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**PRECLINICAL DATA AT NEUROSCIENCE 2010 SHOW NAUREX'S NOVEL ANTIDEPRESSANT
GLYX-13 SHARES KEY EFFICACY MECHANISMS WITH KETAMINE**

***—GFPA Selective NMDA Receptor Modulator Rapidly Exhibits Antidepressant-Like Activity
While Showing No Ketamine-Like Addictive, Dissociative or Sedative Side Effects—***

SAN DIEGO, CA and EVANSTON, IL, November 17, 2010 -- Naurex Inc., a company developing innovative treatments to address unmet needs in psychiatry and neurology, today reported that data presented at Neuroscience 2010 show that GLYX-13, its clinical-stage candidate for the treatment of depression, shares key mechanistic features associated with the antidepressant efficacy of the NMDA receptor antagonist ketamine.* Numerous studies have shown that ketamine has a markedly faster onset of action than other antidepressants (within hours, instead of weeks) and alleviates depression symptoms in a greater proportion of patients, but its clinical utility has been limited by the high incidence of addictive, dissociative and sedative side effects seen at dose levels close to the therapeutic dose.

GLYX-13 is Naurex's lead glycine-site functional partial agonist (GFPA) selective modulator of the NMDA receptor (NMDAR). The novel GFPA class of compounds has been specifically designed by Naurex to achieve the well-documented efficacy of classic NMDAR-modulating drugs such as ketamine, while avoiding the serious side effects that have limited their clinical utility.

In previous studies in preclinical models of depression, GLYX-13 demonstrated antidepressant-like effects consistent with those of ketamine. In the preclinical studies presented at Neuroscience 2010, researchers found that three key features associated with the molecular mechanism underlying ketamine's antidepressant efficacy are also seen with GLYX-13. Similar to ketamine, GLYX-13 appears to exert its antidepressant-like effects, at least in part, through AMPA receptor-dependent activity, shown by an increase in AMPA throughput and blocking of antidepressant effects when an AMPA antagonist is administered. In these studies, antidepressant-like efficacy was demonstrated within minutes of administering a single dose of GLYX-13, and it lasted more than two weeks post-dosing. No ketamine-like side effects were observed.

"Our GFPA modulators are designed to achieve ketamine-like efficacy without ketamine's side effects," said Joseph Moskal, Ph.D., founder, president and chief scientist of Naurex. "These new preclinical data confirm that the efficacy mechanism of GLYX-13 is similar to that of ketamine. Since ketamine's preclinical efficacy has been shown to be predictive of its antidepressant efficacy in humans, these data give us additional confidence that the strong antidepressant efficacy observed in preclinical studies of GLYX-13 will also be predictive of the antidepressant efficacy we will be evaluating in our upcoming Phase II trial in treatment-resistant patients."

The clean safety profile of GLYX-13 has been confirmed in a Phase I clinical trial in healthy volunteers. No psychotomimetic or cardiac side effects were observed at therapeutic doses. In preclinical studies, GLYX-13 has demonstrated the widest therapeutic ratio between efficacy and side effects ($\geq 500:1$) of any known NMDAR modulator.

“As envisioned by our founding scientists who discovered the GFPAs modulators, it appears that the GFPAs mechanism of GLYX-13 results in ‘just right’ modulation of the NMDA receptor, achieving efficacy consistent with that of NMDAR blockers such as ketamine, but without the prohibitive side effects that plague those agents,” said Derek Small, acting CEO of Naurex. “We are eager to assess GLYX-13 in our upcoming Phase II trial in treatment-resistant depression, testing whether it can help some of the millions of patients who are poorly served by existing therapies, and provide relief within hours—rather than weeks—of receiving a single dose.”

Naurex will initiate a Phase II proof-of-concept trial early next year to evaluate GLYX-13 in patients who are not achieving an adequate response to their current antidepressant agents.

In addition to GLYX-13, Naurex is developing the NRX-1050 series of GFPAs, including numerous second-generation, orally available molecules with structures and mechanisms of action similar to GLYX-13.

Neuroscience 2010: the 40th annual meeting of the Society for Neuroscience, is being held Nov. 13-17 in San Diego, CA. It provides the world's largest forum for neuroscientists to debut research and network with colleagues from around the world.

**The Antidepressant and Anxiolytic Properties of GLYX-13: A Novel NMDA Receptor Glycine Site Functional Partial Agonist*, J. S. Burgdorf¹, L. Westrich², J. Sprouse², R. A. Kroes¹, R. M. Burch³ & J. R. Moskal¹

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About NMDA Receptor Modulators and Depression

The glutamate receptor subtype known as NMDA plays a central role in modulating aspects of brain activity. The antidepressant effects of known NMDAR modulators, such as ketamine, have been confirmed in multiple clinical studies over the last decade. These studies have shown dramatic efficacy in patients with treatment-resistant and bipolar depression, demonstrating response rates greater than 50%, fast onset of action within hours of a single dose and a long duration of effect. The antidepressant efficacy of ketamine has been underscored in recent studies published in *Science* and the *Archives of General Psychiatry*. But ketamine and other known NMDAR blockers are also associated with significant toxicities at or near their therapeutic doses. These side effects, which include schizophrenia-like effects, sedation and abuse and addiction potential, have limited the therapeutic potential of these agents.

About Glycine-Site Functional Partial Agonists

GFPAs modulate the NMDA receptor in a novel and selective way that results in the largest therapeutic index of any known NMDAR modulator. GFPAs are being developed with the goal of achieving the antidepressant efficacy and rapid onset seen with conventional NMDAR modulators, but without their limiting side effects. The efficacy potential of GFPAs has been demonstrated in animal models in a number of CNS disorders, including major depressive disorder, neuropathic pain, schizophrenia, anxiety, Alzheimer's disease and other cognition disorders. In these studies, GFPAs did not exhibit the schizophrenia-like side effects associated with conventional NMDAR-modulating drugs.

About Naurex

Naurex Inc. is a private company developing novel therapies to address unmet needs in psychiatry and neurology based on a new mechanism of action for modulating the NMDA receptor in a safe way—glycine-site functional partial agonists (GFPAs). Naurex's lead product, GLYX-13, has shown promising signs of antidepressant activity with excellent safety in preclinical studies. These safety results have been confirmed in a Phase I clinical trial. Early next year, Naurex plans to initiate a Phase II trial assessing GLYX-13 in patients who have had an inadequate response to first-line treatment. Naurex has patented these novel GFPAs chemistry classes and key molecular features that may represent a platform for the development of new therapies for a variety of CNS disorders. For more information, visit www.naurex.com.