



August 1, 2016

AnGes MG, Inc.

AnGes Announces Investment in Vical

AnGes MG Inc. (“AnGes”) announced today that its Board of Directors has concluded a transaction in which AnGes purchases new shares issued by its partner Vical Incorporated. The purchase brings AnGes’s capital investment in Vical to 19.9%, with the aim of fulfilling one of its business goals of establishing the DNA vaccine business as a new pillar of business.

1. Outline of the transaction

AnGes has been in partnership with Vical since 2006 in terms of both capital and business aspects. Following the purchase of approximately 2 million shares of Vical stock through a private placement, AnGes’s investment in Vical increases from 2.4% to 19.9%, making AnGes the largest shareholder of Vical. The value of the investment is approximately 7.8 million USD. AnGes will send one representative to Vical’s Board.

2. Outline of Vical

Name	Vical Incorporated
Address	10390 Pacific Center Court, San Diego, California 92121, USA
Representative	President and CEO, Vijay B. Samant
Business	Development of DNA-based medicines based on non-viral DNA delivery technologies
Capital	Approximately \$450 million
Established	April 1987

Since its inception in 1987, Vical has been developing DNA-based medicines as one of the front-runners in this area. The company is listed on the Nasdaq. The lead product under development is a DNA therapeutic vaccine for preventing the reactivation of CMV in transplant recipients, for which Vical has a global partnership with Astellas. Under the global license agreement, Astellas is conducting a Phase III clinical trial in HCT recipients and a Phase II trial in SOT recipients. In addition to these licensed programs, Vical has several independent programs, including a completed Phase I/II trial for genital herpes and an ongoing Phase I trial for antifungal treatment. Vical also plans to initiate a Phase II trial for genital herpes in the second half of 2016.

In January 2015, Vical and AnGes announced a collaboration to develop and commercialize an equine polyclonal antibody therapy for patients afflicted with Ebola virus disease.

In addition to the product pipeline mentioned above, Vical has extensive experience, broad knowledge and know-how in the field of DNA therapeutic vaccines, including DNA plasmid manufacturing facilities, and expertise in nonclinical and clinical development, CMC and regulatory affairs.

3. Purpose of investment

AnGes aims to make the DNA therapeutic vaccine business into the third pillar of its core business behind gene therapy and oligonucleotide-based medicines. The purpose of this investment is, by increasing the investment in Vical, to boost its DNA therapeutic vaccine business on a long-term basis.

From AnGes' point of view, possible access to the tangible and intangible business assets that Vical owns in relation to DNA therapeutic vaccines will contribute to fulfilling the business aim of furthering the DNA therapeutic vaccine business.

For example, DNA plasmid manufacturing capability is attractive for AnGes to enable it to secure high-quality products in a timely manner, as AnGes has no in-house manufacturing capability. Vical's extensive experience and broad expertise in holding discussions with the FDA will also be beneficial for AnGes when the company attempts to develop products in the US. AnGes has made this decision of investment from a long-term perspective to fulfill its business goal regarding DNA therapeutic vaccines.

4. Timeline

Conclusion of contract: August 1, 2016

Closing of transaction: August 3, 2016

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Disclaimer: This is a translation of a news release published in Japanese. In the event of any deviations between the two language versions, the original document in Japanese shall take precedence.

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