



VistaGen

News Release

VistaGen Licenses Customized Stem Cell-Based Drug Discovery Assays to Sanwa, a Japanese Pharmaceutical Company

— VistaGen / Sanwa Joint Discoveries under Evaluation
as Potential Drug Candidates for Diabetes —

SOUTH SAN FRANCISCO, CA (May 22, 2008) — VistaGen Therapeutics, Inc., a biotechnology company using leading-edge embryonic stem cell (ES Cell) technologies for predictive toxicology and drug discovery, today announced that Sanwa Kagaku Kenkyusho Co. Ltd. (Sanwa), an international pharmaceutical company headquartered in Nagoya, Japan, has, pursuant to the terms of the parties' joint research and development agreement, selected to license three customized ES Cell-based beta-islet differentiation assay systems developed under the agreement. Financial terms were not disclosed.

Sanwa will use these customized ES Cell assays to identify and screen new diabetes drug candidates.

The assay systems were developed to expand the capabilities of VistaGen's ES Cell technologies to discover novel biologic products to treat diabetes and to accelerate Sanwa's internal discovery and screening programs for new small molecule drug candidates for Type 1 and Type 2 diabetes.

During the discovery phase of the collaboration, VistaGen and Sanwa leveraged VistaGen's industry-leading ES Cell technologies and bioinformatics databases to identify biological molecules that can be used to expand beta-islet cell differentiation and/or insulin production. Several discoveries resulting from these studies are now under evaluation as potential candidates for joint drug development programs. Other than the assay systems licensed by Sanwa, VistaGen has the right to participate equally with Sanwa on any drug development programs involving joint discoveries derived from VistaGen's technology in the field of diabetes.

Dr. Ralph Snodgrass, VistaGen's President and CEO, said, "We are pioneering an exciting new era where innovative stem cell technologies give us new tools and approaches to dramatically improve R&D productivity and accelerate the discovery and development of safe and effective new drugs in ways that we never could before."

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VistaGen Therapeutics, Inc.
384 Oyster Point Boulevard 8
South San Francisco, California 94080
www.vistagen.com



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He explained that this license of three customized assay systems by Sanwa reflects the pharmaceutical industry's need for clinically relevant, high quality, differentiated cells suitable for large-scale drug discovery screening.

Working with VistaGen, Sanwa researchers used VistaGen's proprietary *FRED*[™] knowledgebase system and bioinformatics software tools to analyze the growth and differentiation of stem cell-derived beta-islet cells. The goal was to identify novel genes and growth factors associated with the differentiation and expansion of beta-islets and the regulation of insulin production as potential therapeutic biological molecules or as drug targets.

About VistaGen Therapeutics

VistaGen Therapeutics, headquartered in South San Francisco, CA, is a leader in the rapidly expanding field of embryonic stem cell (ES Cell) technologies as an in vitro platform for predictive toxicology and drug discovery.

The company's industry advantage is built around the use of its proprietary ES Cell technology platform as a customizable, therapeutically-focused predictive toxicology and drug discovery engine. VistaGen uses its ES Cell platform for predictive toxicology screening and to discover, develop and commercialize a wide range of novel small molecule drugs and protein biologics for diabetes, Parkinson's disease, brain disorders and other neurological disorders. VistaGen's ES Cell platform enables its scientists and research partners to direct the development of ES Cells into a broad range of functional human cells, including heart, liver, nerve and insulin-producing beta-islet cells, in a commercially efficient and reproducible process.

VistaGen is leveraging its ES Cell technology platform through multiple internal drug discovery programs and strategic collaborations. Its lead small molecule drug candidate, AV-101, a novel prodrug that regulates glutamate signaling, is expected to enter clinical development this year for neuropathic pain, Parkinson's disease and epilepsy.

Contact:

Media

Bruce Russell
Russell Communications Group
(310) 559-4955 x101
brucerussell@ruscom.com

VistaGen Therapeutics, Inc.
384 Oyster Point Boulevard 8
South San Francisco, California 94080
www.vistagen.com