



ANADYS ANNOUNCES ISSUANCE OF U.S. PATENT COVERING SETROBUVIR (ANA598)

San Diego, June 1, 2011 – Anadys Pharmaceuticals, Inc. (Nasdaq: ANDS) today announced issuance of the U.S. patent covering setrobuvir (ANA598), the Company’s Direct-Acting Antiviral (DAA) in Phase IIb development for chronic hepatitis C virus infection (HCV). U.S. Patent No. 7,939,524, granted to Anadys by the United States Patent and Trademark Office, recognizes the Company’s intellectual property rights to the composition of matter and methods of use for setrobuvir (ANA598) and related compounds.

“Securing U.S. patent protection is a critical step that significantly enhances the value of setrobuvir,” said Steve Worland, Ph.D., President and CEO of Anadys. “This milestone comes at an important juncture in the setrobuvir development program, as we complete enrollment of our Phase IIb trial and begin the investigation of setrobuvir in combination with other DAAs.”

About Setrobuvir (ANA598)

Setrobuvir (ANA598), the Company’s wholly-owned DAA, is currently in Phase IIb testing in combination with pegylated interferon and ribavirin for the treatment of HCV. Anadys recently announced a cross-company clinical trial agreement with a large, commercial-stage biopharmaceutical company to study setrobuvir (ANA598) in combination with another DAA in healthy volunteers. Setrobuvir is the name recently adopted for ANA598 by the United States Adopted Names (USAN) Council.

Setrobuvir (ANA598) is an HCV RNA polymerase inhibitor that belongs to a chemical class referred to as non-nucleosides. Setrobuvir has a well-characterized safety database in which more than 150 subjects have received the agent to date. Setrobuvir (ANA598) has received Fast Track Status from the FDA for the treatment of chronic hepatitis C.

About the Phase IIb Study of Setrobuvir (ANA598)

In the ongoing Phase IIb study, setrobuvir (ANA598) is being tested in combination with Pegasys® and Copegus® in both treatment-naïve patients and patients who failed a prior course of therapy with interferon and ribavirin. Dosing is underway and approximately 275 patients are expected to be enrolled in the study. The primary endpoint of the study is Sustained Virological Response 24 weeks after patients complete treatment, known as SVR24. The Company expects to receive antiviral response data through 12 weeks for all patients, including the 8 week timepoint used for response-guided therapy in treatment-naïve patients, in the third quarter of 2011. Antiviral response data through 24 weeks are expected in the fourth quarter of 2011.

Prior Clinical and Preclinical Profile of Setrobuvir (ANA598)

In an earlier Phase IIa study, setrobuvir (ANA598) demonstrated potent antiviral activity, as well as good safety and tolerability in combination with interferon and ribavirin through 12 weeks of dosing in treatment-naïve genotype 1 HCV patients. In a completed Phase I study, setrobuvir demonstrated potent antiviral activity in a three day monotherapy study in treatment-naïve genotype 1 patients. To date, setrobuvir has demonstrated an excellent resistance profile in HCV patients.

Setrobuvir (ANA598) has also been characterized in a variety of preclinical studies. In completed long-term chronic toxicology tests in both rats and monkeys, the No Observed Adverse Effect Level, or NOAEL, was 1000 mg/kg, the highest dose tested. Data from preclinical models of antiviral activity have laid the foundation for clinical investigation of setrobuvir (ANA598) in DAA combinations. In particular, synergistic antiviral activity *in vitro* was observed when setrobuvir (ANA598) was combined with a number of approved or investigational HCV agents, and *in vitro* combinations of setrobuvir (ANA598) with other DAAs from multiple classes resulted in clearance of HCV RNA from cells rather than selection of resistant isolates.

About Anadys

Anadys Pharmaceuticals, Inc. is a biopharmaceutical company dedicated to improving patient care by developing novel medicines for the treatment of hepatitis C. The Company believes hepatitis C represents a large unmet medical need in which meaningful improvements in treatment outcomes may be attainable with the introduction of new medicines. Anadys is conducting a Phase IIb study of setrobuvir, the Company's DAA, added to current standard of care for the treatment of hepatitis C. The Company is also preparing to resume clinical development of ANA773, the Company's oral, small-molecule inducer of endogenous interferons that acts via the Toll like receptor 7, or TLR7, pathway in hepatitis C.

Safe Harbor Statement

Statements in this press release that are not strictly historical in nature constitute "forward-looking statements." Such statements include, but are not limited to, references to (i) the timing, occurrence and outcome of expected data events from the setrobuvir (ANA598) Phase IIb study; (ii) the clinical and preclinical profile of setrobuvir (ANA598) based on data received to date; and (iii) predictions regarding the transferability of preclinical models of DAA combinations with setrobuvir (ANA598) to clinical investigation, as well as the occurrence, timing and outcome of such clinical investigation. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Anadys' actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. For example, the results of preclinical and early clinical studies may not be predictive of future results, and Anadys cannot provide any assurances that setrobuvir (ANA598) will not have unforeseen safety issues, will have favorable results in ongoing or future clinical trials or will receive regulatory approval. In addition, Anadys' results may be affected by competition from other biotechnology and pharmaceutical companies, its effectiveness at managing its financial resources, its ability to enter into transactions around its product candidates, difficulties or delays in its clinical trials, difficulties or delays in manufacturing its clinical trials materials, the scope and validity of patent protection for its products, regulatory developments and its ability to obtain additional funding to support its operations. Risk factors that may cause actual results to differ are more fully discussed in Anadys' SEC filings, including Anadys' Form 10-Q for the quarter ended March 31, 2011. All forward-looking statements are qualified in their entirety by this cautionary statement. Anadys is providing this information as of this date and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

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