March 29, 2010
AnGes MG, Inc.

Shionogi and AnGes Concludes a Basic Agreement
- Formal Discussion Starts for Joint Development of NF-κB Decoy Oligo -

AnGes MG, Inc. ("AnGes") announces that it has recently concluded a basic agreement on the start of formal discussion for the joint development of NF-κB decoy oligodeoxynucleotide with Shionogi & Co., Ltd. ("Shionogi").

AnGes has been seeking a partner for jointly developing the indication of atopic dermatitis for NF-κB decoy oligodeoxynucleotide. AnGes has decided to enter formal discussion with a view for joint development with Shionogi, a company that possesses excellent development power and is expanding its business globally. AnGes believes that this will enable rapid development on a global level including in the US and Europe, and that it will fully maximize the value of NF-κB decoy oligodeoxynucleotide.

Additionally, items of discussion cover all skin diseases that are treated with topical products, including not only atopic dermatitis for which phase II studies were already completed, but also psoriasis vulgaris that affect many patients in the US and Europe. Furthermore, items of discussion range widely including a new preparation to further improve the skin permeability of NF-κB decoy oligodeoxynucleotide, in addition to the ointment preparations that AnGes has been developing until now.

In the guideline for treatment of atopic dermatitis, topical steroids and tacrolimus hydrate ointment are mainly recommended as topical therapeutic agents. However, these drugs cause dermal irritancy or local adverse reactions, and therefore they cannot be said to meet all healthcare needs from the viewpoint of safety, and there is demand for safer drugs as new therapeutic options.

In the clinical studies up until now, NF-κB decoy oligodeoxynucleotide ointment has been confirmed to have therapeutic effect for moderate to severe atopic dermatitis on the face. Local adverse reactions such as flushing, skin atrophy, and hypertrichosis, which are seen with topical steroids, have not been seen; and also irritative symptoms seen very frequently with tacrolimus hydrate ointments, as well as acne and skin infections seen with both kinds of drugs have occurred at only a low incidence rate similar to placebo. Therefore, its safety is greater than that of existing therapeutic drugs, and the product is expected to have clinical efficacy and positioning that are different from those of existing topical agents.

Based on this basic agreement, AnGes will promote the discussion on the conditions for joint development with Shionogi and exclusive market right granting to Shionogi regarding all NF-κB decoy oligodeoxynucleotide related topical products.

The effect of this movement on AnGes' business performance for the term ending in December 2010 is currently under calculation, and it will be published as soon as the result becomes clear.

<Reference>

- Glossary -

1. NF-κB (nuclear factor-kappa B)

NF-κB is a transcription factor regulating the gene expression of molecules such as cytokines and adhesion factors related to immune response. Once NF-κB attaches to the genome of its binding site, it causes excessive gene expression related to immune responses. This is why NF-κB has been indicated as one of the causes of atopic dermatitis, psoriasis and rheumatic arthritis.

2. Decoy nucleotides

Gene expression is caused by the genomic binding of transcription factors. Decoy is a short double stranded nucleic acid consisting of the same sequence as the binding site of certain transcription factors. The administration of decoy suppresses the excessive gene expression by inhibiting the binding of transcription factors to the genome.

3. NF-κB decoy oligodeoxynucleotide

NF-κB decoy oligodeoxynucleotide is a decoy against NF-κB. AnGes MG is trying to develop NF-κB decoy oligodeoxynucleotide as a pharmaceutical product for immune related diseases such as atopic dermatitis, psoriasis and rheumatic arthritis.

4. Atopic dermatitis

Atopic dermatitis is a skin disorder with itchy eczema, which often persists for a long time with cyclic deterioration and improvement of symptoms. It is thought to be caused by allergic reactions resulting from excessive immune response. It may also be caused by food and drink such as eggs or milk, by environmental factors such as dust and mite, and by stress. The number of patients is increasing and it is now estimated that there are about 1.4 million in Japan.