfolio on FXR-binding drugs to three independent drug series.

As the forth patent, Phenex will be granted the respective European Patent based on the application EP 03753402.1-2101 pursuant to communication under rule 51(4) EPC. This is a patent on LXR-binding compounds with “partial agonist properties”. It secures applications for these drugs in the field of metabolic disorders such as diabetes or dyslipidemias.

„With these four important patents being granted we have layed the foundation for a broad patent estate on FXR- and LXR-binding drugs,“ explains Dr. Claus Kremoser, CEO of Phenex. “While Phenex has financed itself exclusively through fee-for-service business, based on our nuclear receptor technology, we can now launch the second phase of our

corporate development. These four patents provide the cornerstones of a patent estate that shall enable us and our partners to develop novel drugs that selectively act on the nuclear receptors FXR and LXR. These receptors can be targeted to combat diseases as diverse as chronic inflammatory cholestatic conditions such as *Primary Biliary Cirrhosis (PBC)* as well as different metabolic diseases such as diabetes or dyslipidemias.”

“The patents which were granted now are based on results that were discovered at LION AG. Phenex acquired the IP rights from LION and pursued them further. Since our first funding round in September 2005 we have discovered and optimized further series of FXR-binding drugs and analyzed the old ones so that we are confident to have a broad set of animal efficacy data by fall 2005. This will enable us to pursue two basic options, to either out-license compounds with the respective intellectual property to pharma companies or to enter into own preclinical and clinical development. Phenex is then ahead of its business plan which provides us with more operative freedom. We are in a very good position for partnering and/or acquiring further equity money, then.”

About Phenex Pharmaceuticals AG:

Phenex Pharmaceuticals AG was founded by six former senior scientists and executives with profound experience in science and business in the biotech and pharmaceutical industry together with Prof. Dr. Günther Schütz from the German Cancer Research Center (DKFZ) in Heidelberg. The company focuses on the identification and analysis of novel selective drug candidates that target Nuclear Receptors using its *SNuRM* technology (= **S**elective **N**uclear **R**eceptor **M**odulators = SNuRMs). Currently, Phenex generates revenues through research collaborations with international partners from the pharmaceutical and biotech industries. With the acquired proceeds from its first funding round, Phenex will take its proprietary drug discovery programs forward and will nominate a clinical candidate in one of these programs within the next two years.

So far, Phenex has entered into more than a dozen successful collaborations with partners from pharmaceutical and biotechnology companies in Europe, the United States and in Japan, thereby making Phenex a profitable company from its inception in fall 2002 on.

Phenex pursues its own discovery programs in the field of LXR, FXR and Estrogen-related receptors (ERRs) with a dual focus on metabolic diseases and niche indication diseases such as inflammatory gastrointestinal disorders. Phenex´ aims in developing its own *SNuRM* - type drug candidates for diseases with small patient numbers and high medical needs in the long term and, at the same time, intends to out-license drug candidates for major metabolic indications to the pharmaceutical and biotech industry for further development.

About Phenex´S*NuRM* technology:

The *S*NuRM** -Technology combines automated protein interaction analysis with Nuclear Receptor specific gene expression analysis. Nuclear Receptors are generally known as excellent drug targets. With some Nuclear Receptors the striking phenomenon can be observed that the same ligand at the same receptor can be stimulatory as well as inhibitory, depending on the chemical nature of the ligand and the tissue environment. Classical Nuclear Receptor targeted drugs tend to yield a good efficacy for their main indication at the cost of potentially severe adverse effects (e.g. estradiol for hormone replacement therapy or cortisol as an antiinflammatory glucocorticoid). Phenex´ *S*NuRM** –Technology analyses the molecular effects of different compounds at the targeted Nuclear Receptor and thereby contributes important information to the design of novel selective drugs with much less adverse effects.

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