



Merus closes EUR 21.7 million Series B financing and enters option agreement with the Novartis Option Fund

Utrecht, The Netherlands, January 29, 2010 – Merus, a biopharmaceutical company located in Utrecht, The Netherlands, announced today that it has closed a €21.7 million (\$30.7 million) Series B financing round led by new investors the Novartis Option Fund, Pfizer Inc. (New York), Bay City Capital (San Francisco), and LSP (Life Sciences Partners; Amsterdam). Merus' seed investor Aglaia Oncology Fund (Bilthoven) also participated in this financing.

Using its proprietary technology platforms that include novel transgenic mice (MeMo™), Merus aims to produce new highly potent human antibody-based drugs whether as full-length bispecific antibodies or as Oligoclomics™, which are mixtures of therapeutic human monoclonal antibodies produced by a single cell. The Company plans to use the Series B proceeds to further advance its product pipeline in oncology, inflammation and infectious disease.

Concomitantly with this financing, the Company also entered into an option agreement with the Novartis Option Fund for an exclusive license to one of Merus' oncology programs. The agreement includes upfront and potential milestones payments totaling over \$200 million plus royalties.

“We are very pleased by the high quality of the new investor syndicate”, says Ton Logtenberg, Ph.D., Merus' CEO. “The mix of renowned financial and corporate US and European VCs is a validation of the perceived high value of Merus' technologies. The proceeds of this investment round enable us to continue to advance the products in our portfolio towards the clinic and to demonstrate that Oligoclomics™ and Merus' bispecific antibodies represent next generation, more potent antibody therapeutics that can target diseases unaddressable by a single monoclonal antibody. The agreement with Novartis Option Fund further underscores that big pharma recognizes the potential of our innovative antibody therapeutics.”

“Ton and his team have accomplished quite an astonishing technical feat” says Lionel Carnot, an investment partner with Bay City Capital. “We have searched hard and long for novel antibody technologies and Merus' Oligoclomics™ technology is a very ingenious solution to the key issues that have hindered the development of poly- and oligoclonal therapeutics. Combined with the ability to produce fully human bispecific antibodies and Merus' MeMo™ mice, this makes for a diversified all-in-one antibody platform. We are very excited by the Company's prospects.”

“Merus is set to succeed with its innovative and IP protected polyclonal and bi-specific antibodies” says Florent Gros, managing director, Novartis Venture Funds. “Merus will minimize production costs and regulatory hurdles, which until now has hampered pharmaceutical developments for combining monoclonal antibodies and make full-length bi-specific antibodies. Novel therapies can now be developed which makes Merus' enterprise very exciting”.

John de Koning, Ph.D., Partner at LSP commented: “Merus combines truly innovative antibody technologies with a team – that we at LSP know well from founding Crucell – with an impressive track record in the antibody area. We are excited to work with Ton again in building hopefully another successful company; at Merus, all the required ingredients seem to be in place.”

About Merus (www.merus.nl). Merus is a privately-held biopharmaceutical company building a pipeline of innovative human therapeutic antibodies. By using its proprietary technology platforms that include novel transgenic mice (MeMo™), Merus aims to produce highly potent human antibody-based drugs for the treatment of cancer, infectious and inflammatory diseases, whether as full-length bispecific antibodies or as Oligoclones™, which are mixtures of therapeutic human monoclonal antibodies produced by a single cell.

About Aglaia Oncology Fund (www.aglaia-biomedical.com). Aglaia Oncology Fund is an early stage investment fund focused on groundbreaking technologies emanating from Dutch research groups. Aglaia identifies opportunities in cancer research and, in close partnerships with inventors and entrepreneurs, takes these opportunities from an early stage up to the next phase of technical and commercial development.

About the Novartis Option Fund (www.venturefund.novartis.com). The Novartis Option Fund is a \$200 million fund that is part of the Novartis Venture Funds. Established in 1996, the Novartis Venture Funds, currently manage over \$750 million in committed capital and have invested in more than 50 private companies. The Novartis Venture Funds invest in companies which have the potential to change a core therapeutic field or explore new business areas that will be critical to patient care. The objective of the Novartis Option Funds is to seed innovative companies through initial and follow on investments. The initial investment is coupled with an option to a specific therapeutic program providing early validation for the company’s technology by a larger pharmaceutical partner. The Novartis Venture Funds’ team of eight investment professionals located in Basel, Switzerland and Cambridge, Massachusetts, brings together extensive expertise in the biotech and pharmaceutical industry and venture capital.

About LSP (www.lspvc.com). LSP (Life Sciences Partners) is a leading independent European investment firm, providing financing to private and public life-science companies. Since the late 1980s, LSP’s management has invested in a large number of highly innovative enterprises, many of which have grown to become leaders of the global life-science industry. For example, LSP was a founding investor in Crucell, Qiagen, Rhein Biotech, Pharming, DeVGen, Kudos, Jerini, U3 Pharma and Movetis. With over EUR 500 million under management and offices in Amsterdam, Munich and Boston, LSP is one of Europe’s largest and most experienced specialist life-science investors.

About Bay City Capital (www.baycitycapital.com). Bay City Capital is a life sciences venture capital firm investing in opportunities across the various life sciences sectors in companies at all stages of development. Established in 1997, the firm has managed six venture capital funds

representing \$1.5 billion in capital commitments. Bay City Capital has invested in over 75 companies to date and is actively seeking new investment opportunities.

About Pfizer. Pfizer Venture Investments (PVI), the venture capital arm of Pfizer Inc., was founded in 2004 and invests for return in areas of current or future strategic interest to Pfizer. As part of the Worldwide Business Development, Strategy, and Innovation division, PVI seeks to remain at the forefront of life science advances, looking to identify and invest in emerging companies that are developing compounds and technologies that have the potential to enhance Pfizer's pipeline and shape the future of the pharmaceutical industry. PVI invests in companies at any stage of development, with a strong focus on growth stage opportunities, in a broad array of healthcare related areas, including therapeutics, platform technologies, diagnostics, drug delivery, pharmaceutical services, healthcare IT, and other technologies impacting drug discovery and development.

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