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To OMX The Nordic Exchange, Copenhagen, and the press

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**EXIQON TO ACQUIRE ONCOTECH INC AND ENTER THE MARKET FOR CANCER MOLECULAR DIAGNOSTICS IN 2008**

*Summary: Exiqon A/S and Oncotech Inc today announce that they have entered into a binding Letter of Intent under which Exiqon will acquire Oncotech, a California based leading supplier of extreme drug resistance diagnostic tests in cancer. The transaction will create a world leader in molecular diagnostic products based on miRNA. The consideration amounts to approximately USD 45 million (approximately DKK 225 million) and will be paid through to approx. 6,2 million newly issued shares in Exiqon A/S as of November 26, 2007.*

Exiqon A/S, a leading supplier of high-value gene expression analysis products today announces that it has signed a binding Letter of Intent to acquire Oncotech Inc. through an all share transaction.

As a result of the proposed transaction, a number of the goals set up during the IPO of Exiqon that occurred earlier this year will be realized sooner than originally anticipated and a significant step towards becoming a world leader within diagnostic products based on miRNA will have been achieved.

The proposed transaction will allow Exiqon and Oncotech through a combination of their resources to become a leading supplier of molecular diagnostic tests based on proprietary miRNA biomarkers. Combining the two companies will allow Oncotech to gain access to Exiqon's superior LNA™-detection technologies and proprietary miRNA biomarkers and will allow Exiqon to master a number of the most significant challenges in building a platform for its future molecular diagnostic business. Consequently, the proposed transaction will increase the likelihood of success and increase the speed in which new molecular diagnostic products can be marketed by Exiqon.

The first molecular diagnostic test based on miRNA biomarkers will be launched within 12 months following closing of the proposed transaction. More products will follow in the coming years. An ambitious product development plan has been developed by the management teams of both companies. Oncotech will serve as the vehicle to market future molecular diagnostic products developed by the combined company providing a clear path to market for the future molecular diagnostic products based on Exiqon's proprietary LNA™-technology and miRNA biomarkers.

The proposed transaction is expected to become final in January 2008 with effect as of January 1<sup>st</sup>, 2008 and does not change Exiqon's financial expectations for 2007. The transaction will not compromise Exiqon's financial goal of reaching profitability by 2011 with its current cash position and break even of the tools business by 2009.

**Introduction to Oncotech Inc**

Oncotech develops and markets diagnostic tests to optimize the treatment selection for cancer patients. Oncotech's EDR® Test is the leading cell-based product to identify drug resistance for cancer patients and maintains an 80% U.S. market share.

Oncotech is a specialized cancer laboratory and molecular diagnostics company that provides information to cancer treating physicians, academic institutions and hospitals worldwide. Oncotech's goal is to individualize cancer therapy for patients by predicting drug response to chemotherapeutics and the likelihood of cancer relapse. Currently, Oncotech principally focuses on providing innovative molecular oncology testing services to over 7,000 cancer treating physicians and approximately 1,200 hospitals, including Cedars-Sinai, Memorial Sloan-Kettering, Johns Hopkins, UCLA, the Mayo Clinic and Massachusetts General. Oncotech also works with

pharmaceutical and biotechnology companies to provide information to support the preclinical development of new cancer drugs. In addition, Oncotech has provided proteogenomic research capabilities for leading pharmaceutical companies.

Since its inception, Oncotech has focused on developing next generation proprietary oncology molecular diagnostics to individualize chemotherapy. It has done so by leveraging its Clinical Laboratory Improvement Amendment (“CLIA”) approved oncology laboratory, human tumor bank and advanced genomic R&D platform

**Strategic rationale for the proposed transaction**

The proposed transaction combines Exiqon’s proprietary LNA™-based detection technologies and diagnostic miRNA biomarkers with Oncotech’s insight into oncology and treatment selection, its human tumor bank, loyal customer base within cancer diagnostics and efficient logistics to handle cancer biopsies for testing in their certified CLIA facility in Tustin, California.

For Oncotech, the proposed transaction offers a chance to gain access to Exiqon’s proprietary LNA™-based detection technologies and diagnostic miRNA biomarkers – two key elements that will help maximize the value of Oncotech’s current assets going forward.

The proposed transaction will allow Exiqon to successfully overcome a number of the most significant challenges in entering the molecular diagnostic market, including; access to biological material and associated clinical information, certified laboratory facilities, Sales & Marketing, logistics of handling patient samples, reimbursement system and regulatory affairs.

Together, the two companies will master all elements in developing and commercializing molecular diagnostic tests based on miRNA biomarkers, including; biomarker identification, assay development, clinical studies, CLIA laboratory facilities, sales and marketing and reimbursement competences.

Exiqon provides more than 10 years of experience of developing proprietary assay technologies and biomarkers and Oncotech provides almost 20 years experience in clinical validation, diagnostic product offering through CLIA laboratory and management of reimbursement to the combined company constituting the foundation of a future success.

**Diagnostic pipeline of the combined company**

The first molecular diagnostic test based on miRNA biomarkers to be developed by the combined entity will be marketed through Oncotech’s existing CLIA laboratory before the end of 2008. The first product launch will be followed by launches of several molecular diagnostic tests based on miRNA biomarkers during the coming years with particular focus on treatment selection within oncology and tumor recurrence for Colon, Lung, Ovarian, Breast and other high incidence cancers.

Cancer patients are diagnosed sooner after the onset of cancer which results in smaller tumors and thereby a need exists for more sensitive diagnostic tests for treatment selection. The planned molecular diagnostic products will address this need.

This ambitious product development plan is made possible by a combination of the two businesses; on the one hand Oncotech’s human tumor bank which is one of the biggest in the world comprising more than 150.000 biopsies with associated clinical data of which approximately 40.000 of are still viable making follow up *in vitro* analyses possible; on the other hand; Exiqon’s proprietary LNA™ detection platforms including high content microarray screening platform for biomarker identification in high throughput format and proprietary miRNA biomarkers.

Lars Kongsbak, President & CEO of Exiqon about the discussions leading to the signing of the Letter of Intent:

*“Already at the very first meeting between the two management teams it was clear that the managements shared the same vision of developing and providing innovative molecular diagnostic tests to extend the survival and improve the quality of life of cancer patients. It was also clear that significant synergies exist between the two companies which prompted for a merger of the two companies to create a powerful and competitive entity”*

Frank J Kiesner, President & CEO of Oncotech about the proposed transaction:

*"It has been a very positive experience to see how well the two management teams they work together and how they share the same vision of building new and ground breaking diagnostic products to the benefit of the patients and the society"*

*"The strategic rationale is compelling as it combines Exiqon's proprietary detection technologies and miRNA biomarkers with Oncotech's strong position in the market for treatment selection although we have to invest in Oncotech in order to materialize the strategic outcome"* says Lars Kongsbak

#### **Future diagnostic products will address large unmet need**

There exists an unmet market need for diagnostic tests that rapidly and precisely can improve the outcome for cancer patients. Together, Oncotech and Exiqon intend to fulfill that market need.

According to a number of market analysis reports, the market for nucleic acid analysis-based diagnostics within oncology is estimated to approximately 2,4 billion (USD 450 million) in 2007 and is showing a growth of approximately 48%. As many as 2/3 of the patients administered chemotherapy do not respond to the drug given due to drug resistance. There is consequently a significant need for improved treatment selection to the benefit of the patients and the health care system.

Frank J Kiesner, President & CEO of Oncotech says: *"Exiqon's state-of-the-art miRNA tools will allow Oncotech to identify molecular templates in a manner heretofore not possible. The combination of their miRNA tools with our knowledge of cancer drug mechanisms of action will allow the combined companies to identify new molecular diagnostic tests to improve patient response and survival. We will work together to create a new era."*

*"After having spend months with Oncotech's management developing the forward going plan for the combined company, it is striking how proud they are of what they have accomplished – and they should be"* says Lars Kongsbak

#### **Exiqon post transaction**

The combined entity will have in the excess of 200 employees working out of the head quarter in Copenhagen, Denmark, its subsidiary in Boston, Massachusetts and Oncotech, Tustin, California. The majority of the employees (approximately 60%) will be located in the USA and 60-70% of the revenue will be generated in the USA. The future molecular diagnostic product development will take place in both Copenhagen and at Oncotech.

The combined company will master all elements of the molecular diagnostic product development process, including; biomarker identification, assay development, clinical studies, CLIA laboratory facilities, Sales and Marketing organization and reimbursement competences.

The proposed transaction does not change Exiqon's financial expectations for 2007. The transaction will not compromise Exiqon's financial goal of reaching profitability by 2011 with its current cash position and break even of the tools business by 2009.

Lars Kongsbak will remain Chief Executive Officer of Exiqon A/S and Hans Henrik Chrois Christensen will remain Chief Financial Officer. The combined company will be called "Exiqon" with its headquarter in Vedbaek, Copenhagen, Denmark. Oncotech will continue as a wholly owned subsidiary of Exiqon A/S and will maintain its brand name.

#### **Transaction structure**

Under the terms of the letter of intent, the transaction will be effected through an offer of newly issued shares in Exiqon A/S in exchange of 100% of the share capital of Oncotech Inc. The acquisition consideration will consist of 6,2 million newly issued shares in Exiqon A/S reflecting an acquisition value of approximately USD 45 million

(approximately DKK 225 million). The transaction is subject to definitive agreements and customary conditions precedent.

Oncotech Inc is being assisted by Cowen and Company, LLC and Exiqon A/S is being assisted by Allen & Co Investment Bank.

**For more information, please contact:**

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**About miRNA**

microRNAs (miRNAs) are a novel class of regulatory RNA molecules with surprisingly widespread effects on gene regulation. Although recently identified as a class of molecules, initial studies indicate that miRNAs may regulate 30% or more of all genes in the genome, thus comprising an up till now hidden level of regulation. Interestingly, miRNAs have already been found to play important roles in several types of cancers and in processes involved in cellular differentiation. In the cells, miRNAs are found in form of single-stranded RNA molecules, which are typically 20-24 nucleotides long in their active form.

**About extreme drug resistance (EDR) tests**

Extreme Drug Resistance ("EDR") Assay: The EDR assay represents Oncotech's flagship product, which accounted for approximately 60% of the Company's revenues in 2006. Drug resistance is the principal reason that chemotherapy so often fails. Oncotech's laboratory has the unique ability to identify drug resistance in cancer patients prior to chemotherapy treatment, saving them unnecessary treatment related morbidity and cost. Oncotech performs laboratory testing of fresh human tumor tissue collected at the time of surgery.

The EDR assay requires fresh viable malignant tumor tissue sent to Oncotech immediately following surgery. At Oncotech, the specimens are mechanically minced and enzymatically dissociated into tumor cell clusters. These clusters are then plated in soft agar to ensure tumor cell specificity and then undergo tumor type specific suprapharmacologic exposures chemotherapeutic agents for five days in a carefully controlled environment that closely mimics conditions within the human body. Tritiated thymidine is introduced during the last two days testing as a measure of DNA synthesis and cell proliferation. If malignant cells proliferate under such extreme chemotherapeutic exposure conditions, then the significantly reduced exposures that can be delivered safely *in vivo* will be ineffective with a probability greater than 99.2%.

**About LNA™**

LNA is a class of nucleotide analogues that bind very strongly to RNA and DNA targets. By including LNAs in detection probes, it is possible to design very specific high-affinity detection assays for small RNA targets like miRNAs, which otherwise is not possible using standard DNA-based detection probes.

**About Oncotech**

Oncotech was incorporated in the State of California in 1985. Oncotech is located at 15501 Red Hill Avenue, Tustin, CA 92780. Oncotech's telephone number is (800) 576-6326. Oncotech's internet address is [www.oncotech.com](http://www.oncotech.com). Oncotech has approximately 100 full-time employees at its California headquarters in Tustin.

Oncotech is a specialized cancer laboratory and molecular diagnostics company that provides information to cancer treating physicians, academic institutions and hospitals worldwide. Oncotech's goal is to individualize cancer therapy for patients by predicting drug response to chemotherapeutics and the likelihood of cancer relapse.

Oncotech offers all its products and services through a CLIA approved and CAP certified laboratory in Tustin, California. Oncotech's product offering includes two proprietary drug resistance assays, (the EDR and DiSC assays) and a full line of specialized molecular tests including immunohistochemistry ("IHC"), flow cytometry, immunophenotyping, FISH, molecular diagnostics and pathology services. All tests are performed by certified laboratory scientists and other scientific and technical personnel. Oncotech is accountable to State and Federal CLIA laws requiring proper clinical laboratory staffing and licensure. Only properly licensed medical technologists and technicians can perform certain tests, which is determined by the type and complexity of the test.

In 2001, Oncotech moved to a new 44,000 square-foot leased facility that included complete laboratory and research facilities with significant room for growth. Today Oncotech is a specialized cancer laboratory that provides oncology related information to over 7,000 cancer-treating physicians and approximately 1,200 hospitals, including Cedars-Sinai, Memorial Sloan-Kettering, Johns Hopkins, UCLA, the Mayo Clinic and Massachusetts General. In addition, Oncotech has an extensive tumor bank that includes 40,000 viable tumors and 150,000 paraffin embedded blocks. Building on its extensive experience in oncology, Oncotech is employing its tumor bank and research capabilities to develop next generation proprietary molecular diagnostic products and believes that it is at the forefront of applying gene-based technologies to individualize cancer therapy.

### **About Exiqon**

Exiqon's corporate mission is to combine leading-edge scientific expertise in gene expression with our proprietary LNA™ technology. Exiqon's products, services and scientific staff enable life science researchers to make groundbreaking discoveries. Moreover, Exiqon is addressing the unmet need for a new approach to the diagnosis of cancer. Exiqon's products are based on patented technology (LNA™ or Locked Nucleic Acids) that facilitates very precise and sensitive analysis of nucleic acids. Exiqon aims to expand the existing product offering for research use as well as to develop new proprietary molecular diagnostic products. Exiqon, through a number of recent initiatives, has positioned itself as a significant player in applying miRNA as the key biomarker in cancer diagnostics.

### **Disclaimer**

Forward-looking statements:

This announcement contains forward-looking statements regarding Exiqon's potential future development and financial performance and other statements which are not historical facts. Such statements are made on the basis of assumptions and expectations which, to the best of Exiqon's knowledge, are reasonable and well-founded at this time, but which may prove to be erroneous. Exiqon's operations are characterised by the fact that its actual results may deviate significantly from that described herein as anticipated, believed, estimated or expected.

This announcement is not an offer of securities for sale in Exiqon. The shares in Exiqon have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any State securities laws and may not be offered, sold or delivered within the United States or to U.S. persons absent from registration under or an applicable exemption from the registration requirements of the United States securities laws and applicable State securities laws.

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