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Announcement

NeuroSearch announces drug discovery and drug development alliance with Janssen Pharmaceutica NV

- ***The alliance builds on strong scientific commitment from both companies, focusing on the development of new CNS medicines based on joint expertises in neuroscience discovery***
- ***To NeuroSearch, the alliance will bring guaranteed income and funding of EUR 32 million in the first three years, including an upfront equity investment of EUR 10 million and a share put option of EUR 5 million***
- ***For each compound successfully commercialised under the alliance, NeuroSearch will receive milestone payments plus royalties on global sales***

Copenhagen, 17 August 2009 - NeuroSearch A/S (NEUR) has signed a drug discovery and drug development agreement with Janssen Pharmaceutica NV (Janssen), an international pharmaceutical company under the Johnson & Johnson group. Under the agreement, NeuroSearch and Janssen will collaborate to discover, develop and commercialise new medicines to treat various central nervous system (CNS) diseases based on the companies' joint expertises in the field of neuroscience. Initially, the agreement will run for three years with an option to Janssen to extend the alliance with up to two years against additional funding to NeuroSearch.

Flemming Pedersen, CEO of NeuroSearch commented:

"We are very proud to announce this alliance with Janssen and excited about the prospects of working jointly with a company with such a rich history in neuroscience discovery. As the alliance builds on combined drug discovery expertise and activities, we see it as an optimal frame work for the development and commercialisation of new and better CNS medicines. As such, we believe the agreement will significantly boost our pipeline of products representing a substantial value potential for NeuroSearch. Under the agreement, NeuroSearch is eligible to more than EUR 200 million (> DKK 1.5 billion) in milestone payments plus attractive royalties for each successfully launched product."



Under the terms of the agreement, NeuroSearch is eligible to receive a total of EUR 32 million (DKK 238 million) from Janssen, of which EUR 17 million (DKK 127 million) will be as upfront payment and research funding and EUR 15 million (DKK 112 million) as an equity investment in NeuroSearch. Upon signing of the agreement, NeuroSearch will receive EUR 5 million (DKK 37.2 million) as upfront payment with EUR 12 million (DKK 89 million) in research funding for the three years to be paid in 2010 and 2011. Also upon signing, Johnson & Johnson Development Corporation (JJDC) will subscribe for EUR 10 million (DKK 74,4 million) of new NeuroSearch shares and grant NeuroSearch an option until and including 30 April 2010 to sell an additional number of new shares to JJDC worth EUR 5 million (DKK 37.2 million).

NeuroSearch will be responsible for the drug discovery programmes as well as for the early development of the drug candidates stemming from the alliance. Janssen will have various options to exercise license rights to the individual compounds covered by the agreement and related intellectual property. Upon exercise of license options, Janssen will be responsible for and finance all subsequent development and commercialisation activities. For each product, successfully developed and

commercialised under the alliance, NeuroSearch will be entitled to milestone payments of up to EUR 213 million (DKK 1,586 million) plus double-digit royalties on global sales.

The issue of new shares to JJDC

JJDC's initial EUR 10 million (DKK 74.4 million) equity investment in NeuroSearch will be made through subscription of 618,562 new NeuroSearch shares of DKK 20 nominal value each. The shares will be subscribed at a market price of DKK 120.35 per share of DKK 20 nominal value each, calculated as the simple average of the daily average price per NeuroSearch share on each of the 10 last trading days prior to (and excluding) the date for signing the agreement as published on the website of NASDAQ OMX Copenhagen A/S at the end of each such trading day.

The new shares will be issued without pre-emption rights for the company's current shareholders. The issue has been decided by NeuroSearch's Board of Directors on the basis of Article 5 of NeuroSearch's Articles of Association authorising the Board of Directors to increase the share capital of the company. The new shares will rank *pari passu* with and have the same rights as the existing shares in the company.

Furthermore, NeuroSearch has been granted an option to sell additional shares to JJDC worth EUR 5 million (DKK 37.2 million) at market price up to and including 30 April 2010. NeuroSearch is not obliged to exercise the option.

Registration, admission to trading and official listing of the new shares

The new shares will be registered with VP Securities Service ('Værdipapircentralen'). The new shares will be admitted to trading and official listing on the NASDAQ OMX Copenhagen exchange under the ISIN code of NeuroSearch's existing shares (ISIN code DK0010224666) upon registration with the Danish Commerce and Companies Agency ('Erhvervs- og Selskabsstyrelsen'). Admittance for trading and official listing of the new shares is expected to take place on 27 August 2009.

NeuroSearch's issuing agent is Nordea Bank Danmark A/S.

Expected timetable for the capital increase

Date	Event
17 August 2009	Decision by NeuroSearch's Board of Directors to exercise its authorisation under the Articles of Association to increase the share capital
24 August 2009	Payment. Registration of the new shares with the Commerce and Companies Agency as well as issue and registration of the new shares with VP Securities Services.
27 August 2009	Admittance for trading and official listing of the new shares with the NASDAQ OMX Copenhagen exchange.

NeuroSearch retains its financial guidance for the full year 2009, expecting a loss before financials and other shares of results in the region of DKK 350 million.

Flemming Pedersen
CEO

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About NeuroSearch

NeuroSearch (NEUR) is a Scandinavian biopharmaceutical company listed on NASDAQ OMX Copenhagen. The core business of the company covers the development of novel pharmaceutical agents, based on a broad and well-established drug discovery platform focusing on ion channels and central nervous system (CNS) disorders. A substantial share of the activities is partner financed through strategic alliances with Eli Lilly and Company, Janssen Pharmaceutica and GlaxoSmithKline (GSK), and a license collaboration with Abbott. NeuroSearch's pipeline of drug candidates comprises seven clinical (Phase I-III) development programmes: Pridopidine (ACR16) for Huntington's disease (Phase III), tesofensine for obesity (Phase III ready), ABT-894 for ADHD (Phase II) in partnership with Abbott, ACR325 to treat dyskinesias in Parkinson's disease (Phase Ib), ACR343 for schizophrenia (Phase II ready), ABT-560 for the treatment of various CNS disorders (Phase I) in collaboration with Abbott, and NSD-788 for anxiety/depression (Phase I). In addition, NeuroSearch has a broad portfolio of preclinical drug candidates and holds equity interests in several biotech companies.

