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Announcement

NeuroSearch establishes credit facility of DKK 50 million to finance a programme for the purchase of own shares to hedge milestone payments

NeuroSearch has established a credit facility of DKK 50 million to finance a programme for the purchase of own shares to cover expected future milestone payments. The credit facility has been established on ordinary bank financing terms and with a guaranteed duration of two years.

An investment bank has been appointed to arrange the programme in compliance with European Commission Regulation No 2273/2003 of 22 December 2003, also referred to as the so-called "Safe Harbour" rules for the purchase of own shares.

The main reason for establishing a share purchase programme is NeuroSearch's expectations that, in a foreseeable future, additional success based milestone payments will become due under the agreement with the sellers of Carlsson Research AB, which was acquired by NeuroSearch in 2006. These contingent payment obligations amount to a total of SEK 200 million (DKK 140 million) distributed in two equal payments relating to either first commercial sale or first application for market registration of ACR16, being in pivotal Phase III development for Huntington's disease, and to first Phase II dosing with ACR325. According to the terms of the agreement, these payments can be settled either in NeuroSearch shares or in cash and thus own treasury shares may be used as payment.

It is of utmost importance for NeuroSearch's management to assure the best possible protection of the company's shareholder value. This includes continuous optimisation of the company's capital structure, and NeuroSearch believes a fully financed share purchase programme to be expedient in the current situation where the company's share price has been significantly reduced over a period of time despite of a markedly maturing of the product pipeline. This is also based on the expectation that data from the ACR16 Phase III Huntington's study will be available in less than a year and form the basis for a submission of a market application for the company's first commercial product.

Mr Thomas Hofman-Bang, Chairman of the Board of Directors of NeuroSearch, says: *"In agreement with the executive management, the board of directors has evaluated the possibility of hedging the remaining payment obligations to the sellers of Carlsson Research, which – if being met – are bound to expectedly considerable value creating events. Furthermore, it is our opinion that we help secure our shareholders' value in the best possible way by establishing this guaranteed structure for the purchase of own shares. It is very satisfactory that we have succeeded in obtaining this without further charge to our capital base and general operations."*

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Safe Harbour regulation and NeuroSearch's share purchase programme

In accordance with the Safe Harbour rules, the maximum of NeuroSearch shares that can be bought back in one single trading day under the programme may not be greater than 25% of the average daily trading volume of NeuroSearch shares in the 20 preceding trading days on NASDAQ OMX Copenhagen A/S.

Further, shares acquired under the programme may not be bought at a price exceeding the higher of: (i) the share price of the last independent transaction and (ii) the highest independent bid on NeuroSearch's shares on NASDAQ OMX Copenhagen A/S at the time of the transaction.

NeuroSearch - Company profile

NeuroSearch (NEUR) is a Scandinavian biopharmaceutical company listed on Nasdaq OMX Copenhagen. The company's core business covers the development of novel drugs, 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 and GlaxoSmithKline (GSK) and a license collaboration with Abbott. The drug pipeline comprises seven clinical (Phase I-III) development programmes: 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 II ready), ACR343 for schizophrenia (Phase I), 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.

