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SOURCE: Viral Genetics, Inc.

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Business Wire
SAN MARINO, Calif., Feb. 2, 2011 /PRNewswire/ — Viral Genetics (Pink Sheets:VRAL.pk – News) ("the Company") has released its 2010 Year in Review and 2011 Outlook by CEO Haig Keledjian. The following is a brief summary of that report. A copy of the full 14-page report is now available on the company website (www.viralgenetics.com). Additionally, the company has now added two comprehensive research reports available on the website by Zacks Equity Research and Research 2.0. In 2010 the Company moved closer to its goal of bringing new drugs to market by positioning itself for the significant step of advancing the clinical trial process in 2011. The Company expanded its research facilities and capabilities and is looking forward to gathering data from potential drug therapies using its patented Metabolic Disruption Technology (MDT) and Targeted Peptide Technology (TPT). New data sources include an investigator study of MDT therapies for drug-resistant cancers at Scott and White Hospital this spring, funded in part by a recent $1.5 million anonymous grant to the hospital.

"Progress throughout the past year has brought us closer to fulfilling our mission of bringing new drug therapies to the marketplace," notes Viral Genetics CEO Haig Keledjian in the review. "In 2010 we made concrete, measurable steps towards that goal, while also expanding our research to include the development of biofuel technologies through our new subsidiary, VG Energy. We're well positioned to execute against our business objectives in 2011."

Viral Genetics' patents and proprietary technology are being developed in collaboration with several Texas A&M University researchers and support from the State of Texas. Last year, the Company's lead scientist, Dr. M. Karen Newell Rogers, joined the faculty at Texas A&M University Health Science Center's College of Medicine and the Department of Surgery, Scott and White Hospital in Temple, Texas. Now located in a hospital environment and surrounded by leading clinicians, Dr. Newell Rogers has access to significantly enhanced resources for transitioning her research from the lab to patients in the clinic. Additionally, she was awarded a $750,000 grant from the Texas Emerging Technologies Fund to research biofuels, which enabled the opening of a new research facility in Georgetown, Texas. In parallel, the Company expanded its research team and brought on specialized staff, in part to assist in the regulatory process with the U.S. Food and Drug Administration (FDA).

HIV/AIDS Program
The Company in 2010 submitted to the FDA a pre-IND (Investigational New Drug) letter for its Targeted Peptide HIV/AIDS compound, APi1177 (also known as VGV-X when in injectable form). The FDA issued a pre-IND number and a date in the first quarter of 2011 to meet with the agency for a formal review of the drug's development path and to present the plan for US trials. A "pre-IND meeting" precedes a full Investigational New Drug application and typically requires additional preclinical studies, but provides comments and feedback from the FDA that will essentially facilitate a blueprint for Viral Genetics' researchers to follow in developing the drug.

Oncology Programs
Building on the successes of 2010, researchers at Scott and White Hospital anticipate initiating clinical trials in 2011 to treat "treatment refractory" patients with drug-resistant forms of skin, ovarian, breast, and other

cancers under investigator INDs for Viral Genetics' MDT compounds. An "investigator study" is one in which a physician directly asks the FDA for permission to use experimental drug compounds on patients that generally are considered to have limited treatment options. The principle investigator on the initiative is Ed Childs, M.D., with Juan Posada, M.D., serving as the lead oncologist and co-investigator. The compounds being studied in these trials are combinations of drugs or other compounds that, individually, are already approved by the FDA for non-cancer indications, but will be used in combination with standard cancer treatments with the goal of enhancing overall effectiveness in shrinking or eliminating tumors. Viral Genetics' intellectual property in this area protects the actual compounds and combinations of compounds for use in cancer therapy, as well as the underlying methods targeting the mechanism of action.

Potential Applications in Biofuels

Dr. Newell Rogers' work in 2010 with MDT, used to target the unique metabolic demands of tumor cells, has also shown potential in modifying the metabolic strategy of algae and plants through the same underlying mechanism, thus creating a new approach for improving the yield of biofuels including raising algae oil yields in pilot studies by 300%. The promise of this technology prompted Viral Genetics to form VG Energy, Inc. to further develop and potentially market biofuel technology. A working preliminary note examining this technology by new advisor and biofuels expert, John Sheehan, is available on the VG Energy website (www.vgenergy.net).

Legal Settlement

On January 3, 2011, Viral Genetics settled the nearly 5 year-old lawsuit that was before the U. S. District Court for the Northern District of Illinois (No. 06 C 1813) regarding the Company's previous efforts in South Africa. This settlement frees up management time and Company resources that were previously consumed by the expensive litigation process and it allows Viral Genetics to continue the pursuit of the registration of an HIV/AIDS drug in Africa – the single largest potential market for such a product. See the Company's January 28, 2011 press release for more information.

Enhanced Advisory Board

Several notable advisors joined Viral Genetics' Board of Advisors in 2010, including Nobel Laureate Baruch S. Blumberg, MD, Ph.D. and biofuels expert John Sheehan. Dr. Blumberg is the discoverer of the Hepatitis B virus, and the inventor of the vaccine for it. The Company also retained two independent research firms, Zacks and Research 2.0 Partners, to research and write reports on the Company and its stock as a means of providing further exposure to Viral Genetics among the North American investment community.

About Viral Genetics, Inc.

San Marino, California-based Viral Genetics discovers drug therapies. Founded in 1994, the biotech company is researching treatments for HIV/AIDS, Lyme Disease, Strep, Staph and drug resistant tumors. A majority-owned subsidiary called VG Energy is dedicated to exploring biofuel and agricultural applications for one of the technologies in its licensed portfolio. For more information please visit www.viralgenetics.com.

About VG Energy, Inc.

VG Energy Inc. is an alternative energy and agricultural biotech company that is a majority-owned subsidiary of Viral Genetics Inc., a biotechnology company researching new treatments and methods of detection for diseases including cancer, HIV/AIDS and others. Using its Metabolic Disruption technology ("MDT"), Viral Genetics' cancer research led to discoveries with major consequences in a wide variety of other industries, including bio-fuel and vegetable oils. VG Energy Inc. holds the exclusive worldwide rights to the licensed MDT patents for us in the increase of production of various plant-derived oils from algae and seeds. Importantly,

these pivotal discoveries promise to allow the biofuel industry to overcome its major obstacle in the area of production efficiency: namely an increase in production yields leading to feasible economic returns on investment allowing renewable biodiesel to be competitive with fossil fuels. For more information please visit www.vgenergy.net.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS: 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, including statements about its VG Energy, Inc. subsidiary. None of Viral Genetics' drug compounds are approved by the US Food and Drug Administration or by any comparable regulatory agencies elsewhere in the world, nor are any non-pharmaceutical products of VG Energy, Inc. commercialized. While Viral Genetics believes that the forward-looking statements and underlying assumptions reasonable, any of the assumptions could be inaccurate, including, but not limited to, the ability of Viral Genetics to establish the efficacy of any of its drug therapies in the treatment of any disease or health condition, the development of studies and strategies leading to commercialization of those drug compounds 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, the successful outcome of such studies or tests, or the successful commercialization of VG Energy, Inc.'s non-pharmaceutical products. 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.

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