

MediGene Strengthens Drug Pipeline by Acquiring Anti-Cancer Drugs and Technology of Munich Biotech AG

- **Acquisition of assets of Munich Biotech AG (MBT)**
- **New investment of 4 million € by existing MBT investors for further development of drug candidate MBT-0206**
- **Existing MBT shareholders receive MediGene shares amounting to 12.5 million €**
- **Annual peak sales potential of the drug candidate MBT-0206 amounts to more than 500 million €**
- **Annual forecast 2004 adjusted: Result -15 million € (previously -14 million €); Cash position: 28 million € (previously 25 million €)**

Martinsried - San Diego, August 13, 2004. The German-American biotech company MediGene AG (Frankfurt, Prime Standard: MDG) has acquired the anti-cancer drug candidates and platform technology from Munich Biotech AG. This further expands MediGene's own drug pipeline, in particular by the drug candidate MBT-0206, which has already gone through several clinical phase I trials in different cancer indications, on a total of more than 120 patients. Following successful completion of further clinical development and marketing authorization, the annual peak sales potential of this product that is based on the therapeutic principle of anti-angiogenesis is estimated at more than 500 million €.

Structure of the acquisition:

A syndicate of existing Munich Biotech AG (MBT) investors contributes major assets of the insolvent MBT and in addition invests 4 million € to permit further development of the products and technology under the roof of MediGene AG. In return, this syndicate led by Global Life Science, HypoVereinsbank (HVB Life Science) and DEWB, which also includes SET and MPC amongst other investors, will receive MediGene shares amounting to 12.5 million €. After the transaction, the 1.96 million new shares issued from authorized capital for this purpose will correspond to 12.7 % share in MediGene AG. The newly issued shares are subject to a 12 months lock-up period. Depending on clinical achievements with MBT-0206, MediGene will make milestone payments to the receiver of MBT, starting with clinical phase III. The assets acquired by MediGene include the patents, rights and licenses of the MBT technology and products. To secure the scientific know-how and to guarantee a smooth transfer, MediGene will hire key MBT employees. MediGene will not assume any liabilities of the former Munich Biotech AG.

Statement MediGene:

Dr. Peter Heinrich, Chief Executive Officer at MediGene AG, comments: "With the acquisition of MBT's assets, we strengthen MediGene's portfolio by adding a promising drug candidate and an outstanding platform technology to develop cutting-edge anti-cancer drugs. The clinical product MBT-0206 ideally suits our oncology portfolio and combines the benefits of an already applied therapy with the opportunities of a true innovation with blockbuster potential. The MBT technology platform complements our existing technology program and offers the long-term chance to replenish MediGene's drug pipeline with new candidates for the treatment of different cancers. "

MBT-0206 and the EndoTAG™ technology:

The MBT drug candidates such as MBT-0206 are based on the EndoTAG™ technology which aims at a novel method of cancer therapy by "starving out" tumors. They utilize the already approved and applied therapeutic principle of anti-angiogenesis (suppressing tumor vascularization), while adding another and unique alternative: the cutting-edge liposome transport system facilitates a novel application method of established cytostatic drugs (e.g. Taxane), intended to cause specific attachment and destruction of a newly developed tumor vascular system ("neovascular targeting"). Thus this treatment starts off at a very early stage of angiogenesis which is vital for tumor as well as metastases growth, which could permit an especially reliable efficacy. Moreover, the development of typical resistance to cytostatic drugs becomes very unlikely, since the toxic substance does not



damage the tumor cells directly. These two specific factors may increase the efficiency of conventional therapies and alleviate their adverse effects. The MBT products and the EndoTAG™ technology are protected by extensive patents and provide a basis for the development of different cancer therapies. Immediately after consulting with the international regulatory authorities, MediGene will continue clinical development of the drug candidate MBT-0206.

Statements by existing MBT investors:

The investors of MBT and thus the new shareholders of MediGene see great potential for future growth through the transaction. Apart from the synergies within drug development, the additional financial means will support the success of the EndoTAG™ and strengthen MediGene's product portfolio.

Philip Morgan and Hanns-Peter Wiese, Partners of Global Life Science Ventures, and advisers of the predecessor fund Global Life Science I which was invested in MBT, comment: "MediGene will be able to advance the valuable EndoTAG™ technology, and the promising products that are evolving from it, at a significant rate. We are convinced that due to its proven management, and related expertise in drug development, MediGene is a good home for this technology platform and is well qualified to build successfully on the established technological foundation of EndoTAG™." Christine Müller-Haberland and Dr. Tim P. Jungblut from HVB Life Science add: "The development of medication is an up-and-coming growth market which HypoVereinsbank wants to participate in. To this means, our participation in Medigene AG is an important element and promises interesting returns."

Adjustment of forecast 2004:

As a consequence of this acquisition, MediGene revises the net result forecast for 2004 from -14 million € to -15 million € and now estimates the year-end cash position at 28 million € (previously 25 million €).

*This press release contains forward-looking statements that involve risks and uncertainties. The forward-looking statements contained herein represent the judgement of MediGene as of the date of this release. These forward-looking statements are no guarantees for future performance, and the forward-looking events discussed in this press release may not occur. MediGene disclaims any intent or obligation to update any of these forward-looking statements.
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About MediGene:

MediGene AG is a publicly quoted (Frankfurt: Prime Standard), German-American biotechnology company located in Martinsried, Germany and San Diego, USA. MediGene is the first German biotech company with a drug on the market. The company has the most mature drug development pipeline in the German biotech industry and possesses innovative platform technologies. MediGene's core competence lies in research and development of novel approaches for the treatment of various tumor diseases. Thus MediGene focuses on indications of high medical need and economic opportunities.

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