

ATHEROGENICS INC
Form 424B3
August 18, 2005

Filed Pursuant to Rule 424(b)(3)
File No. 333-123895

PROSPECTUS SUPPLEMENT
(To Prospectus dated July 25, 2005)

ATHEROGENICS, INC.
\$200,000,000
1.50% CONVERTIBLE NOTES DUE 2012
AND
10,416,660 SHARES OF COMMON STOCK, NO PAR VALUE PER SHARE,
ISSUABLE UPON CONVERSION OF THE NOTES

This prospectus supplement supplements the prospectus dated July 25, 2005 of AtheroGenics, Inc., relating to the resale from time to time by selling securityholders of our 1.50% convertible notes due 2012 and shares of AtheroGenics, Inc. common stock issuable upon conversion of the notes. This prospectus supplement should be read in conjunction with the prospectus, which is required to be delivered with this prospectus supplement.

Investing in the notes or our common stock involves a high degree of risk. See Risk Factors beginning on page 6 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is August 18, 2005

The section of the prospectus entitled **Selling Securityholders** is amended and restated in its entirety to read as follows:

SELLING SECURITYHOLDERS

We originally sold the notes to initial purchasers on January 12, 2005. The initial purchasers of the notes have advised us that the notes were resold in transactions exempt from the registration requirements of the Securities Act to qualified institutional buyers, as defined in Rule 144A of the Securities Act. These subsequent purchasers, or their transferees, pledgees, donees, assignees or successors, may from time to time offer and sell any or all of the notes and/or shares of the common stock issuable upon conversion of the notes pursuant to this prospectus.

The following table sets forth information with respect to the selling securityholders and the principal amount of notes and common stock beneficially owned by each selling securityholder that may be offered pursuant to this prospectus. The information is based on information provided by or on behalf of the selling securityholders. The selling securityholders may offer all, some or none of the notes or the common stock issuable upon conversion of the notes. Because the selling securityholders may offer all or some portion of the notes or the common stock, we cannot estimate the amount or percentage of the notes or the common stock that will be held by the selling securityholders upon termination of sales pursuant to this prospectus. In addition, the selling securityholders identified below may have sold, transferred or otherwise disposed of all or a portion of their notes since the date on which they provided the information regarding their holdings in transactions exempt from the registration requirements of the Securities Act.

To our knowledge, no selling securityholder nor any of its affiliates has held any position or office with, been employed by or otherwise has had any material relationship with us or our affiliates within the past three years.

The percentage of notes outstanding beneficially owned by each selling securityholder is based on \$200,000,000 aggregate principal amount of notes outstanding. The number of shares of common stock issuable upon conversion of the notes shown in the table below assumes conversion of the full amount of notes held by each selling securityholder at the initial conversion rate of 38.5802 shares of common stock per \$1,000 principal amount of notes.

Name (1)	Principal Amount of Notes	Percentage of Notes Outstanding	Common Stock Owned Prior to the Offering (2)(3)	Common Stock Owned After Completion of the Offering (3)
	Beneficially Owned and Offered Hereby (\$) (2)			
Aristeia International Limited (4)	9,190,000	4.60%	354,552	
Aristeia Trading LLC (5)(6)	1,810,000	*	69,830	
BNP Paribas Equity Strategies, SNC (7)(8)	5,090,000	2.55%	202,226	5,583
CIBC World Markets (5)	500,000	*	19,290	
Citigroup Global Markets Ltd. (5)	8,000,000	4.00%	308,642	
CNH CA Master Account, L.P. (9)	250,000	*	368,185	358,540
CooperNeff Convertible Strategies (Cayman) Master Fund, LP (8)	1,866,000	*	71,991	

Name (1)	Principal Amount of Notes	Percentage of Notes Outstanding	Common Stock Owned Prior to the Offering (2)(3)	Common Stock Owned
	Beneficially Owned and Offered Hereby (\$) (2)			After Completion of the Offering (3)
Deutsche Bank Securities Inc. (5)	7,126,000	3.56%	274,923	
DKR Saturn Event Driven Holding Fund Ltd. (10)	22,815,000	11.41%	931,707(11)	51,500(11)
DKR Saturn Multi-Strategy Holding Fund Ltd. (12)	22,815,000	11.41%	885,407(13)	5,200(13)
DKR SoundShore Strategic Holding Fund Ltd. (14)	6,000,000	3.00%	351,885	120,404
Drawbridge Convertible I Ltd. (15)	64,000	*	83,955	81,486
Drawbridge Convertible II Ltd. (15)	20,000	*	26,847	26,076
Drawbridge Global Macro Master Fund Ltd. (15)	166,000	*	224,787	218,383
Fore Convertible Master Fund, Ltd. (16)	4,000,000	2.00%	154,321	
Fore ERISA Fund, Ltd. (16)	2,000,000	1.00%	77,160	
Froley Revy Convertible Arbitrage Offshore (17)	350,000	*	13,503	
FrontPoint Convertible Arbitrage Fund, L.P. (18)	6,000,000	3.00%	231,481	
GLG Market Neutral Fund (19)	3,000,000	1.50%	115,741	
Guggenheim Portfolio Company VIII (Cayman), Ltd. (7)(20)	2,000,000	1.00%	77,160	
Highbridge International LLC (21)	21,500,000	10.75%	829,474	
Jeffries & Company (5)(22)	250,000	*	9,645	
JP Morgan Securities Inc. (5)(23)	4,850,000	2.43%	193,246	6,132
Kamunting Street Master Fund, Ltd. (24)	7,100,000	3.55%	273,919	
KBC Financial Products USA Inc. (5)(25)	8,600,000	4.30%	331,790	
LDG Limited (26)	71,000	*	2,739	
Lehman Brothers Inc. (5)	5,100,000	2.55%	196,759	
Lyxor/Convertible Arbitrage Fund Limited (8)	848,000	*	32,716	
Man Convertible Bond Master Fund, Ltd. (27)	2,936,000	1.47%	113,271	
Man Mac I Limited	3,000,000	1.50%	115,741	
MSS Convertible Arbitrage I (26)	6,000	*	1,209	978
Putnam Convertible Income-Growth Trust (7)	3,720,000	1.86%	143,518	

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Saranac Capital Management L.P. (28)	15,000,000	7.50%	2,012,861	1,434,158
Satellite Convertible Arbitrage Master Fund, LLC (29)	7,000,000	3.50%	270,061	
Silverback Master, Ltd. (30)	13,500,000	6.75%	520,833	
Singlehedge US Convertible Arbitrage Fund (8)	745,000	*	28,742	
Sphinx Fund c/o TQA (26)	110,000	*	22,236	17,992
St. Thomas Trading, Ltd. (31)	1,064,000	*	41,049	
Sturgeon Limited (8)	876,000	*	33,796	
UBS O Connor LLC F/B/O O Connor Global Convertible Arbitrage Master Limited	3,000,000	1.50%	115,741	
TQA Master Fund, Ltd. (26)	629,000	*	145,062	120,795
TQA Master Plus Fund, Ltd. (26)	1,004,000	*	234,627	195,893
TQA Special Opportunities Master Fund Ltd. (32)	2,000,000	1.00%	77,160	
Tugar Capital, L.P. (33)	2,500,000	1.25%	96,451	
Vicis Capital Master Fund (34)	4,000,000	2.00%	154,321	
Wachovia Capital Markets LLC (5)(35)	3,000,000	1.50%	115,741	
Waterstone Market Neutral MAC51, Ltd. (36)	59,000	*	2,276	
Waterstone Market Neutral Master Fund, Ltd. (37)	941,000	*	36,304	
Xavex Convertible Arbitrage I (26)	26,000	*	16,714	15,711
Zurich Institutional Benchmark Master c/o TQA (26)	154,000	*	30,583	24,641
Total**	200,000,000	100.00%	10,399,782	2,683,742

* Less than one percent

** The sum of the listed principal amount of notes beneficially owned by holders actually exceeds \$200,000,000 because certain of the holders have transferred notes pursuant to Rule 144A or otherwise reduced their position prior to selling pursuant to this prospectus. As a result, we have

received
beneficial
ownership
information
from additional
holders without
corresponding
updates from
the holders that
sold notes to
such additional
holders. The
maximum
principal
amount of notes
that may be sold
under this
prospectus will
not exceed
\$200,000,000.

- (1) Information about other selling securityholders, except for any future transferee, pledgee, donee, assignee or successor of securityholders named in the table above, will be set forth in a prospectus supplement or amendment to this registration statement if required. For purposes of this table, we have assumed that any other holders of notes, or any future transferees, pledgees, donees or successors of or

from any such
other holders of
notes, do not
beneficially own
any common
stock other than
the common
stock issuable
upon conversion
of the notes at
the initial
conversion rate.

- (2) Selling securityholders may have sold, transferred or otherwise disposed of all or a portion of their notes, or acquired additional notes, since the date on which we were provided with the information regarding their notes in transactions exempt from the registration requirements of the Securities Act. Accordingly, the information provided here for any particular securityholder may understate or overstate, as the case may be, such securityholder's current ownership. The aggregate principal amount of notes outstanding as of the date of this registration statement is \$200,000,000, and the selling securityholders will not sell under this registration statement more

than that
amount.

- (3) Includes common stock issuable upon conversion of the notes at the initial conversion rate of 38.5802 shares of common stock per \$1,000 principal amount of notes. However, this conversion rate will be subject to adjustment as described under
- | Description of Notes | Conversion of Notes | Conversion Rate | Adjustments | Description of Notes |
|----------------------|---|-----------------|-------------|----------------------|
| Make Whole Payment | Upon the Occurrence of a Designated Event that is also a Fundamental Change. As a result, the amount of common stock issuable upon conversion of the notes may increase or decrease in the future. Assumes conversion of the full amount of 4 ¹ / ₂ % notes held by the selling | | | |

securityholder at the initial conversion rate of 65.1890 shares of common stock per \$1,000 principal amount of notes.

- (4) Aristeia Capital LLC is the investment manager for Aristeia International Limited. Aristeia Capital LLC is jointly owned by Robert H. Lynch Jr., Anthony Frascella and Kevin Toner, who have voting or investment control over these securities.
- (5) The selling securityholder has informed us that it is a registered broker-dealer. See Plan of Distribution below.
- (6) Aristeia Advisors LLC is the investment manager for Aristeia Trading LLC. Aristeia Advisors LLC is jointly owned by Robert H. Lynch Jr., Anthony

Frascella and Kevin Toner, who have voting or investment control over these securities.

- (7) The selling securityholder has informed us that it is an affiliate of a registered broker-dealer. See Plan of Distribution below.
- (8) Christian Menestrier, Chief Executive Officer of CooperNeff Advisors, Inc., has voting or investment control over these securities.
- (9) CNH Partners, LLC is the investment advisor of the CNH CA Master Account, L.P. and has sole voting and dispositive power over these securities. Robert Krail, Mark Mitchell and Todd Pulvino exercise voting and investment control on behalf of CNH Partners, LLC.

(10)

DKR Saturn Management Company L.P. is a registered investment adviser with the Securities and Exchange Commission and, as such, is the investment manager to DKR Saturn Event Driven Holding Fund Ltd. (the Saturn Fund). Ron Phillips, portfolio manager of the Saturn Fund, has voting or investment control over these securities.

(11) Includes 51,500 shares of common stock subject to a call option.

(12) DKR Saturn Management L.P. is a registered investment adviser with the Securities and Exchange Commission and, as such, is the investment manager to DKR Saturn Multi-Strategy Fund Ltd. (the Multi-Strategy Fund). Mike Cotton, portfolio

manager of the Multi-Strategy Fund, has voting or investment control over these securities.

- (13) Includes 5,200 shares of common stock subject to a call option.
- (14) DKR Capital Partners L.P. (DKR LP) is a registered investment adviser with the Securities and Exchange Commission and, as such, is the investment manager to DKR SoundShore Strategic Holding Fund Ltd. (the SoundShore Fund). DKR LP has retained certain portfolio managers to act as the portfolio manager to the SoundShore Fund managed by DKR LP. As such, DKR LP and certain portfolio managers have shared dispositive and voting power over securities held by the fund. Doug Teresko has

voting or
investment
control over
these securities.

(15) Kevin Treacy
has voting or
investment
control over
these securities.

(16) David
Egglshaw has
voting or
investment
control over
these securities.

(17) Ann Houlihan
has voting or
investment
control over
these securities.

- (18) FrontPoint
Convertible
Arbitrage Fund
GP LLC is the
general partner
of FrontPoint
Convertible
Arbitrage Fund,
L.P. FrontPoint
Partners LLC is
the managing
member of
FrontPoint
Convertible
Arbitrage Fund
GP, LLC and as
such has voting
and dispositive
power over the
securities held
by the fund.
Philip Duff, W.
Gillespie
Caffray and
Paul Ghaffari
are members of
the board of
managers of
FrontPoint
Partners LLC
and are the sole
members of its
management
committee.
Messrs. Duff,
Caffray and
Ghaffari and
FrontPoint
Partners LLC
and FrontPoint
Convertible
Arbitrage Fund
GP, LLC each
disclaim
beneficial
ownership of
the securities
held by the fund
except for their

pecuniary
interest therein.

- (19) GLG Market Neutral Fund (the Fund) is a publicly owned company listed on the Irish Stock Exchange. GLG Partners LP, an English limited partnership, acts as the investment manager of the fund and has voting and dispositive power of the securities held by the Fund. The general partner of GLG Partners LP is GLG Partners Limited, an English limited company. The shareholders of GLG Partners Limited are Noam Gottesman, Pierre Lagrange, Jonathan Green, Philippe Jabre and Lehman (Cayman) Limited, a subsidiary of Lehman Brothers, Inc., a publicly-held entity. GLG Partners LP, GLG Partners Limited, Noam Gottesman, Pierre Lagrange,

Jonathan Green,
Philippe Jabre
and Lehman
(Cayman)
Limited
disclaim
beneficial
ownership of
the securities
held by the
Fund, except for
their pecuniary
interest therein.

(20) Matthew Li has
voting or
investment
control over
these securities.

(21) Highbridge
Capital
Management,
LLC
(Highbridge) is
the trading
manager of
Highbridge
International
LLC (HIC) and
consequently
has voting
control and
investment
discretion over
securities held
by HIC. Glenn
Dubin and
Henry Swieca
control
Highbridge.
Each of
Highbridge,
Glenn Dubin
and Henry
Swieca
disclaims
beneficial
ownership of
the securities
held by HIC.

- (22) Jonathan
Cunningham
has voting or
investment
control over
these securities.
- (23) Charlotte Chui
has voting or
investment
control over
these securities.
- (24) Allan Teh,
managing
member of
Kamunting
Street
Management,
LLC, the
general partner
of the
investment
manager of
Kamunting
Street Master
Fund, Ltd., has
voting or
investment
control over
these securities.
- (25) KBC Financial
Products USA
Inc. exercises
voting and
investment
control over any
shares of
common stock
issuable upon
conversion of
the notes held
by the selling
securityholder.
Mr. Luke
Edwards,
Managing
Director,
exercises voting

and investment
control on
behalf of KBC
Financial
Products USA
Inc.

(26) Robert Butman,
George Esser,
John Idone, Paul
Bucci and
Bartholomew
Tesoriero have
voting or
investment
control over
these securities.

(27) John Null and
J.T. Hansen,
principals of
Marin Capital
Partners, LP,
investment
advisor to Man
Convertible
Bond Master
Fund, Ltd. have
voting or
investment
control over
these securities.

(28) Ross Margolies
has voting or
investment
control over
these securities.
Saranac Capital
Management
L.P. acts as
discretionary
investment
advisor with
respect to the
following
accounts that
hold the
indicated
principal
amounts of

these securities:

Citigroup
Alternative
Investments
Diversified
Arbitrage
Strategies Fund
Ltd., 1,822,000;
Citigroup
Alternative
Investments
Enhanced
Arbitrage
Strategies Fund,
539,000;
Citigroup
Alternative
Investments QIP
Multi Strategy
Arbitrage
Portfolio,
8,868,000;
Saranac Erisa
Arbitrage LTD,
3,355,000;
Saranac Erisa
Arbitrage LP,
224,000; and
Saranac
Arbitrage LTD,
192,000.

- (29) Leif Rosenblatt,
Mark Sonnino,
Gabriel
Nechamkin,
Christopher
Tuzzo, Brian
Kriftcher,
Stephen Shapiro
and David Ford
have voting or
investment
control over
these securities.
Each of these
individuals
disclaims
beneficial
ownership of
the securities.

- (30) Elliot Bossen
has voting or
investment
control over
these securities.
 - (31) John Null and
J.T. Hansen,
principals of
Marin Capital
Partners, LP,
investment
advisor to St.
Thomas
Trading, Ltd.,
have voting or
investment
control over
these securities.
 - (32) Robert Butman,
George Esser,
John Idone, Paul
Bucci and
Bartholomew
Tesoriero have
voting or
investment
control over
these securities.
 - (33) Ken Tananbaum
has voting or
investment
control over
these securities.
 - (34) Sky Lucas, John
Succo and Shad
Stastney have
voting or
investment
control over
these securities.
-

- (35) Eric Grant has voting or investment control over these securities.
- (36) Shawn Bergerson, Chief Executive Officer of Waterstone Market Neutral MAC51, Ltd., has voting or investment control over these securities.
- (37) Shawn Bergerson, Chief Executive Officer of Waterstone Market Neutral Master Fund, Ltd., has voting or investment control over these securities.