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NUCLEONICS RAISES \$40.9 MILLION IN SERIES B VENTURE FINANCING

New Board Members Named

MALVERN, PA (April 1, 2004): Nucleonics, Inc., a biotechnology company focused on the development of novel RNA interference-based (RNAi) therapeutics, today announced that the company has raised \$40.9 million in a Series B private venture financing. The financing was led by New Enterprise Associates (NEA), and included major new investors HealthCap, Burrill & Company, Anthem Capital Management, and POSCO BioVentures, Inc. Nucleonics' founding investor, S.R. One, Limited, was also a major participant in the round.

Related to the financing, Nucleonics also announced that James Barrett, general partner of NEA, and Per Samuelsson, HealthCap partner, have joined the Nucleonics board of directors. Also on the board will be Maxine Gowen, managing partner of S.R. One, Limited, and Robert Towarnicki, Nucleonics' president and chief executive officer.

"We expect this financing to support the development of our lead product candidate through Phase II clinical testing, as well as to further the development of our technology platform overall," said Robert Towarnicki, Nucleonics' president and chief executive officer.

Nucleonics expects to receive the full proceeds of the financing in three tranches based on the attainment of certain milestones. The company is currently developing applications of its expressed interfering RNA therapy for the treatment of chronic Hepatitis B (HBV) and Hepatitis C (HCV) viral infections and plans to file its first Investigational New Drug (IND) application in 2005. The company also expects to use financing proceeds to develop a second-generation receptor-targeted active delivery system that enables Nucleonics to expand applications of its eiRNA technology beyond liver diseases to other indications, including the treatment of inflammatory diseases and cancer.

About Expressed Interfering RNA (eiRNA)

Post-transcriptional gene silencing, also known as RNA interference or RNAi, is a phenomenon in which genes are silenced in a sequence-specific manner through targeted mRNA (messenger RNA) degradation. Researchers believe RNAi may offer potential as a novel way to silence genes involved in disease, including genes encoded by viruses such as Hepatitis B, Hepatitis C and HIV, as well as genes involved in the establishment of inflammatory diseases and cancer.

Nucleonics employs an expressed interfering RNA (eiRNA) approach, whereby scientists insert plasmid DNA coding for relevant double stranded RNA (dsRNA) into targeted cells, letting the cells produce and deliver specific dsRNA sequences. Cellular mechanisms then cleave the dsRNA into specifically encoded siRNAs (short interfering RNA), which silence the targeted genes. Nucleonics researchers have shown the ability of long or short dsRNA strands produced in this way to stably silence genes, including Hepatitis B and HIV, in relevant cell lines. Moreover, they have silenced multiple genes, as well as HBV replication, in adult mice without triggering an interferon response. The plasmid DNA approach used by Nucleonics for expression of dsRNA has demonstrated human safety in over 500 patients to date, as part of research in the field of DNA-based vaccines.

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. Nucleonics is headquartered in Malvern, Pennsylvania and is privately owned.

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