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Viral Genetics Pursues Promising New Therapy for Lyme Disease With Grant from Time for Lyme, Inc.

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SAN MARINO, Calif.--(BUSINESS WIRE)--Biotechnology company Viral Genetics (Other OTC:VRAL - News) is pursuing a promising new therapy for Lyme Disease with a $116,000 grant from Time for Lyme, Inc.

"This grant is the second we have received in a month for our work in Lyme disease," said Haig Keledjian, CEO of Viral Genetics. “Obviously we could not be happier that the research is moving forward very rapidly and showing great promise.”

Viral Genetics scientist Dr. Karen Newell’s discovery of a potential mechanism of Targeted Peptide Therapy in AIDS unveiled promise in a host of other autoimmune diseases, including Lyme Disease. The grant will allow Viral Genetics to move forward on research with a similar Targeted Peptide Therapy that is already showing promise in animal studies being done with Borrelia Burgdorferi.

"This second grant will allow us to move to the next level of Lyme Disease research very rapidly, which brings us closer to work in humans,” said Monica Ord, Viral Genetics’ senior vice president, corporate Development and communications. “We could not be more thankful to the Time for Lyme organization and their amazing fund raising efforts for Lyme research.”

Viral Genetics announced the early results of its Lyme Disease research in October, 2008, at the ILADS Annual Conference, demonstrating that its Peptide Therapy reduced the number of cells responding to the bacteria that causes Lyme Disease—Borrelia burgdorferi.

The company’s thymus nuclear protein or “TNP” drug compound is a mixture of peptides that can bind to antigen-presenting cells and is showing the ability to redirect the immune response. A study team at Viral Genetics has already identified and synthesized key peptides that are predicted to have high binding affinity to immune cells in people with Lyme Disease.

Moving toward human clinical trials, the team has tested the newly identified peptides in mouse models. Viral Genetics’ scientists have shown that the targeted peptides significantly

reduce the number, and activation state, of cells responding to Borrelia proteins.

"We are so pleased and excited to have received grant funding from the Time for Lyme Foundation," said Dr. M. Karen Newell, PhD, who developed the technology to apply TNP therapies to autoimmune diseases. "We will use the funding to research the possibilities of using targeted peptides as novel therapies to dampen the long term inflammation characteristic of Chronic Lyme disease. Because infection with the bacteria that causes Lyme disease has a very different outcome between individuals exposed to the bacteria (Borrelia) that causes the disease, we plan to perform experiments aimed at understanding how an individual's immune response `genes' influence both the likelihood of developing chronic disease and how we might optimize a peptide therapy to work for each individual."

Diane Blanchard, co-chair of Time for Lyme, states, "We are so grateful to the Viral Genetics management team to have persevered on behalf of all the chronic sufferers with AIDS and Lyme Disease around the globe. Great strides are possible when researchers think outside of the four corners of a given hypothesis. Results can be far-reaching. Dr. Karen Newell's work gives us hope."

Approximately 19,000 new cases of Lyme Disease are reported to the National Center for Infectious Diseases each year, but industry advocates believe due to misdiagnosis the true number may be closer to 200,000.

Founded in 1998, Time For Lyme, Inc., is a non-profit research, education and advocacy network. The organization promotes education about tick-borne illness, including detection, prevention, and advocacy for students and families. Efforts include educational programs delivered at community seminars, health fairs and professionally recorded programs made available for use throughout the country and beyond. For more information, see: www.timeforlyme.org.

Viral Genetics, Inc. is a biotechnology company that discovers and develops immune-based therapies for HIV, AIDS and other autoimmune diseases using its thymus nuclear protein compound (TNP). The company recently entered into an Exclusive License Agreement with the University of Colorado and V-Clip Pharmaceuticals (a subsidiary of the Company) to license technology developed by M. Karen Newell, PhD, that appears to explain TNP and provide a means to optimize therapies based on TNP for future clinical trials. Viral Genetics believes that its investigational HIV/AIDS drug based on TNP, called VGV-1, represents a unique approach to treating HIV due to the apparently novel mechanism, low toxicity profile, simple dosing regimen, and short-course of treatment. As a type of immune-based therapy, it focuses on boosting the immune system to allow the body to fight HIV more efficiently. VGV-1 has been studied in five human clinical trials for the treatment of HIV/AIDS. Online at www.viralgenetics.com

This news release contains forward-looking statements that involve risks and uncertainties associated with financial projections, budgets, milestone timelines, clinical development, regulatory approvals, and other risks described by Viral Genetics, Inc. from time to time in its periodic reports filed with the SEC. VGV-1 is not approved by the US Food and Drug

Administration or by any comparable regulatory agencies elsewhere in the world. While Viral Genetics believes that the forward-looking statements and underlying assumptions contained therein are reasonable, any of the assumptions could be inaccurate, including, but not limited to, the ability of Viral Genetics to establish the efficacy of VGV-1 in the treatment of any disease or health condition, the development of studies and strategies leading to commercialization of VGV-1 in the United States, the obtaining of funding required to carry out the development plan, the completion of studies and tests on time or at all, and the successful outcome of such studies or tests. Therefore, there can be no assurance that the forward-looking statements included in this release will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the forward-looking statements should not be regarded as a representation by Viral Genetics or any other person that the objectives and plans of Viral Genetics will be achieved.