

Optherion, Inc. Completes \$37 Million Start Up Financing

Financing Will Advance Development of Diagnostics and Disease-Modifying Therapeutics for Dry and Wet Age-Related Macular Degeneration and Other Diseases Associated with Alternative Complement System

NEW HAVEN, CT (October 9, 2007)—Optherion, Inc., a company developing products to diagnose and treat dry and wet Age-related Macular Degeneration (AMD) and other chronic diseases involving the alternative complement system, announced today that it has raised \$37 million in start up financing.

Optherion's initial focus is to develop disease-modifying therapies to prevent loss of vision in patients with dry AMD, the leading cause of blindness in people over 60 in the developed world, as well as a portfolio of tests that predict, diagnose and monitor progression of the disease.

AMD is caused by degeneration of the macula, the region of the retina responsible for central vision. AMD is unique in that it is a common disease that has recently been linked to common variations in only a few specific genes, presenting opportunities to develop both diagnostic tests and disease-modifying treatments. There are 15-20 million people with AMD in the U.S. and more than 50 million worldwide.

A parallel area of company research is the development of diagnostics and therapeutics for Membranoproliferative Glomerulonephritis Type II (MPGN-II, also known as Dense Deposit Disease). This is an end-stage renal disease with an orphan-sized market prevalence, which typically manifests in individuals between 5 and 25 years of age. It is often caused by the same genetic variations underlying AMD.

Optherion's proprietary technologies are also being investigated for the diagnosis and treatment of other chronic diseases related to the alternative complement system.

Optherion was founded following scientific discoveries published in 2005 linking the role of Complement Factor H (*CFH*) and Complement Factor B (*CFB*)—both regulators of the alternative complement pathway—to AMD. It was found that approximately 50% of patients with AMD suffered from variations in the *CFH* gene; 74% of the disease could be explained by variations in the *CFH* and *CFB* genes combined. Genetic variations on Chromosome 10 have also been implicated in AMD, and are additionally a focus of the company for therapeutic and diagnostic products.

The company's intellectual property estate is based on discoveries at the University of Iowa by Dr. Gregory Hageman and at Yale University and Rockefeller University by Dr. Josephine Hoh as well as work by investigators at other universities.

Among the sources of capital for the financing are: Quaker BioVentures, Philadelphia; Domain Associates, Princeton, NJ and San Diego; Johnson & Johnson Development Corporation, New Brunswick, NJ; Purdue Pharmaceutical Products L.P., Stamford, CT; Pappas Ventures, Research Triangle Park, NC; Biogen Idec New Ventures, Cambridge, MA, and GE Healthcare Financial Services, Chicago, IL.

Colin J. Foster, Optheron's President and CEO, said: "We are gratified by the high quality of investors participating in the Series A financing. We are embarking on a program that exploits a new and exciting area of research with breakthrough potential in areas of high unmet medical need, with a primary focus on preventing blindness among those with dry AMD." Mr. Foster is the former CEO of Bayer Pharmaceuticals in the U.S. and Region Head for Bayer Pharmaceuticals in North America.

Optherion's Chief Scientific Officer is Dr. Hageman, the scientific founder of Optherion and a co-discoverer of the relationship of the genetics of *CFH* and *CFB* to AMD and MPGN-II. He is the Iowa Entrepreneurial Endowed Professor in the Department of Ophthalmology and Visual Sciences at the University of Iowa and a pioneer in the role of inflammation and the complement system in AMD. Dr. Hageman is the Principal Investigator of a recently awarded five-year, \$14.6 million grant from the National Institutes of Health/National Eye Institute. Optherion will be a corporate sponsor of this grant. Dr. Hageman has received the Trustee Award from the Foundation Fighting Blindness and the Roger H. Johnson Macular Degeneration Prize for his recent discoveries.

Other members of the senior management team are Marlene Modi, Ph.D., former Senior Director at Eyetech and Hoffmann-La Roche, who is Vice President, Preclinical Development; Manju Patel, M.D., former Senior Director and Development Leader for Retina Strategy at Pfizer Inc., who is the Chief Medical Officer; and Haren Vasavada, Ph.D., former Director in the Department of Research Technologies at Bayer, who is Vice President, Process Sciences.

Optherion was founded by Scheer & Company, Dr. Hageman, and Sandy Gordon, M.D., an ophthalmologist with extensive ophthalmic and venture capital experience. Scheer & Company was responsible for managing Optherion's operations in the formative stage. Scheer & Company was also involved in the founding of ViroPharma, OraPharma (now

a unit of Johnson & Johnson), Esperion Therapeutics (now a unit of Pfizer Global Research & Development Division), Achillion Pharmaceuticals, Sopherion Therapeutics, Aegerion Pharmaceuticals, and Tengion.

“The successful completion of this Series A financing will enable the company to advance the work of Dr. Hageman, Dr. Hoh and others, and hopefully transform the diagnosis and treatment of dry age-related macular degeneration,” said David Scheer, Chairman of the Optherion Board of Directors.

Joining Mr. Scheer on the Board of Directors are Sherrill Neff (Quaker), Brian Halak, Ph.D.(Domain), Mr. Foster, and Ginger More, formerly General Partner at Oak Investment Partners, as an independent director.

Mr. Neff said: “We are enthused to be investing in Optherion. This presents an opportunity for us to change the treatment and diagnosis of a disease that affects the lives of millions of people.”

Dr. Halak said: “Optherion represents a significant opportunity to convert these important genetic discoveries into valuable medical treatments. We believe that the science underlying this company’s research is robust and has been independently ratified worldwide.”

Optherion has offices and laboratories in New Haven, CT., and on the biotechnology campus of the University of Iowa in Coralville, IA.

About Optherion:

Optherion, Inc. is an early-stage biotechnology company that is developing products to diagnose and treat dry and wet Age-related Macular Degeneration (AMD) and other chronic diseases involving the alternative complement system. Optherion’s proprietary technologies are based on recent scientific discoveries linking certain genes to AMD. Optherion has offices and laboratories in New Haven, CT., and on the biotechnology campus of the University of Iowa in Coralville, IA.

About the Investors:

Additional information about the investors is available on their websites: Quaker BioVentures, Philadelphia, www.quakerbio.com; Domain Associates, Princeton, NJ and San Diego, www.domainvc.com; Johnson & Johnson Development Corporation, New Brunswick, NJ, www.jjdevcorp.com; Purdue Pharmaceutical Products L.P., Stamford,

CT, www.purduepharma.com; Pappas Ventures, Research Triangle Park, NC, www.pappasventures.com; Biogen Idec New Ventures, Cambridge, MA, www.biogenidec.com/site/newventures.html; and GE Healthcare Financial Services, Chicago, IL, www.gehealthcarefinance.com.

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