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Meritage Pharma, Inc. Announces Company Formation and \$22.5M Series A Financing

San Diego, CA (June 16, 2008) Meritage Pharma, Inc., a privately-held, specialty pharmaceutical company, announced today that it has raised \$22.5M in a Series A financing, which included investors Domain Associates, Latterell Venture Partners and The Vertical Group.

Meritage Pharma is committed to the development of prescription products based on proven safe and effective molecules to meet the unmet needs of patients and their caregivers. Meritage Pharma's initial product candidate is intended for the treatment of allergic inflammation of the gastrointestinal tract. This product candidate was acquired from Verus Pharmaceuticals, Inc., in a transaction also announced today by Verus.

In connection with the Series A financing, Meritage Pharma announced its founding management team: Cam L. Garner, Chairman; Elaine M. Phillips, President and Chief Executive Officer; Malcolm R. Hill, Chief Scientific Officer; and Adam K. Simpson, Chief Business Officer. In addition to Mr. Garner, Meritage Pharma's Board of Directors is comprised of James C. Blair, Partner of Domain Associates; Kenneth J. Widder, Partner of Latterell Venture Partners; and Elaine M. Phillips.

“With the support of these leading venture capital investors, the completion of the acquisition from Verus and the formation of our management team, we are well positioned to execute our strategy,” said Dr. Phillips. “We intend to use the proceeds of this financing to continue the development of this initial product candidate and to look for additional product opportunities.”

“Meritage Pharma's founding management team has an established track record of building specialty pharmaceutical companies and in identifying and developing novel products for the treatment of atopic conditions,” said Dr. Blair. “We are excited to support the Meritage Pharma team in their endeavors.”

More information about Meritage Pharma is available at meritagepharma.com.

Forward-Looking Statements

Meritage Pharma cautions you that statements included in this press release that are not a description of historical facts may be forward-looking statements. The inclusion of forward-looking statements should not be regarded as a representation by Meritage Pharma that any of its plans will be achieved. Actual results may differ materially from those set forth in this press release due to the risks and uncertainties inherent in Meritage Pharma's business including, without limitation, statements about: difficulties or delays in developing, obtaining regulatory approval, manufacturing and commercializing its products; unexpected performance or side effects of its products that could delay or prevent development or commercialization; the scope and validity of patent protection for its products; competition from other pharmaceutical companies; and its ability to obtain additional financing to support its operations. All forward-looking statements are qualified in their entirety by this cautionary statement and Meritage Pharma undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof.