



**VGX Pharmaceuticals Announces an R&D and License Agreement with
VGX International to Develop Novel Type 1 Diabetes Therapeutics**

Blue Bell, PA – December 18, 2006 –

VGX Pharmaceuticals announced today that the Company has granted VGX International, its Affiliate based in Seoul, Korea, a worldwide exclusive license to conduct research, development and marketing of VGX-1027 for Type 1 Diabetes. Under the terms of this agreement, VGX Pharmaceuticals and VGX International will collaborate on pre-clinical as well as other phases of clinical trials for the development of VGX-1027 for T1D indication. VGX Pharmaceuticals will receive milestones and royalties on the future sale of this product worldwide and has retained an option to develop VGX-1027 in the US.

VGX-1027 is an immune modulator that inhibits production of several pro-inflammatory cytokines responsible for the damaging effects of inflammatory diseases. Pre-clinical studies have shown that VGX-1027 is effective in inhibiting these cytokines in cell culture, and has shown efficacy in several disease models in animals including the ones for T1D, RA, psoriasis, and colitis. Recently the results of the VGX-1027 preclinical animal efficacy studies in T1D was published in the Journal of Pharmacology and Experimental Therapeutics (JPET) (<http://jpet.aspetjournals.org>). VGX Pharmaceuticals has retained its right to develop VGX-1027 for inflammatory diseases including rheumatoid arthritis (RA), psoriasis, and colitis. VGX Pharmaceuticals is developing orally-active, small-molecule VGX-1027 as a treatment for RA.

“The development program for VGX-1027 represents VGX Pharmaceuticals’ entry into the important T1D and RA disease fields with lead drug candidates having several potential advantages over currently available treatment options,” says J. Joseph Kim, Ph.D., President and CEO of VGX Pharmaceuticals. “Working with VGX International provides important synergy to develop this novel compound more efficiently and effectively.

An Investigational New Drug Application (IND) for VGX-1027 for T1D is expected to be filed and Phase I clinical trials are expected to be initiated in the second quarter of 2007.

Cautionary Factors That May Affect Future Results - Materials in this Press Release contain information that includes or is based upon forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, and financial results. Any or all of our forward-looking statements here or in other publications may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed, and forward-looking statements may be adversely affected by factors, including general market conditions, competitive product development, product availability, current and future branded and generic competition, federal and state regulations and legislation, manufacturing issues, timing of the elimination of trade buying, patent positions, litigations and investigations. Our actual results may vary materially, and there are no guarantees about the performance or valuation of VGX stock. It is also important to read the disclosure notice contained in many of the individual VGX documents available on www.vgxp.com as many contain important information on such cautionary factors as of the date of the individual document. We undertake no obligation to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our reports.

About VGX Pharmaceuticals

VGX Pharmaceuticals is a leading biopharmaceutical company with strong product candidates for the treatment of infectious diseases including HIV and hepatitis C virus (HCV) as well as cancer and inflammatory diseases. The Company's clinical development programs include PICTOVIR™ for HIV infection and VGX-410C for chronic HCV infection, which are currently in Phase II clinical trials. In addition, a Phase I clinical trial will be initiated in 2007 for the Company's lead cancer drug compound, VGX-150 for the treatment of Melanoma. Moreover, VGX Pharmaceuticals' therapeutic platform is designed to advance a strong and continual pipeline of additional drug candidates into the clinic with VGX-100 for cancer therapy and VGX-1027 and VGX-750 for inflammatory diseases currently in development. The product candidates and technology programs are protected by the Company's extensive global intellectual property portfolio. More information about VGX can be found at www.vgxp.com.

About VGX International

VGX International is a KOSPI-listed company located in Seoul, Korea with more than 30 years in manufacturing and marketing industries. In 2005, the Company initiated a Pharmaceutical division in collaborations with VGX Pharmaceuticals. In addition to a plan to initiate building an API manufacturing facility with the API agreement signed with VGX Pharmaceuticals in 2006, the Company plans to conduct new drug development programs. Current product development portfolio includes candidates for type 1 diabetes and stomach cancer. Furthermore, VGX International will formulate marketing strategies for such new drugs in Asia and other developing regions. More information about VGX International can be found at www.vgxi.com.

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