



A v i g e n

Avigen Granted AV411 Patent for Neuropathic Pain

ALAMEDA, CA, May 20, 2009 – Avigen, Inc. (Nasdaq: AVGN) a biopharmaceutical company, announced today that it has been granted United States Patent No. 7,534,806, entitled “Method for Treating Neuropathic Pain and Associated Syndromes.” The patent covers the treatment of neuropathic pain with therapeutic doses of AV411 (ibudilast), including syndromes like diabetic neuropathy, post-herpetic neuralgia, and fibromyalgia, and neuropathic pain associated with stroke or accompanying cancer chemotherapy. Avigen anticipates additional patents will be issued covering indications that include addiction, delirium, and psychotic disorders, as well as composition of matter claims on AV411 analogs. AV411 is marketed in Japan but not approved for any indication in the United States.

“This patent is a critical first step to securing broad exclusivity for AV411 and analogs in the key markets of neuropathic pain and addiction,” commented Andrew Sauter, Avigen’s Chief Executive Officer, President and Chief Financial Officer. “We are currently seeking to monetize our AV411 drug development portfolio and believe the issuance of this patent, along with our active U.S. IND and Phase 2-staged data package, enhances the value proposition to potential buyers.”

“This is a significant accomplishment that reflects Avigen’s strategic efforts to identify novel mechanisms to treat neurologic disorders and to protect the know-how and intellectual property of our scientific discoveries,” stated Kirk Johnson, Ph.D., Vice President of Research and Development at Avigen. “Our intellectual property portfolio is advancing in parallel with our AV411 development efforts for pain states and certain drug addiction conditions, thus creating a cohesive program.”

Avigen discovered the utility of AV411 through its internal program to develop innovative and targeted approaches to reducing nervous system dysfunction caused by glial cell activation. Avigen was issued the new patent after demonstrating that AV411 effectively and safely treated neuropathic pain in well-recognized, standard preclinical animal models. The claims broadly cover the treatment of neuropathic pain, and make specific reference to using AV411 to treat many forms of neuropathic pain including diabetic neuropathy, postherpetic neuralgia, trigeminal neuralgia, HIV, stroke, fibromyalgia, reflex sympathetic dystrophy, complex regional pain syndrome, spinal cord injury, sciatica, phantom limb pain, and cancer chemotherapeutic-induced neuropathic pain.

About AV411

The AV411 portfolio, which includes proprietary analogs, represents novel, first-in-class, non-opioid drugs for the treatment of significant pain and drug addiction indications. AV411 is currently in a Phase 2a clinical trial funded by the National Institute on Drug Abuse. The pain program, under a FDA Analgesia Division IND, is poised to enter Phase 2 proof-of-concept trial(s) in the United States based on completed Avigen preclinical and Phase 1 and 2a clinical trials. Avigen most recently completed a multi-week Phase 1 trial in both healthy volunteers and diabetic patients which provides support for dosing at preferred, high dose regimens.

AV411 is an orally bioavailable, CNS-penetrating, small molecule glial attenuator that suppresses pro-inflammatory cytokines IL-1 beta, TNF alpha, and IL-6, and may upregulate the anti-inflammatory cytokine IL-10. It has additionally been shown to inhibit actions from toll-like receptor 4 (TLR4) stimulation and to antagonize a cytokine linked to systemic and neuroinflammation. These combined actions are thought to mediate its overall attenuation of neuroinflammation. While considered a New Molecular Entity (NME) in the United States and Europe, the drug was first approved in Japan nearly 20 years ago. The drug has been prescribed to over one million asthma patients and has a good post-marketing safety profile at the doses employed in Japan.

In February 2009, two pre-clinical papers on AV411 were published in *Brain Behavior and Immunity* which further established the utility of AV411 in drug addiction by showing a down-regulation of glial activation and mediators of reward in the brain correlating with its improvement in morphine withdrawal behaviors. These results extend the significant value of this portfolio program by establishing both pain and addiction development paths, the latter of which is also under collaborative development support with the National Institute on Drug Abuse.

About Avigen

Avigen is a biopharmaceutical company that has focused on identifying and developing differentiated products to treat patients with serious neurological and other disorders. Avigen is seeking to monetize AV411 and related drug candidates, its potential product for neuropathic pain and opioid withdrawal and methamphetamine addiction. For more information about Avigen, consult the company's website at www.avigen.com.

Statement under the Private Securities Litigation Reform Act

The statements in this press release relating to Avigen's belief that additional patents will be issued that will cover additional uses for indications that include addiction, delirium, and psychotic disorders, as well as composition of matter claims on AV411 analogs, is a forward-looking statement. This statement is subject to risks and uncertainties that could cause actual results to differ materially from those projected in this forward-looking statement, including the risk that the U.S. patent office may not grant the patents applied for by Avigen's pending patent applications or technology arising from additional research due to a variety of reasons that may be outside of Avigen's control, or if additional patents do issue, that claims allowed will be sufficient to protect Avigen's technologies. Other risks and uncertainties relating to Avigen are detailed in Avigen's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 11, 2009.

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