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Athenagen Raises \$50 Million in Series B Financing

South San Francisco, CA – September 28, 2006 – Athenagen, Inc., a privately held biopharmaceutical company focused in the area of neurovascular diseases, announced today it has raised \$50 million through a Series B financing. The funds will be used primarily to advance development of the company's lead programs targeting Alzheimer's disease, age-related macular degeneration (AMD) and cognition enhancement.

The financing was co-led by Sanderling Ventures and Clarus Ventures, with a significant investment also made by Index Ventures. Current investors, Charter Life Sciences and Astellas Venture Management, also participated in the round. As a result of the financing, Dennis Henner, Ph.D., a Managing Director of Clarus Ventures, will take a seat on Athenagen's board of directors.

"The strength of science, product opportunities and management experience at Athenagen combine to create an exceptional investment opportunity for Clarus," commented Dr. Henner. "Athenagen's internally generated AMD and beta-secretase inhibitor programs are potentially best-in-class molecules that have differentiated themselves from competitive programs. Furthermore, the recently in-licensed GTS-21 for cognition enhancement represents a valuable near-term product opportunity in a field that clearly needs new agents."

"I am extremely pleased by the commitment we received from both new and existing investors in this round and welcome Clarus and Index to our strong syndicate of investors," stated W. Scott Harkonen, M.D., Athenagen President and Chief Executive Officer. "This financing will allow us to obtain Phase II efficacy data from our non-invasive eye-drop therapy for AMD, Phase I/II proof-of-concept data with our beta-secretase inhibitor program in Alzheimer's patients and Phase II efficacy data with GTS-21 in multiple cognitive disorders."

About Athenagen

Athenagen, Inc., located in South San Francisco, is engaged in the discovery and development of small-molecule drugs to treat neurovascular disease indications, such as Alzheimer's disease, AMD and cognitive disorders. The company has two fundamental technology platforms: (i) beta-secretase inhibitors for the treatment of Alzheimer's disease; and (ii) nACh receptor agonists and antagonists for the treatment of angiogenesis mediated diseases and cognitive disorders. Athenagen currently has four product development programs based on these two technologies: ATG003, a topical (eye drop) anti-angiogenesis compound for neovascular AMD in a Phase I study; GTS-21, an oral agonist of the alpha-7 nACh receptor pathway for cognition enhancement currently in a Phase II study; ATG002, a topical (gel) pro-angiogenesis compound for diabetic foot ulcers currently in a Phase I/II study; and multiple clinical candidates from the beta-secretase inhibitor program approaching Phase I/II study for Alzheimer's disease in 2007. For more information: www.athenagen.com.

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