Vical Receives Payment from AnGes MG for Allovectin-7(R) Phase 3 Pivotal Trial

SAN DIEGO, Jan. 17 /PRNewswire-FirstCall/ -- Vical Incorporated (Nasdaq: VICL) today announced the receipt of a $2.1 million cash payment from AnGes MG, Inc. for costs associated with the ongoing Allovectin-7® Immunotherapeutic for Metastatic Melanoma (AIMM) Phase 3 trial.

AnGes is funding the Phase 3 pivotal trial of Allovectin-7® under a previously announced collaborative agreement through a scheduled series of cash payments and equity investments totaling $22.6 million, for which AnGes received exclusive marketing rights in Japan and other key Asian countries, and also will receive certain royalties for sales in the United States and European countries. Vical is conducting the trial in accordance with a Special Protocol Assessment (SPA) completed with the U.S. Food and Drug Administration (FDA).

The payment was triggered by utilization of previous cash balances, reflecting progress in the trial. The cash payment was received as anticipated in late December, and will be included in Vical's year-end 2007 cash balances, consistent with the company's guidance of a projected 2007 net cash burn of $27 million to $32 million. Revenue related to the cash payment will be deferred and matched to trial expenses as they are incurred.

About Vical

Vical researches and develops biopharmaceutical products based on its patented DNA delivery technologies for the prevention and treatment of serious or life-threatening diseases. Potential applications of the company's DNA delivery technology include DNA vaccines for infectious diseases or cancer, in which the expressed protein is an immunogen; cancer immunotherapeutics, in which the expressed protein is an immune system stimulant; and cardiovascular therapies, in which the expressed protein is an angiogenic growth factor. The company is developing certain infectious disease vaccines and cancer therapeutics internally. In addition, the company collaborates with major pharmaceutical companies and biotechnology companies that give it access to complementary technologies or greater resources. These strategic partnerships provide the company with mutually beneficial opportunities to expand its product pipeline and address significant unmet medical needs. Additional information on Vical is available at http://www.vical.com.

This press release contains forward-looking statements subject to risks and uncertainties that could cause actual results to differ materially from those projected, including: whether Vical or others will continue development of Allovectin-7®; whether Vical will be able to recruit patients as planned, if at all; whether Vical will receive all of the clinical trial funding from AnGes under the collaborative agreement, which will depend on continued development of Allovectin-7® and certain other conditions; whether Vical will receive any or all of the sales-based milestone payments and royalties for sales in the specified Asian countries, which will depend on the efforts of AnGes in obtaining regulatory approval and commercializing Allovectin-7® in those countries; whether any sales will be generated in the United States or Europe, which will depend on the efforts of Vical and potentially additional partners in obtaining regulatory approvals and commercializing Allovectin-7® in those regions; whether Allovectin-7® or any other product candidates will be shown to be safe and effective; the timing, nature and cost of clinical trials; whether Vical or its collaborative partners will seek or gain approval to market any product candidates; whether Vical or its collaborative partners will succeed in marketing any product candidates; whether defined sales levels will be achieved in any markets; and additional risks set forth in the company's filings with the Securities and Exchange Commission. These forward-looking statements represent the company's judgment as of the date of this release. The company disclaims, however, any intent or obligation to update these forward-looking statements.

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