

EXCALIARD ANNOUNCES POSITIVE RESULTS FROM THREE PHASE 2 CLINICAL TRIALS FOR EXC 001, SHOWING SIGNIFICANT IMPROVEMENT IN BOTH HYPERTROPHIC AND FINE LINE SCARRING

CARLSBAD, CA, January 10th, 2011 Excaliard Pharmaceuticals, Inc., today announced results from three Phase 2 clinical trials of EXC 001 in skin scarring. EXC 001 is an antisense oligonucleotide designed to interrupt the process of fibrosis by inhibiting expression of connective tissue growth factor (CTGF). The three studies demonstrated EXC 001's efficacy in elective revision surgery of scars resulting from prior breast surgery (Study 203), efficacy in fine line scars in elective abdominoplasty surgery (Study 202) and activity in a biomarker study of abdominal scars (Study 201). The results showed a significant reduction in scar severity for EXC 001 treated scars versus placebo treated scars in all three trials. EXC 001 was well tolerated with no important drug related adverse effects observed.

Study 203 was a randomized, double-blind, multicenter study conducted in the U.S. EXC 001 or placebo was administered intradermally in 21 subjects who were undergoing elective revision of hypertrophic scars of the breast. Hypertrophic scarring, where excess fibrosis results in scars raised above the surface of the skin, can be disfiguring, and often recurs even after revision surgery. Three separate assessments of scar severity were performed; a Physician Assessment, a Subject Assessment and an Expert Panel Visual Analog Scale (VAS), at 12 and 24 weeks post-surgery. On all three scales, EXC 001 showed a rapid onset to scar improvement and a sustained reduction in scar severity. At 24 weeks, the EXC 001 treated scars showed highly significant improvement compared to placebo on all 3 scales; the Physician Assessment ($p < 0.001$), the Subject Assessment ($p = 0.003$) and the Expert Panel VAS ($p < 0.001$).

"Current revision surgery for hypertrophic scars is significantly limited, as many such scars recur post-surgery", said Dr. Leroy Young, BodyAesthetic Plastic Surgery, St. Louis, Missouri, President Elect of the Aesthetic Surgery Education and Research Foundation and an investigator participating in Study 203. "The data from this study clearly demonstrate that EXC 001 is effective in the amelioration of hypertrophic scars in these high risk patients. Furthermore, the increased improvement at 24 weeks over the positive effects seen at 12 weeks supports a beneficial long term improvement in hypertrophic scarring."

Dr. Mark Jewell (Eugene, Oregon, and past President of the American Society for Aesthetic Plastic Surgery) noted, "Rapid onset to improve scars is very important for the patients along with the prevention of scar recurrence in this cohort study who had developed hypertrophic scarring. These data confirm the early positive effects of EXC 001 in reducing scarring as seen in one of the company's previous Phase 2 trials which focused on fine line scars."

The second study, 202, was a Phase 2 randomized, double-blind study in 32 subjects in which EXC 001 or placebo was administered intradermally in patients who were undergoing elective abdominoplasty surgery. In this study, analysis of the resultant fine line scars was performed at 12 and 24 weeks post surgery. Data from 12 weeks post surgery showed that treatment with EXC 001 significantly reduced the severity of fine line scars and accelerated resolution of scarring compared to placebo ($p = 0.003$). At 24 weeks post-surgery, patients treated with EXC 001 maintained improved reduction in scar severity as seen at 12 weeks, and, as expected, a similar resolution of fine line scarring was also observed in placebo treated patients.

“Fine line scars are known to naturally resolve over time,” Dr. Thomas Mustoe, Professor and Chief of the Division of Plastic Surgery at Northwestern University. “However, the improvement in scar quality shown by EXC 001 at 12 weeks and the maintenance of this effect over 24 weeks is important. Patients want their scars to become less noticeable more rapidly and these results positively address that need.”

The third study (201) was a Phase 2 randomized, double-blind, within-subject, placebo controlled dose-ranging study in 28 subjects to evaluate the safety and activity of EXC 001. Different doses of EXC 001 were administered intradermally on a subject’s abdomen prior to scheduled elective abdominoplasty. Analysis of biomarkers of scarring demonstrated a dose dependent reduction in CTGF, as well as inhibition of CTGF-stimulated collagen and other pro-fibrotic genes. “The results of this study clearly demonstrate the inhibition of scarring and fibrosis by reduction of CTGF protein and mRNA,” said Dr. Greg Schultz, a leading expert in skin biology, and former President of the Wound Healing Society. “This finding, combined with the correlation of CTGF with collagen, supports the rationale of targeting CTGF as an exciting, entirely novel therapeutic option for patients at risk of skin scarring.”

“The positive effects of EXC 001 shown here for patients with a variety of scar types is very encouraging,” said Gordon Foulkes, PhD, President of Excaliard Pharmaceuticals. “In bad scars, the fact that the beneficial impact was seen with all three efficacy scales and appears to increase over time may allow EXC 001 to become a treatment of choice for patients undergoing surgeries with a risk for hypertrophic scarring. In all of our three Phase 2 trials conducted to date, EXC 001 has now shown efficacy in reducing scarring.”

About Excaliard Pharmaceuticals

Excaliard Pharmaceuticals, Inc. is a biotechnology company founded in 2007 focused on the development and commercialization of novel and innovative drugs for the amelioration of skin scarring and other fibrotic disorders. EXC 001 was co-discovered by Excaliard Pharmaceuticals and Isis Pharmaceuticals Inc. (NASDAQ: ISIS) and licensed to Excaliard. EXC 001 is a new chemical entity for potential treatment of skin scarring, an antisense oligonucleotide drug targeting expression of CTGF that is activated during skin scarring following the wound healing process.

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