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Verus Pharmaceuticals Announces Divestiture of Pediatric GI Development Program to Meritage Pharma

Spin-out of Program Allows Verus to Focus Solely on AstraZeneca Collaboration

SAN DIEGO – June 16, 2008 – Verus Pharmaceuticals, Inc., a pediatric-oriented specialty pharmaceutical company, announced today that Meritage Pharma, Inc., a newly formed specialty pharmaceutical company, has acquired its pediatric gastrointestinal development program. Included in the transaction are the rights to a novel formulation of an existing molecule intended to treat an emerging allergic inflammation condition of the gastrointestinal tract.

Under the terms of the agreement, Verus is to receive an upfront payment and will retain a minority equity stake in the newly formed company. No further terms have been disclosed. Selected members of the existing Verus management team will form the management team at Meritage Pharma.

"We are excited to have completed this transaction with Meritage Pharma, a company with an extensive knowledge of the development program and a strong management team," said Robert W. Keith, President and Chief Executive Officer of Verus. "This transaction, in combination with the recent divestiture of our anaphylaxis franchise to Sciele, allows us to focus all of our efforts on the successful execution of our ongoing asthma development collaboration with AstraZeneca and the associated \$280 million potential earn-out payment."

"Meritage Pharma is proud to acquire this exciting development program as our initial product candidate and is eager to leverage the prior efforts of Verus to address an emerging condition," said Dr. Elaine M. Phillips, President and Chief Executive Officer of Meritage Pharma.

About Verus

Verus Pharmaceuticals is dedicated to improving the lives of children and those who care for them. Verus is building a portfolio of products for the unmet medical needs of children through acquisitions and alliances, with an initial focus on the treatment of asthma, allergies, and related diseases and conditions. Verus is differentiated by its pediatric orientation and its strong financial position and experienced management team, which allows the company to capitalize on an extensive network to build its product portfolio and pursue complementary transactions. The company's rigorous, disciplined approach to strategic decision-making and core competencies in development and commercialization is expected to provide significant value to its partners. More information about Verus is available on the company's corporate website at www.veruspharm.com.

Verus® is a registered trademark of Verus Pharmaceuticals, Inc.

Forward-Looking Statements

Verus Pharmaceuticals 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 Verus 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 Verus' business including, without limitation, statements about: its ability to identify appropriate acquisition, licensing, or co-development and/or promotion candidates in the future or be able to take advantage of the opportunities it identifies; 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, or that could result in recalls or product liability claims; 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 Verus undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof.