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FOR IMMEDIATE RELEASE

**Nucleonics Receives FDA Clearance to Begin Phase 1 Trial of
Expressed RNAi Approach to Treating Chronic Hepatitis B Infections**

**Systemic Delivery of DNA Encoding Four shRNA Molecules Mediates Destruction
of All HBV RNAs**

HORSHAM, PA (May 2, 2007): Nucleonics, Inc., a biotechnology company focused on the development of novel expressed interfering RNA (eiRNA) based therapeutics, announced today that it has received clearance from the US Food and Drug Administration for its Investigational New Drug (IND) application to begin a Phase 1 human safety study of Nucleonics' investigational eiRNA therapy for the treatment of chronic hepatitis B (HBV) infection. This clearance paves the way for the company to begin treating patients in June.

A total of 15 patients will be enrolled in the study, which will be conducted in the United States and Europe.

"We are very pleased to be able to move forward with this human safety study, which will be the first systemic delivery of an RNAi therapeutic to patients," said Robert Towarnicki, Nucleonics, Inc. president and chief executive officer. "Our approach, which simultaneously targets four different regions of the HBV genome, offers the opportunity to destroy all of the different RNA molecules produced by HBV within an infected cell through RNA interference. Therefore, if successful, it could offer a significantly more potent antiviral therapy than has ever before been achieved."

About Nucleonics HBV Candidate

Nucleonics employs an expressed interfering RNA (eiRNA) approach whereby scientists insert plasmid DNA coding for relevant short hairpin RNAs (shRNA) into targeted cells, inducing the cells to produce and deliver specific shRNA sequences. Nucleonics' researchers have shown the ability of shRNA produced in this way to silence genes, including Hepatitis B, Hepatitis C, and HIV, in relevant cell lines for extended periods of time. Moreover, they have silenced multiple genes in adult mice without triggering an interferon response. Nucleonics' product pipeline includes eiRNA therapeutics directed against chronic Hepatitis B, Hepatitis C, pan-influenza (including H5N1 avian flu), as well as prostate and ovarian cancer.

The Nucleonics' HBV clinical candidate encodes four short hairpin RNA (shRNA) molecules, each under the control of an RNA polymerase III promoter. Each of the four shRNAs targets a different segment of the HBV genome and collectively they mediate the destruction of all the different RNA molecules produced by HBV within an infected cell through RNAi. Extensive characterization of this vector has shown that each shRNA contributes significantly to the potent antiviral effect of the vector in infected cells. Moreover, the ability to provide four different shRNAs from a single expression vector greatly reduces the potential for viral resistance to develop.

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About Nucleonics, Inc.

Nucleonics, founded in January 2001, is an emerging biotechnology company focused on the development of novel RNA interference-based therapeutics for viral and other diseases. Privately owned Nucleonics is headquartered in Horsham, Pennsylvania.

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