



Viral Genetics Settles Litigation and Reacquires African Rights for HIV/AIDS Products

SOURCE: Viral Genetics, Inc.

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Business Wire

San Marino, California (PRWEB) January 26, 2011 Viral Genetics, Inc., (Pinksheets: VRAL.PK) and its President, Haig Keledjian, have entered into a binding Release and Settlement Agreement with Timothy and Thomas LLC ("T&T") and its principals (the "Settlement") that was approved by the court. The Settlement ends the almost 5-year-old lawsuit between the parties that was before the United States District Court for the Northern District of Illinois, originally initiated in March 2006, dismissing all claims without admission of liability by any party. Separately, the Company has also paid or settled all legal fees incurred as a result of this litigation during the last several years.

"We are pleased to put this arduous and time-consuming process behind us as we are now completely free to focus on the development of our drug candidates and our new VG Energy subsidiary," said Haig Keledjian, President. "Reacquiring the development and marketing rights to Africa for our HIV/AIDS products is an important result of this settlement given the size of the HIV epidemic in that region and our past level of development there."

As part of the Settlement the Company terminated the Distribution Management Agreement (the "DMA") with T&T that was the subject of the lawsuit, effectively reacquiring the rights to develop and market HIV/AIDS products in Africa that had previously been granted to T&T for a period of twenty years. In consideration for the DMA's termination, the Company agreed to pay to T&T over the course of three years and pursuant to a Convertible Debenture (the "Debenture") a total of \$1,900,000 as follows: \$1,000,000 by November 1, 2011; \$450,000 by November 1, 2012; and \$450,000 by November 1, 2013.

Under the Debenture and subject to certain terms and conditions, at the Company's option it can elect to make these installment payments in cash or in shares of common stock. The conversion price for a payment in shares is equal to the volume-weighted average closing price of the shares for the 20 trading days ending the day prior to each installment due date, not to exceed \$0.15. If the Company's common shares trade at or above \$0.20, however, the option to receive payment in shares or cash is at T&T's discretion. The Company may also prepay all or any part of the Debenture in cash or stock at any time without penalty, subject to certain terms and conditions. For additional details of the Debenture and Settlement, please see the Interim Financial Report filed with <http://www.otcm Markets.com> and the Company's periodic financial reports.

"Our HIV/AIDS technology and intellectual property portfolio have grown considerably in these last five years. We are now free to pursue possible partnerships and joint ventures at a much higher level that better reflect the value of the work," said Monica Ord, Senior Vice President, Viral Genetics. "Our relationships in Africa are more substantial than ever before and this settlement allows us to resume work in a country that desperately needs an effective treatment for AIDS. We are excited to move forward!"

About Viral Genetics, Inc.

San Marino, California-based Viral Genetics discovers and develops 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. Online at <http://www.viralgenetics.com>.

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. 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. 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, 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.

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