

ATHEROGENICS INC
Form 424B3
December 06, 2005

PROSPECTUS SUPPLEMENT No. 5

(To Prospectus dated July 25, 2005, as supplemented by Prospectus Supplement No. 1 dated August 18, 2005, Prospectus Supplement No. 2 dated September 20, 2005, Prospectus Supplement No. 3 dated October 7, 2005 and Prospectus Supplement No. 4 dated November 1, 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 December 6, 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 Beneficially Owned and Offered	Percentage of Notes Outstanding	Common Stock Owned Prior to the Offering (2)(3)	Common Stock Owned After Completion of the Offering (3)
Alexandra Global Master Fund, Ltd.	3,500,000	1.75%	135,031	
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
Brooks Capital Group LLC (9)	100,000	*	3,858	
CIBC World Markets (5)	500,000	*	19,290	
Citigroup Global Markets Ltd. (5)	8,000,000	4.00%	308,642	

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Name (1)	Principal Amount of Notes Beneficially Owned and Offered Hereby (\$) (2)	Percentage of Notes Outstanding	Common Stock Owned Prior to the Offering (2)(3)	Common Stock Owned After Completion of the Offering (3)
CNH CA Master Account, L.P. (10)	250,000	*	368,185	358,540
CooperNeff Convertible Strategies (Cayman) Master Fund, LP (8)	1,866,000	*	71,991	
Deutsche Bank Securities Inc. (5)	7,126,000	3.56%	274,923	
DKR Saturn Event Driven Holding Fund Ltd. (11)	6,365,000	3.18%	245,563	
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)	2,500,000	1.25%	96,451	
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)	1,666,000	*	282,658	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	
ING Investors Trust ING T. Rowe Price Capital Appreciation Fund (7)(22)	830,000	*	32,022	
Jeffries & Company (5)(23)	250,000	*	9,645	
JP Morgan Securities Inc. (5)(24)	4,850,000	2.43%	193,246	6,132
Kamunting Street Master Fund, Ltd. (25)	7,100,000	3.55%	273,919	
KBC Financial Products USA Inc. (5)(26)	8,600,000	4.30%	331,790	
LDG Limited (27)	229,000	*	8,835	
Lehman Brothers Inc. (5)	5,100,000	2.55%	196,759	

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Lyxor/Convertible Arbitrage Fund Limited (8)	848,000	*	32,716	
Man Convertible Bond Master Fund, Ltd. (28)	2,936,000	1.47%	113,271	
Man Mac I Limited	3,000,000	1.50%	115,741	
MSS Convertible Arbitrage I (27)	48,000	*	2,830	978
Penn Series Funds, Inc. Flexibly Managed Fund (7)(22)	375,000	*	14,468	
Putnam Convertible Income-Growth Trust (7)	3,720,000	1.86%	143,518	
Saranac Capital Management L.P. (29)	15,000,000	7.50%	2,012,861	1,434,158
Satellite Convertible Arbitrage Master Fund, LLC (30)	7,000,000	3.50%	270,061	
Silverback Master, Ltd. (31)	13,500,000	6.75%	520,833	
Singlehedge US Convertible Arbitrage Fund (8)	745,000	*	28,742	
Sphinx Fund c/o TQA (27)	311,000	*	24,841	12,842
St. Thomas Trading, Ltd. (32)	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	
T. Rowe Price Capital Appreciation Fund, Inc. (7)(22)	2,045,000	1.02%	78,897	
TQA Master Fund, Ltd. (27)	1,810,000	*	143,689	73,859
TQA Master Plus Fund, Ltd. (27)	3,201,000	1.60%	255,894	132,399
TQA Special Opportunities Master Fund Ltd. (33)	2,000,000	1.00%	77,160	
Tugar Capital, L.P. (34)	2,500,000	1.25%	96,451	
Vicis Capital Master Fund (35)	4,000,000	2.00%	154,321	
Wachovia Capital Markets LLC (5)(36)	3,000,000	1.50%	115,741	
Waterstone Market Neutral MAC51, Ltd. (37)	59,000	*	2,276	
Waterstone Market Neutral Master Fund, Ltd. (38)	941,000	*	36,304	
Xavex Convertible Arbitrage I (27)	26,000	*	16,714	15,711
Zurich Institutional Benchmark Master c/o TQA (27)	375,000	*	14,468	
Total**	200,000,000	100.00%	10,087,656	2,371,616

* 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
and 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 4¹/₂% 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) Brook Lenfest and William Luterman have voting or investment control over these securities.
- (10) 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.

(11) 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.

(12) DKR Saturn Management L.P. (DKR Saturn) 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). As such, DKR Saturn and certain portfolio managers have shared dispositive and voting power over securities

held by the fund. Ron Phillips has voting or investment control over these securities. Mr. Phillips disclaims beneficial ownership of the 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) T. Rowe Price Associates, Inc. (T. Rowe Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote these securities. T. Rowe Price Associates disclaims beneficial ownership of these securities. T. Rowe Price Associates is a wholly-owned

subsidiary of T. Rowe Price Group, Inc., which is a publicly-traded financial services holding company.

- (23) Jonathan Cunningham has voting or investment control over these securities.
- (24) Charlotte Chui has voting or investment control over these securities.
- (25) 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.
- (26) 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.

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

(28) 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.

(29) 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.

- (30) 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.
- (31) Elliot Bossen
has voting or
investment
control over
these securities.
- (32) 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.
- (33) Robert Butman,
George Esser,
John Idone, Paul
Bucci and
Bartholomew
Tesoriero have
voting or
investment
control over

these securities.

(34) Ken Tananbaum has voting or investment control over these securities.

(35) Sky Lucas, John Succo and Shad Stastney have voting or investment control over these securities.

(36) Eric Grant has voting or investment control over these securities.

(37) Shawn Bergerson, Chief Executive Officer of Waterstone Market Neutral MAC51, Ltd., has voting or investment control over these securities.

(38) Shawn Bergerson, Chief Executive Officer of Waterstone Market Neutral Master Fund, Ltd., has voting or investment control over these securities.