

November 13, 2006

AnGes MG, Inc.

**Avontec (Germany) Starts Phase IIa Clinical Trials of AVT-01**  
**- Obtaining Approval for Initiation of Clinical Trials**  
**in the Field of Asthma in Europe -**

Avontec (Germany), our strategic partner, acquired approval for multiple-dose Phase IIa clinical trials of AVT-01 in the treatment of asthma from the pharmaceutical regulatory agencies in the U.K. and Romania.

AVT-01 is a double-stranded decoy nucleotide developed by Avontec that effectively inhibits the transcription factor STAT-1. Studies of STAT-1 have been undertaken as a novel drug target which acts at the level of immune response and has been recognized to be strongly involved in chronic inflammation.

In past research development, Avontec has already demonstrated that AVT-01 reduces inflammation in numerous animal models. Single doses of AVT-01 also attenuated bronchial hyperresponsiveness as demonstrated in the single-dose Phase IIa clinical study.

In the Phase IIa clinical trials for which Avontec obtained approval, Avontec will embark upon a series of multiple-dose studies to further demonstrate the safety and efficacy of AVT-01 in asthma.

With this approval acquisition, Avontec's CEO, Dr. Thomas Schulze, mentioned the relationship with AnGes MG and stated that "AVT-01 originates from the research labs of Avontec's scientific founder, Professor Markus Hecker (Faculty of Medicine, University of Heidelberg, Germany). AVT-01 thereby represents one of the very few examples in which a development product has successfully progressed from research all the way into clinical Phase II development by the company's own development expertise. This successful process establishes Avontec as a strong product development company and, together with its strategic partner AnGes MG, as a leader in the area of decoy oligo products".

In August 2005, Avontec and AnGes MG concluded a cross license agreement to share their know-how established in the field of decoy oligo product development and strengthen the pipeline of both companies. Through this license agreement, AnGes MG is granted to exclusively license AVT-01 in dermal and respiratory indications including asthma in Asia.

In the development of AVT-01 by Avontec, AnGes MG provides its decoy oligo product related know-how of manufacturing technologies and nonclinical studies to Avontec. As its remuneration, AnGes MG possesses the right to receive part of payment for both contract lump sum and milestone payment when Avontec grants a license for AVT-01 to a third party in the U.S.

“Bio Sight Innovation 1st Investment Limited Partnership” which is sponsored by AnGes MG, has invested in Avontec (participation 22%).