



RheoGene Inc. and TissueGene Inc. Sign Collaborative Agreement for Bone Regeneration and Repair

Partnership to develop novel, regulated cell therapy treatments

Norristown, PA. April 19, 2005 RheoGene Inc. and TissueGene Inc. (Gaithersburg MD) have entered into a collaborative research and licensing agreement to develop regulated cell therapy treatments for bone restoration and repair. The companies will combine TissueGene's patented cell therapy technology and RheoGene's proprietary RheoSwitch® Therapeutic System (RTS) to develop non-surgical treatments for non-union bone fractures, non-healing bone wounds and osteoporosis.

The companies will collaborate to assess the utility of the RheoSwitch® Therapeutic System, a universal therapeutic gene regulation system, to enhance the safety and efficacy of TissueGene's cell-based bone regeneration technology through the precise control of the expression of a bone morphogenetic protein (BMP).

TissueGene's cell therapy technology regenerates new, healthy tissue for permanent repair of damaged tissue without surgery by inserting therapeutic genes into modified cells that secrete therapeutic proteins directly into the injured site, acting much like living "protein factories" that stimulate tissue regeneration and repair. Human trials evaluating TissueGene's cartilage repair technology for treatment of osteoarthritis are scheduled to begin in 2005.

RheoGene's RTS is a molecular switch regulated by a small molecule Activator Drug, which in combination regulate the timing and dose level of therapeutic gene expression. RTS benefits patients by enhancing the safety and efficacy of gene product delivery for cell and gene therapy. RheoGene is advancing its first Activator Drug toward an IND in 2006. An IND for the switch component of RTS will be filed in 2007.

"This licensing agreement is an important step forward for RheoGene," said Tom Tillett, President and CEO of RheoGene. "Our partnership with TissueGene represents additional validation that our RheoSwitch® Therapeutic System (RTS) is the premier inducible expression system for creating safer and more effective therapies. TissueGene's exciting work in bone regeneration complements RheoGene's efforts in developing therapies for cancer and CNS disorders".

"The future of cell therapy is evolving and we feel that by making safety a clear priority from the beginning we will ensure acceptance in the market," said Dr. Kwan-Hee Lee, President and CEO of TissueGene. "TissueGene has made every effort to design safety into our products from the beginning, and RheoGene has effectively added an extra level of security to our product, and more importantly enabled us to focus on the efficacy of the product. We are excited about the opportunity to work with RheoGene as an early and valuable partner, and we hope this collaborative agreement will pave the way for more interesting interactions in the future."

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Successful preclinical proof of concept studies will lead to clinical trials in humans in 2007.

About RheoGene

RheoGene Inc. is the source for targeted, regulated products and technologies for the development of safe and effective therapeutics. RheoGene delivers customized inducible gene expression products for pharmaceutical discovery and development, human therapeutics and biotherapeutics production. RheoGene's RheoSwitch® Therapeutic System (RTS) enhances the safety and efficacy of gene product delivery for cell and gene therapy. RheoGene Inc. is a wholly owned affiliate of the University of Pittsburgh Medical Center with operations in Norristown PA and Pittsburgh PA. For more information, visit www.rheogene.com.

About TissueGene

TissueGene, Inc. is a Maryland-based company focused on developing a proprietary suite of regenerative orthopedic therapeutic products directed to the treatment and regeneration of damaged cartilage, bones, and nerves. The company's core technology employs a form of cell-mediated therapy to deliver therapeutic proteins to damaged tissue, which initiates rapid and permanent repair of injured tissue without the need for surgery. TissueGene has successfully advanced the scientific and regulatory aspects of the first product in its pipeline, a product for the regeneration of cartilage, to the stage of entering Phase I. The first indication for this product will be focused on patients with osteoarthritis of the knee. For more information, visit www.tissuegene.com.

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