

PROXIMAGEN SIGNS \$232 MILLION LICENSING AGREEMENT WITH UPSHER-SMITH TO DEVELOP PRX1 PROGRAMME

\$6 MILLION EQUITY INVESTMENT IN PROXIMAGEN AT c.200 PENCE PER SHARE BY UPSHER-SMITH

*~ Upfront payment, milestone payments totalling up to \$232 million payable to Proximagen ~
~ Royalties payable to Proximagen on worldwide sales ~*

London, UK - Proximagen Neuroscience plc (AIM: PRX), the drug discovery and development company focused on neurodegenerative diseases, is today pleased to announce it has entered into a worldwide licensing agreement ("the Agreement") with Upsher-Smith Laboratories Inc. ("Upsher-Smith"), the Minnesota-based company which develops, manufactures and markets pharmaceuticals in a number of therapeutic areas. The Agreement covers the development and commercialisation of Proximagen's proprietary PRX1 programme for the symptomatic treatment of Parkinson's disease (PD). Proximagen will receive an upfront payment and milestone payments totalling up to \$232 million (£117 million*), plus royalties on global product sales.

Highlights of the Agreement:

- ∞ Upsher-Smith will pay Proximagen an upfront payment and milestone payments totalling up to \$232 million (£117 million*) upon the PRX1 programme reaching certain development and sales milestones;
- ∞ According to the terms of the Agreement, Upsher-Smith expects to make a \$6 million (£3.03 million*) equity investment in Proximagen at c.200 pence per share, a premium of c.100% to the closing share price of Proximagen on Friday 11 July 2008;
- ∞ Upon this first equity investment, Upsher-Smith will hold 7.1% of the enlarged issued share capital of Proximagen;
- ∞ Under the terms of the Agreement, Proximagen is entitled to up to double-digit royalties on global product sales on an escalating royalty basis; and
- ∞ Upsher-Smith will be responsible for the worldwide development and commercialisation of PRX1 under the direction of a joint steering committee on which there will be representation from Proximagen.

Upsher-Smith

Upsher-Smith is an established and rapidly growing, privately-held company based in Minneapolis, Minnesota. It is a fully integrated pharmaceutical company with expertise in product development, formulations research, clinical research, pharmacovigilance, manufacturing, marketing and sales, as well as legal, regulatory affairs and quality assurance. Upsher-Smith's core focus has traditionally been on developing branded and generic products in the therapeutic areas of women's health, dermatology, cardiology and neurology, and the Agreement demonstrates Upsher-Smith's strategic intent to broaden its pipeline in disorders of the central nervous system.

PRX1 - Meeting a high unmet market need

Proximagen's PRX1 programme, which is currently in the pre-clinical stage of development, has been designed to provide a 'super' version of L-DOPA, the current gold-standard treatment for PD, to overcome the problems associated with the current treatment of PD. The results from the PRX1 development programme are deemed by scientific experts to be highly significant and the drug candidate has the potential to become the drug of first choice for addressing motor symptoms associated with PD. The worldwide market for PD therapeutics is estimated to be valued at more than \$2.5 billion per annum (source:IMSHealth).

The PRX1 drug candidate has shown significantly increased biological half-life (the period of time required for the concentration or amount of drug in the body to be reduced by one-half) in pre-clinical studies compared with L-DOPA. This could represent a significant advancement in the current treatment of patients, since the existing L-DOPA controlled release preparations increase the half-life of L-DOPA by less than two hours. By increasing the plasma half-life in patients, the desired effect of Proximagen's drug candidate, compared to the traditional L-DOPA, would be to reduce the peak and trough blood levels associated with involuntary movements in PD, reduce the number of daily doses needed and thereby improve patients' sleep and general quality of life.

Furthermore, in pre-clinical studies, the administration of the PRX1 drug candidate at dose equivalents to L-DOPA produced maximal reversal of motor disability with virtually no dyskinesia side effects.

Commenting on the Agreement, Kenneth Mulvany, CEO of Proximagen Neuroscience plc, said:

"We are delighted to have partnered our PRX1 programme with Upsher-Smith, a company whose ambitions for meeting the needs of Parkinson's disease patients match our own and whose excellence in clinical development and commercialisation complements Proximagen's expertise in research and development. We are confident that the two companies will make excellent partners, and together, we look forward to maximising the potential of this exciting programme.

This deal demonstrates Proximagen's ability to leverage our expertise in Parkinson's disease to discover first class drug candidates, as well as our ability to commercialise early stage products.

Proximagen already has a strong cash balance and is now very well positioned to continue investment in its pipeline and exploit commercial opportunities as they arise to continue building value for shareholders."

Tom Burke, Executive Vice President Commercial Operations for Upsher-Smith, added:

"PRX1 is a novel pharmaceutical drug candidate that we believe could become a leader in the treatment of Parkinson's disease. We are excited by the potential market opportunity and the profile of the PRX1 programme drug candidate. We are also delighted to be working with Proximagen, a company with world class expertise in the field of Parkinson's disease.

Upsher-Smith's strength in the development and commercialisation of pharmaceutical products will enable us to successfully take the PRX1 programme to the next stage of development and beyond. There is a clear unmet medical need for the treatment of Parkinson's disease and we look forward to the successful development of PRX1."

* Exchange rate used: £1=\$1.98