



Intranasal Therapeutics, Inc.

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Intranasal Therapeutics, Inc. (ITI) Closes \$39.1 Million Series A Venture Financing

Company to Advance Clinical Programs in Areas of Pain Management and Central Nervous System Conditions

Lexington, Ky. and Montvale, N.J., Aug. 15, 2006 – Intranasal Therapeutics, Inc. (ITI), a specialty pharmaceutical company focused on developing nasally delivered, preservative-free drug products, announced today that it has closed a \$39.1 million financing commitment from a syndicate of high quality venture investors to advance its clinical programs and manufacturing capabilities. SV Life Sciences, headquartered in Boston, led the Series A financing, which included the participation of Burrill & Company (San Francisco), Tullis-Dickerson (Greenwich, CT), Fidelity Biosciences (Cambridge, MA), ApjohnVentures (Kalamazoo, MI), Fort Washington Capital (Cincinnati, OH), Commonwealth Seed Capital (Lexington, KY), and Kentucky Co-Investment Partners, LP, a Fort Washington Capital-managed fund for the University of Kentucky.

As part of the transaction, ITI also announced that Michael Ross, Ph.D. of SV Life Sciences, John Kim, M.D. of Burrill & Company, James Tullis of Tullis-Dickerson, and Robert Weisskoff, Ph.D., of Fidelity Biosciences have joined the company's board of directors. In addition, Philadelphia-based biotechnology executive Bruce Peacock also joined the ITI board.

"We are delighted to welcome such an esteemed group of investors to ITI as we move forward with our clinical development programs and unique manufacturing capabilities," said Edwin Cohen, ITI's founder and chairman of the board. "Nasal drug delivery can offer fast-acting and noninvasive alternatives to many injectable and oral drug products – therapies we believe will translate into significant benefits for patients, physicians, health care workers and caregivers. Our strategy is to apply our unique ability to manufacture and deliver preservative-free formulations to proven compounds where the convenience and rapid onset of nasal delivery provide unique benefits and market advantage. This new capital will enable us to realize our vision of becoming the leading fully integrated nasal drug delivery company." He noted that as part of ITI's focus on replacing needle delivery with nasal delivery for many pharmaceutical products, the company intends to enter into collaborations with other pharmaceutical companies.

Mr. Cohen said ITI plans to use the new funds to launch the company's proprietary hydromorphone nasal spray for acute pain, which is in Phase 2/3 clinical trials and is being initially considered for military use. In addition, ITI expects to advance trials of an intranasal version of lorazepam, a benzodiazepine used for

treating seizures and anxiety, which is currently in Phase 1 trials. ITI currently has a total of four products in clinical development, with several others in earlier stages of development. Since its inception in 1998, ITI has performed a total of 18 human trials enrolling more than 300 subjects and patients.

Funding will also be used to expand ITI's proprietary manufacturing facility in Lexington, Kentucky for clinical research and commercial scale operations as well as its corporate offices in New Jersey. ITI's facility is believed to be the only one in the United States with the capability to fill, assemble and package unit dose nasal drug products aseptically and without preservatives. ITI's preservative-free formulations are designed to improve patient comfort and convenience by eliminating irritating and potentially toxic preservatives. ITI was founded in 1998, and its facilities are located on the University of Kentucky Coldstream Research Campus in Lexington, KY. ITI has licensed key technology from the University of Kentucky.

Dr. Michael Ross, managing partner, SV Life Sciences, remarked, "We are very excited to help further this new venture of pharmaceutical industry visionary Edwin Cohen, who as founder and former chairman and CEO of Barr Laboratories was instrumental in building that specialty pharmaceutical company into a NYSE-listed firm with more than \$1 billion in annual sales. Our investment syndicate has recognized that intranasal delivery of existing drugs, especially those that are preservative-free, addresses significant unmet medical needs. Further recognizing the company's strong leadership, its strong patent estate and the opportunities that ITI offers for near-term success at reduced risk, we have committed our resources to building a world-class specialty pharmaceutical company."

Houlihan Lokey Howard & Zukin, a leading middle market investment bank, acted as placement agent and financial advisor to the Company.

About ITI

Intranasal Therapeutics, Inc. (ITI) is a specialty pharmaceutical company focused on developing innovative nasally delivered pharmaceutical products, with a particular focus on drugs to treat pain and central nervous system disorders for which there is proven, unsatisfied consumer need. The Company currently has four products in its clinical development pipeline, with several others in formulation or preclinical development. ITI's goal is to become a leader in the field of intranasal pharmaceuticals by applying formulation expertise across a broad range of therapeutic areas to create new and differentiated products that improve safety, efficacy and convenience for patients, caregivers and health care professionals. For more information, please visit the ITI web site at www.intranasal.com.

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