

**FOR IMMEDIATE RELEASE**

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## **APOGEE REPORTS THIRD QUARTER RESULTS**

**NORWOOD, Mass. (November 15, 2006)** — Apogee Technology, Inc. (AMEX: ATA), an emerging micro-systems and nanotechnology company that designs, develops and commercializes medical devices and sensor products, today reported its results for the third quarter ended September 30, 2006. Revenue for the three months ended September 30, 2006 was \$509,000 compared with \$1.5 million for the same period in 2005. The Company's net loss for the third quarter of fiscal year 2006 was \$739,000 or (\$0.06) per share, compared to net loss of \$1.6 million or (\$0.13) per share for the third quarter of 2005.

For the nine-month period ended September 30, 2006, the Company reported revenue of \$1.8 million and a loss of \$2.4 million or (\$0.20) per share. This compares to revenue of \$3.9 million and net loss of \$4.6 million or (\$0.39) per share for the same period in 2005. The decline in revenue is related to the selling of certain assets of the Company's former audio division, including the DDX® technology and associated royalties to SigmaTel, Inc. in October 2005.

Research and Development ("R&D") expenditures were \$421,000 for the third quarter of 2006, compared to \$785,000 for the third quarter of 2005. Selling, General and Administrative expenditures were \$817,000 in the third quarter of 2006, compared to \$1.2 million for the same period last year. The decrease in expenses reflects a reduction in the Company's human resource expenses in connection with the SigmaTel transaction and one-time costs associated with the restatement of the Company's financial statements, which was completed in 2005.

David Meyers, Apogee's Chief Operating Officer said, "In the Medical Group, we are developing advanced transdermal drug delivery products and technologies designed for pain-free, self-administration of both FDA-regulated and non-regulated applications. In the regulated area we are in preclinical development of our PyraDerm™ intradermal delivery platform. This injection-free solution utilizes precision micro-needle containing nano and micro-structured polymer drug delivery formulations. The system is designed to create micro-channels through the outer layer of the skin, or stratum corneum, to deliver drugs and vaccines into the viable epidermis, which is potentially a needle-free alternative for fast and efficient drug delivery. Over the last several months, we

have made significant progress toward the development of this platform in the areas of intellectual property protection and the development of our drug formulation technologies.

“In September, we expanded our intellectual property base by filing five U.S. provisional patent applications. Three of these applications pursue the protection of methods and compositions for the delivery of therapeutics, vaccines and cosmetic compounds. Two patent applications relate to novel drug delivery formulations and micro-fabrication methods to coat our microneedles and similar medical devices. If issued, we believe these patents will provide us a broad proprietary position to pursue a range of drug delivery applications.”

“In the past several months we have worked in cooperation with four leading Universities to optimize our drug/polymer coating formulations as well as the related manufacturing processes. When fully developed we believe our approach will allow for fast dissolution time resulting in rapid drug onset, efficiency of drug encapsulation, high formulation stability and ease of storage. In order to accelerate these efforts and to support the transition from the research to development phase, we have retained leading researchers and begun the installation of a formulation laboratory at our Norwood facility. Our team now includes Dr. Alexander Andrianov, Vice President of Research and Development and Dr. Alexander Marin, Senior Polymer Scientist, who are experts in polymer/drug delivery technology. When completed we believe our new laboratory will allow us to accelerate our development progress at a lower cost while providing better control over our intellectual property developments.”

Dr. Alexander Andrianov, Apogee’s Vice President of Research and Development said, “Our laboratory is being designed to carry out a broad range of formulation and analytical activities. This laboratory will be critical to the support of the upcoming in vivo evaluation of our PyraDerm delivery system. The purpose of this testing will be to demonstrate the advantages of our delivery system with a model vaccine antigen compared to traditional needle injections. Upon the successful completion of these tests, we plan to pursue licensing and development partnerships with leading pharmaceutical companies. We believe that PyraDerm can potentially address key market needs such as patient compliance, self-administration, increased product shelf life and the protection of market share by extending drug patent life through new transdermal formulations. In particular, we intend to focus our partnership efforts on companies that have, or are developing, small dosage, protein therapeutics which could benefit from a transdermal delivery. Many such proteins are currently being used to treat such diseases as diabetes, osteoporosis, hepatitis and cancer.

“In addition, we believe PyraDerm can provide additional advantages for vaccine delivery. This is because our systems are designed to follow the natural pathway for protection by targeting the epidermis rich in immunocompetent cells. We believe that this approach has the potential to improve vaccine efficacy or conversely to allow a lower dose to achieve the same efficacy, thereby increasing the number of people who can be treated

from a limited vaccine supply. This benefit may be critical in a flu epidemic or bioterrorism attack. Stability of our solid state formulation is another benefit that can be especially important for viability and utility of such vaccines.”

Dr. Nena Golubovic-Liakopoulos, Vice President of Medical Products said, “In addition to FDA regulated markets for our drug delivery technologies, we plan to commercialize non regulated topical delivery products. Our strategy is to leverage our delivery technologies to create products for the cosmeceutical and netraceutical markets that could potentially generate near term revenue growth for the Company. The key technology we plan to leverage is our polymer delivery system formulated in a specialized patch to deliver active ingredients to the skin. Potential product applications are the delivery of polypeptide and protein treatments, which could potentially serve the skincare market, estimated to be \$7 billion in the US.”

David Meyers continued, “In the Sensor Group, we are focusing our efforts on the qualification and marketing of Sensilica® die products as well as the development of packaged sensor solutions. Sensilica devices are produced using a unique “all-silicon” manufacturing approach that reduces cost and size while improving reliability over more traditional pressure sensor designs. We believe these benefits can meet a wide range of pressure measurement applications from vacuum to 1000 PSI including, barometric pressure measurement, engine control and blood pressure monitoring. We recently completed the qualification of our low-pressure sensor die and began qualification testing of our medium and high-pressure die. We are also working with several customers to develop customized packaged solutions to meet their specific requirements. As an example, we recently shipped samples of a metal packaged sensor to a company developing medical products. Our strategy is to have a vertically integrated sensor product line to support customer applications and reduce time to market.”

### **About Apogee Technology, Inc.**

Apogee Technology designs, develops and commercializes proprietary medical device and sensor products using its MEMS and nanotechnology for the medical, automotive, industrial and consumer markets. The Company is developing its PyraDerm™ solution for enhanced intradermal drug delivery and has introduced a family of pressure sensors under the Sensilica™ brand. Apogee’s goal is to provide value-added and cost-savings solutions for our customers and, in so doing, to become a global leader in the sensor and medical device fields. For more information please visit our web site at: <http://www.apogeemems.com>.

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PyraDerm™, Sensilica™ and BlueSensor™ are trademarks of Apogee Technology, Inc. All other product names noted herein may be trademarks of their respective holders. Certain statements made herein that use the words "anticipate," "hope," "estimate," "project," "intend," "plan," "expect," "believe" and similar expressions are

intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, including those relating to the timing and progress of development of its drug delivery products and its sensor products, the size of potential markets for these products and the effects of such products once developed, involve known and unknown risks and uncertainties, which could cause the actual results, performance or achievements of the Company to be materially different from those that may be expressed or implied. Please refer to the company's risk factors as set forth in the Company's filings with the Securities and Exchange Commission, including its reports on Forms 10-KSB and 10-QSB.

**APOGEE TECHNOLOGY, INC. AND SUBSIDIARY  
 CONSOLIDATED BALANCE SHEETS**

	SEPTEMBER 30, 2006 (Unaudited)	DECEMBER 31, 2005 (Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,991,632	\$ 5,512,974
Accounts receivable, net of allowance for doubtful accounts of \$13,245 and \$145,000, in 2006 and 2005 respectively	389,052	152,837
Inventories, net	—	1,327,964
Prepaid expenses and other current assets	22,609	123,462
Total current assets	3,403,293	7,117,237
<b>Property and equipment, net</b>	<b>50,688</b>	<b>39,932</b>
<b>Other assets</b>		
Escrow account	422,218	409,480
Patents	171,600	149,536
	<u>\$ 4,047,799</u>	<u>\$ 7,716,185</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 559,349	\$ 766,930
Deferred distributor revenue	—	1,337,022
Deferred contract revenue	—	72,686
Total current liabilities	559,349	2,176,638
<b>Commitments and Contingencies</b>	—	—
<b>Stockholders' equity</b>		
Common stock, \$.01 par value; 20,000,000 shares authorized, 11,968,332 shares issued and outstanding at September 30, 2006 and December 31, 2005	119,683	119,683
Additional paid-in capital	18,104,423	18,104,423
Deferred stock compensation	348,698	—
Accumulated deficit	(15,084,354)	(12,684,559)
Total stockholders' equity	3,488,450	5,539,547
	<u>\$ 4,047,799</u>	<u>\$ 7,716,185</u>

**APOGEE TECHNOLOGY, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT**  
**(UNAUDITED)**

	THREE MONTHS ENDED September 30,		NINE MONTHS ENDED September 30,	
	2006	2005	2006	2005
<b>Revenues</b>				
Product sales	\$ 509,015	\$ 1,157,789	\$ 1,833,961	\$ 3,326,238
Royalties	—	212,397	1,250	473,328
Consulting	—	150,000	—	150,000
	<u>509,015</u>	<u>1,520,186</u>	<u>1,835,211</u>	<u>3,949,566</u>
<b>Costs and expenses</b>				
Product sales	354,160	1,122,084	1,351,248	2,975,312
Research and development	421,189	785,403	1,421,501	2,308,410
Selling, general and administrative	816,508	1,158,569	1,975,102	3,251,653
	<u>1,591,857</u>	<u>3,066,056</u>	<u>4,747,851</u>	<u>8,535,375</u>
<b>Operating loss</b>	<u>(1,082,842)</u>	<u>(1,545,870)</u>	<u>(2,912,640)</u>	<u>(4,585,809)</u>
<b>Other (expense) income</b>				
SigmaTel earn-out	299,090	—	383,198	—
Interest/other expense	(1,754)	(35,552)	(24,205)	(38,930)
Interest income	46,346	4,814	153,852	10,865
	<u>343,682</u>	<u>(30,738)</u>	<u>512,845</u>	<u>(28,065)</u>
<b>Net loss</b>	<u>(739,160)</u>	<u>(1,576,608)</u>	<u>(2,399,795)</u>	<u>(4,613,874)</u>
Accumulated deficit - beginning	(14,345,194)	(18,674,212)	(12,684,559)	(15,636,946)
<b>Accumulated deficit - ending</b>	<u>\$ (15,084,35)</u>	<u>\$ (20,250,82)</u>	<u>\$ (15,084,35)</u>	<u>\$ (20,250,82)</u>
<b>Basic and diluted loss per common share</b>	<u>\$ (0.06)</u>	<u>\$ (0.13)</u>	<u>\$ (0.20)</u>	<u>\$ (0.39)</u>
<b>Weighted average common shares outstanding - basic and diluted</b>	<b>11,968,332</b>	<b>11,838,332</b>	<b>11,968,332</b>	<b>11,838,332</b>