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FOR IMMEDIATE RELEASE

**USPTO REJECTS ALL CLAIMS IN RE-EXAM OF BENETEC'S PATENT IN
RESPONSE TO NUCLEONICS' REQUEST FOR RE-EXAMINATION**

HORSHAM, PA (February 1, 2007): Nucleonics, Inc., a biotechnology company focused on the development of novel expressed RNA interference-based (eiRNA) therapeutics, announced today that the U.S. Patent and Trademark Office (USPTO), in response to a second request for re-examination filed by Nucleonics, has issued a second rejection of all remaining claims in Benitec's U.S. Patent No. 6,573,099, which is the subject of litigation Benitec brought against Nucleonics in March 2004. While Benitec can appeal the recent action by the USPTO, it marks the second time in the combined re-examination proceedings that all of the Benitec patent claims have been rejected based upon prior art cited by Nucleonics and the USPTO.

Robert Towarnicki, President and Chief Executive Officer of Nucleonics stated, "Nucleonics has always maintained that its freedom to operate is assured through Nucleonics' own intellectual property estate and that Benitec's litigation position was ungrounded. The re-examination process, while still ongoing, is progressing in a direction supporting Nucleonics' contention that its eiRNA technology platform is free and clear of Benitec's alleged intellectual property. We are pleased to see the USPTO issue a second rejection of all Benitec patent claims and look forward to final USPTO rulings as the re-examination process completes."

Since Benitec initiated the litigation in March 2004, Nucleonics has pursued a multi-pronged approach to defend its freedom to operate and invalidate Benitec's intellectual property worldwide. In this effort, Nucleonics has enjoyed success in the European Patent Office, filing third party observations to Benitec's patent application that contributed to a final rejection of the Benitec application by the EPO, citing a lack of inventive step, lack of sufficiency of disclosure, and lack of novelty. Nucleonics believes Benitec's related divisional applications in the US and Europe suffer the same fatal flaws.

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About Expressed Interfering RNA (eiRNA)

Post-transcriptional gene silencing, also known as RNA interference or RNAi, is a phenomenon in which genes are silenced in a sequence-specific manner through targeted mRNA (messenger RNA) degradation. Researchers believe RNAi may offer potential as a novel way to silence genes involved in disease, including genes encoded by viruses such as Hepatitis B, Hepatitis C and HIV, as well as genes involved in the establishment of inflammatory diseases and cancer.

Nucleonics maintains a 19 family patent estate of internally generated and in-licensed intellectual property. Through this broad intellectual property estate, Nucleonics is licensed under the RNAi technology of Andrew Fire, Craig Mello and their colleagues, widely recognized as the seminal work in the RNAi field, and the subject of the 2006 Nobel Prize for Medicine.

Nucleonics employs an expressed interfering RNA (eiRNA) approach whereby scientists insert plasmid DNA coding for relevant short hairpin RNA (shRNA) into targeted cells, inducing the cells to produce and deliver specific shRNA sequences. Nucleonics' researchers have shown the ability of shRNA produced in this way to silence genes, including Hepatitis B, Hepatitis C, and HIV, in relevant cell lines for extended periods of time. Moreover, they have silenced multiple genes, as well as HBV replication, in adult mice without triggering an interferon response. Nucleonics product pipeline includes eiRNA therapeutics directed against chronic Hepatitis B, Hepatitis C, pan-influenza (including H5N1 avian flu), as well as prostate and ovarian cancer.

About Nucleonics, Inc.

Nucleonics, founded in January 2001, is an emerging biotechnology company focused on the development of novel RNA interference-based therapeutics for viral and other diseases. Privately owned Nucleonics is headquartered in Horsham, Pennsylvania.

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