

ALPHAVAX ANNOUNCES \$3.3 MILLION GRANT AWARD TO DEVELOP A SMALLPOX VACCINE

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For immediate release

Research Triangle Park, N.C. AlphaVax, a vaccine company developing products for infectious diseases, biodefense and cancer, today announced a \$3.3 million grant award from the National Institute of Allergy and Infectious Diseases, part of the National Institutes of Health (NIH), an agency of the U.S. Department of Health and Human Services, for the preclinical development of a vaccine for smallpox.

Smallpox disease was eradicated worldwide in the 1970s and routine vaccination was subsequently halted. However, since 9/11 and the anthrax attacks, there is growing concern that the virus which causes smallpox could be used as a bio-terrorist weapon. The effects of such an attack could be devastating, as a large percentage of the population has never been vaccinated, and the level of protective immunity in those vaccinated more than thirty years ago is uncertain. Smallpox can be highly lethal, with a 30% expected mortality rate in the unvaccinated and no licensed drugs to treat or cure the disease.

Because the current smallpox vaccine has been associated with side effects ranging from mild to life-threatening and cannot be given to a large segment of the population, there is a need to develop effective and safer vaccines for smallpox. The US government has issued over \$500 million in contracts for the development and procurement of improved smallpox vaccines and has recently requested proposals for the manufacture of between 20-80 million doses, a contract estimated to be worth over a billion dollars.

This new grant brings together the results of preclinical research conducted at the United States Army Medical Research Institute of Infectious Diseases (USAMRIID), which has identified protective antigens for a smallpox vaccine, and a highly promising vaccine system being developed by AlphaVax. Vaccines made with AlphaVax's platform vaccine technology, called alphavaccines, induce robust immune responses, but unlike the current smallpox vaccine, are not live viruses and could have a superior safety profile.

"Dr. Jay Hooper at USAMRIID has identified a combination of smallpox antigens that confers protective immunity in animal models," commented Dr. Kurt Kamrud, Director of Discovery at AlphaVax and the new grant's principal investigator. "The results of preclinical studies using AlphaVax's vaccine technology, combined with these antigens, are very promising. We are excited to further evaluate and optimize these candidate alphavaccines for smallpox, which may yield an attractive alternative to the current live virus vaccine."

"This is an exciting development for both AlphaVax and USAMRIID," said Colonel George W. Korch, Jr., commander of the Institute. "Scientific collaborations like this one--where the expertise and technology of one partner complement and enhance those of the other--will enable us to be successful in developing the products the nation needs for biodefense."

USAMRIID, located at Fort Detrick, Maryland, is the lead medical research laboratory for the U.S. Biological Defense Research Program, and plays a key role in national defense and in infectious disease research. The Institute's mission is to conduct basic and applied research on biological threats resulting in medical solutions (such as vaccines, drugs and diagnostics) to protect the warfighter. USAMRIID is a subordinate laboratory of the U.S. Army Medical Research and Materiel Command.

This is the eighth vaccine development grant that AlphaVax has received from the NIH supporting programs in HIV, biodefense, influenza and SARS. In addition to the significant financial leverage and extended product pipeline these grants contribute, they advance the development platform for the company's other target products. AlphaVax is working with a number of academic and industry partners on vaccines for important diseases like herpes and human papilloma virus (the principal cause of cervical cancer), as well as vaccines that can be used to treat different types of cancer. The company is located in Research Triangle Park and currently employs 70 people. It also manages a GMP manufacturing operation in a leased vaccine production facility in Lenoir, North Carolina.

The information contained in this press release does not necessarily reflect the position or the policy of the Government and no official endorsement should be inferred.

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