

**Thomson StreetEvents<sup>SM</sup>**



## Conference Call Transcript

**ADXN.S - Addex and Merck & Co., Inc. Enter License Agreement to Develop a Drug Candidate for Schizophrenia - Conference Call**

**Event Date/Time: Jan. 03. 2008 / 4:00PM UKT**

## CORPORATE PARTICIPANTS

**Chris Maggos**

*Addex Pharmaceuticals - Head of IR and Communications*

**Charlotte Keywood**

*Addex Pharmaceuticals - Chief Medical Officer*

**Vincent Mutel**

*Addex Pharmaceuticals - CEO*

**Tim Dyer**

*Addex Pharmaceuticals - CFO*

## CONFERENCE CALL PARTICIPANTS

**Peter Welford**

*Lehman Brothers - Analyst*

**Tracy West**

*Piper Jaffray - Analyst*

## PRESENTATION

---

**Operator**

Good morning and good afternoon. This is the Chorus Call conference operator. Welcome to the Addex Pharmaceuticals conference call. As a reminder, all participants are listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. (OPERATOR INSTRUCTIONS).

At this time, I would like to turn the conference over to Chris Maggos, Head of IR and Communications of Addex Pharmaceuticals, accompanied by Vincent Mutel, Chief Executive Officer; Tim Dyer, Chief Financial Officer; and Charlotte Keywood, CMO. Please go ahead.

---

**Chris Maggos - Addex Pharmaceuticals - Head of IR and Communications**

Thank you, hello everyone, and happy new year. We've decided to divide today's conference call into two parts. During the first part, Charlotte Keywood will summarize the clinical data announced today and Vincent Mutel will discuss what it means for the Company's strategy going forward. We will then take questions regarding the clinical data.

After the first q-and-a, we will present to you the new Merck deal for schizophrenia and Vincent will describe the agreement, Tim will review the financial terms and the impact of the deal. And finally, Vincent will discuss the reason Merck and Addex think ADX63365 is such an exciting product for schizophrenia. After that, we will open up for a final Q&A. Charlotte?

---

**Charlotte Keywood - Addex Pharmaceuticals - Chief Medical Officer**

Thanks very much, Chris. So first the data from our recent anxiety study. Our preclinical testing with ADX10059 suggested that the compound might have acute anxiolytic effects somewhat akin to benzodiazepines, so we conducted a clinical proof of concept study in an acute anxiety model using patients who have dental anxiety. The study was conducted in 50 patients at specialist dental centers in the UK who were experts in dental anxiety. Patients selected all had moderate or severe dental anxiety. 27 of them received a single dose of 10059 at 250 milligrams and 23 received a single dose of placebo. The patients were given the dose of study medication 60 minutes before a routine scheduled dental procedure and during the 180 minutes following dose administration, they had visual analog scale of anxiety monitored at specific time points and throughout the 180-minute observation period they had skin conductance monitored as well.

The visual analog scale is a scale where a patient marks on a 10 centimeter -line exactly how anxious they're feeling at any particular time point. So you ask the question -- please mark on the line how anxious you're feeling and you measure on the line exactly the point at which they put the mark and that gives you the scale of anxiety. This is actually a quite a well validated method for measuring anxiety in this type of study. However, it is a subjective endpoint of course because it describes how the patient is feeling at any particular time.

So in addition to that, as I said, a secondary measure, we looked at skin conductance and this measures the sweatiness of the hands and that's your physiological measure of stress of the patient throughout the whole procedure. The primary endpoint was the visual analog scale of anxiety 60 minutes after dosing which was immediately prior to the patient going into the dentist's chair. Secondary endpoints were the visual analog scale at other time points, specific time points, throughout the 180 minutes and then skin conductance at the multiple time points. And in addition, we actually asked the patient how they rated the medication, whether they thought it was effective or not.

When we analyzed the data, we found that the primary endpoint, the VAS at 60 minutes, was not statistically significant so that there was no difference between active and placebo for this measure at 60 minutes after dosing. And in fact, there was no significant difference between patient-rated anxiety at any of the time points throughout 180 minutes after dosing. However, what we did see was a trend in skin conductance. And in fact patients from 30 minutes after dosing tended to have a lower skin conductance in the active treatment group than in the placebo group. In other words, their palms were less sweaty in the active treatment group than in the placebo group. As I say, this is a subconscious measure of stress to the procedure and the trend appeared to be a favor of 10059.

In addition to that, patients actually rated the study medication as more effective. More than half of the patients in the 10059 group said that the medication was good or excellent whereas just 30% thought placebo was good or excellent.

What we concluded from the study so far is that 10059 did not demonstrate benzodiazepine effects, the type effect, in acute anticipated anxiety, however we do believe we saw some signs of anxiolytic activity that may suggest that 10059 may have anti-anxiety properties when given over a longer duration of time. For example, to treat things like generalized anxiety disorder. And as we know, there is a clinical precedent for the mGluR5 MAM mechanism in the generalized anxiety where fenobam has previously shown clinical efficacy. That's all.

---

**Vincent Mutel - Addex Pharmaceuticals - CEO**

Thank you, Charlotte. Hello everybody. So I think what I would like to discuss is the impact of this result on the value of 59. What we, as Charlotte said, believe is that although the compound has not demonstrated efficacy in acute anticipatory anxiety, it's for the moment very difficult to conclude that this lack of efficacy in generalized anxiety disorder, for the large anxiety disease. And for this reason, we don't believe that there's no possibility to draw conclusions regarding the efficacy of this drug in this very large indication.

We have indicated already in the past that we're not prepared to enter into the chronic anxiety disorder testing in clinical trials, and this is what we said for 48621, which is in our pipeline, a drug for depression and anxiety. We maintain the same position and we believe that for Addex, we should not enter into anxiety large-scale, long-term development in clinical trials because it is very well known that you need very large clinical trials with large numbers of patients, to demonstrate efficacy in this type of indication. We believe this is not for Addex to do something like that.

This means that we are going to develop the drug in the GERD indication in Phase IIb. We are going to develop the drug in migraine prevention as we claimed before and the work is in place to move the product according to the time lines, in particular in the formulation. We believe still that there's a potential for anxiety and potentially also other indications like depression, but we will leave this to our potential partner to decide when and how they would like to test this indication.

I think we have had already some element into the characterization of the physiological effects of the drug and I think this is the mission of the Company -- to show and demonstrate on small-scale and very rapid type of clinical trials the potential of our medications.

We need still to finish the analysis of the data. I think there are some statistical analyses to complete. And then we will come with the further development of the molecule for the GERD indication and migraine prevention.

I think this has certainly no impact on the value of the platform. We will talk about the deal that we have established with Merck on ADX63365 which is, we believe, a remarkable product, having great potential for schizophrenia. And we will continue to develop our pipeline according to what we have said before for multiple indications, large-scale indications, making sure that we have the increase of value at the right point.

And I would, on that, conclude in terms of the position we have regarding the impact of the results and certainly open the session for Q&A.

---

**Chris Maggos - Addex Pharmaceuticals - Head of IR and Communications**

We're ready to take some questions.

## QUESTION AND ANSWER

---

**Operator**

(OPERATOR INSTRUCTIONS). Peter Welford, Lehman Brothers.

---

**Peter Welford - Lehman Brothers - Analyst**

Hi, guys. I have three questions to I think, please; two on the 59, and one on the pipeline chart.

Firstly on 59. When Charlotte mentioned you did see signs of potentially effects or a possible effect in the chronic indication, are you referring that to the sweaty palms and the patient ratings, or is that referring to other things you see -- I guess you saw in the trial results?

Second question is on the formulation of 59. Will you be disclosing when you have completed the Phase I trial in the details of that Phase I before the Phase II-B, or can we just expect you to roll straight into a Phase II-B trial?

And then I guess the question for Vincent is on the GLP. I noticed -- and maybe you said this before -- but I noticed on the slide, it says about the GLP that you will partner after Phase II-B. Is this a commercial decision, or this because you believe that you have particular expertise or knowledge or something about Type II diabetes that means you would like to develop that pretty fast in that indication? Thank you.

---

**Charlotte Keyword - Addex Pharmaceuticals - Chief Medical Officer**

Hi, Peter, it's Charlotte. To answer your first question, I think the precedent for activity in chronic anxiety indicates longer-term treatment of anxiety comes from fenobam, which clearly demonstrated clinical efficacy and has the same mechanism of action. As I say, the minimal signs from our acute anxiety study there that the precedent really comes from the fenobam data, and also obviously the background of our pharmacology data that we generated as well. So it's a combination of all those things.

To your second question, I think we will go straight into II-B, to be honest with you. You can assume that if we're starting II-B and we're starting to recruit patients into that, it's because we have the formulation that we want to use in II-B, so everything is moving on into that. So when we start II-B, it's because we have the formulation.

---

**Vincent Mutel - Addex Pharmaceuticals - CEO**

Hello, Peter. To answer your last question about the GLP-1, this is largely I think dictated by the feasibility of the development. We believe that Type II diabetes is more accessible to development than could be anxiety or depression. We don't see, let's say, [the need for others] to move a product of this nature into this indication with the finance we have. I think it's also suggesting that we will put in place the necessary development to move products for metabolic diseases very rapidly in place. The project is still a very early stage program, and for us, we will have to put in place all the necessary development in the near-term future to move on with this type of indication.

---

**Peter Welford - Lehman Brothers - Analyst**

That's great, thanks.

---

**Operator**

(OPERATOR INSTRUCTIONS). [Tracy West], Piper Jaffray.

---

**Tracy West - Piper Jaffray - Analyst**

Thanks for taking my question, it's just a quick one. Just of interest on the diabetes product, I appreciate that it's very early stage, but do you have any sort of targets or goals for timelines in which to sort of progress that through, [particularly in] clinical development and into the clinic?

---

**Vincent Mutel - Addex Pharmaceuticals - CEO**

Yes, Tracy. What I can tell you is that the resources we have put on this program are very, very high. It's a very large program for our organization with substantial amount of resource in terms of manpower and chemistry, in particular. We have several series, chemical series, in development as well, which means that for us it's a very important target. We want to make sure to be successful at least with one product and we are in fact shooting to have more than one product in parallel development, even potentially at the clinical stage. According to the timelines, I cannot tell you more than that. I think the resources is certainly commensurate to the desire to move very, very fast into its development.

---

**Tracy West - Piper Jaffray - Analyst**

Thanks.

---

**Operator**

There are no more questions at the moment.

## PRESENTATION

---

**Chris Maggos - Addex Pharmaceuticals - Head of IR and Communications**

Okay, well let's move to the second part of the conference call. We would like to present for you the new deal with Merck.

---

**Vincent Mutel - Addex Pharmaceuticals - CEO**

Well, so as you know, we have established quite a significant deal with Merck to develop a compound, which is called ADX63365, and we gave to Merck an exclusive license to develop this molecule and associated backup compounds.

ADX63365 is a metabotropic glutamate receptor 5 positive allosteric modulator which has been discovered and developed at Addex completely and we have developed this program already since 2003. ADX63365 is a drug candidate for schizophrenia and other conditions. I will come back a little bit to that in particular on schizophrenia. Merck is now in charge of the clinical development and is taking the development of this molecule. We will participate on our side on a joint committee, development committee, and assist Merck and participate to follow the decision they're going to make.

Schizophrenia is the first indication. We have other indications in mind. You should notice that this is a very novel mechanism of action and there's a lot of work to be done in terms of valuing this new mechanism of action in potentially various indications, but I will not disclose that. We agreed with Merck not to disclose this, which is very sensitive competitive information.

A very important point before we go to the financial terms is that we received, and we have now the policy to put that in all the agreements we are making with pharma companies an option to co-promote the compound in certain European countries.

With this, I will hand over to Tim, who is going to tell you more about the financial terms.

**Tim Dyer - Addex Pharmaceuticals - CFO**

Thanks, Vincent, hello everybody. So Addex will receive \$22 million in dollars as an up-front payment, and we are also eligible to receive \$455 million in research, development, regulatory and sales milestones for the first product in two indications. We're also eligible for an additional \$225 million in regulatory and sales milestones for the second product in two indications, and we are also eligible for undisclosed royalties.

So regarding the financial guidance, the full-year unaudited cash burn for 2007 has come in at \$37.7 million, the operating cash burn is \$35 million and the CapEx cash burn is \$2.70 million. The guidance for 2008 is \$25 to \$30 million. This is split between operating cash burn of 20 to \$23 million and CapEx cash burn of 5 to \$7 million. This takes into consideration the cash which is coming in from this deal and other deals during 2008.

On that note, I will hand back to Vincent.

**Vincent Mutel - Addex Pharmaceuticals - CEO**

Thank you, Tim. Let's spend some time on schizophrenia. I think it's a very interesting indication. It's a chronic, severe and certainly debilitating brain disease. The prevalence of schizophrenia is very high. It affects about 1.1% of the U.S. population over 18. It appears in the late teens to early 30s, which is I think very important, in particular connected to the cognitive impairment which is associated with schizophrenia which is preventing people access to school due to the appearance of the disease in late teens.

Estimates suggest that no more than one in five individuals recovers completely, I think illustrating the medical need in this indication, which is quite large. The symptoms are divided in three large let's say sets of symptoms -- the positive symptoms, which include delusion, hallucinations and neurosis; the negative symptoms, which include depression and antisocial behavior; and finally the cognitive dysfunction, which is, I think one severe problem in schizophrenia, excluding young patients from higher education or jobs. The cognitive dysfunction in schizophrenia has been recognized as a separate indication now by the regulatory authority which I think illustrates the importance of the cognitive dysfunction into this pathology.

There are currently mostly D2 antagonists, or D2 blocker as marketed drugs available for the treatment of this indication, but none of them so far are able to reverse cognitive dysfunction. Two compounds are making quite large sales. As you can see from the figures, the olanzapine from Eli Lilly sales are expected to be around \$4.5 billion for 2007 and risperidone from J&J which also are -- sales are expected to be around \$4.5 billion in 2007. These antagonists of the D2 receptor are efficacious to treat the positive symptoms and potentially some of the negative symptoms. They are devoid of effect on cognitive dysfunction. However, they have a number of side effects like weight gain, extrapyramidal symptoms, which are still present even with these two molecules and to a certain extent, hyperprolactinemia as well.

Why was it so interesting and why is it such a breakthrough to work on mGluR5 positive allosteric modulators in schizophrenia? Essentially it's a very new approach. It's a first in class approach in the treatment of schizophrenia. In pre-clinical tests in animal, mGluR5 activation has shown antipsychotic effects similar to marketed drugs. This result in particular on the positive symptoms will allow us to pursue this indication as a first-line monotherapy with this product. And it suggests the possibility to avoid side effects associated with poor compliance with the current marketed drugs, in particular the weight gain, the extrapyramidal symptoms and the hyperprolactinemia. It's also possible to think we may combine mGluR5 positive allosteric modulator with marketed products, and I think this is very important, considering that this would be one of the first new approaches of the treatment of schizophrenia with the completely novel mechanism of action.

But in addition, and I think as a big differentiation to the existing therapy, mGlu activation and mGluR5 activation reverses cognitive dysfunction as well observed in animal in technical models. This work has been done partly at Merck and also in other labs illustrating the importance of the discovery made by this group regarding the potential of this target in this disease. And I think we should insist again on the fact that the existing D2 antagonists are not capable of reversing the cognitive decline. So we would have here a molecule or a mechanism of action which would be certainly effective for the positive symptoms, but as well for the cognitive dysfunction.

Now very clearly, we need to show if there is additional efficacy on negative symptoms, and I think a lot of work is still needed to be done with such a new mechanism of action.

As you probably know, we now have two new approaches to treat schizophrenia with our partner, the mGluR2 with Johnson & Johnson, mGluR2 positive allosteric modulator and the mGluR5 positive allosteric modulator with Merck. The mGluR2/3 activation is a clinically validated approach for the treatment of schizophrenia. This has been demonstrated in man recently by Eli Lilly that mGluR2/3 agonists are efficacious on

positive and negative symptoms of schizophrenia, that the mGluR2/3 stimulation has an efficacy which is similar to olanzapine, a classical atypical antipsychotic, but without weight gain, without extrapyramidal symptoms and also without hyperprolactinemia. Showing that the activation of the metabotropic glutamate receptor 2 is also to a novel mechanism of action largely differentiated compared to the existing therapy.

For the mGluR5 as I told you before, rational to use mGluR5 positive allosteric modulator is very strong. It comes from various angles. One which I think is very important is that mGluR5 receptors are linked to an NMDA receptor function and that mGluR5 receptors have been shown in humans to be responsible to support the stimulation of this NMDA receptor or blocking this receptor to induce schizophrenia symptom. And it has been shown in several animal models that mGluR5 positive allosteric modulator probably due to the modulation of the NMDA receptor demonstrates efficacy in animal model of schizophrenia for positive symptoms and for cognition.

So with this new approach, partnered with a very large pharmaceutical company, we believe that Addex is very well placed to offer new significant therapies for the treatment of a disease which is having a large unmet medical need.

Let me spend some time on the allosteric modulation. The two programs that I was talking about are coming from allosteric modulators developed at Addex. Addex has developed an expertise in allosteric modulation since the beginning of the company and we have been able to move products to a significant clinical stage of development with this new approach. Allosteric modulation is differentiated compared to the classical approach, which is the competitive approach. We are testing molecules which are binding to a different part of the (inaudible) receptor and which are able to decrease or increase the activity of the system without binding to the active site of the endogenous ligand, giving us a number of advantages. For the negative allosteric modulator we are able to show activity with very low amounts of the drug presenting potential for fewer side effects compared to classical orthosteric blockers. And with positive allosteric modulators, there is no activity induced by the compound itself. The activity is seen only in presence of the endogenous ligand.

I will illustrate now some of the advantage of the orthosteric approach and the allosteric approach compared to each other. The orthosteric approach, which is the classical approach used by the pharma over the past let's say 100 years, so far to develop drugs which have been successful, is having two major problems. For the agonist, it is that on the opposite of the natural stimulation agonist is driving the system to be stimulated whatever the time needed for stimulation. It's just proportionate to their concentration. And antagonists are blocking the system completely, like all our known effects without the possibility to dose the inhibition of the system. The allosteric approach has two advantages. First, it's respecting the time needed for the stimulation. Positive allosteric modulators are devoid of effect, but combined with substantial level of natural ligand they are able to restore the activity of the system. A negative allosteric modulator offers, for the first time, the possibility to, let's say, decrease the signal without blocking it completely which is something that needs to be explored and that Addex is going to do in the future.

Activity is currently on G-protein coupled receptors, which is a very large family of receptors, one of the best family of targets for the industry so far. We have been able to develop allosteric modulators of various GCPR belonging to all the three families of GCPRs. The family 1 with the FSH receptor for which we have developed negative allosteric modulator and which have a very promising potential for osteoporosis and contraception. In the family 2 is the GLP-1, and in the family 3 is the mGluR and the GABA<sub>B</sub> receptor. (inaudible) the allosteric modulator.

I will now turn to the Addex pipeline which illustrates the activity we spend on these various targets. We have discussed already 59. We have a second mGluR5 negative allosteric modulator in development which could be a backup of the first molecule, but which also could be developed let's say for various indication subset of the GERD or other indication which would be more [niche] indication. 63365 now is partnered with Merck and we have a series of product now, 71441, for spasticity which we do not intend to partner until -- the market. 68693, which is a very interesting product for contraception and osteoporosis. Due to our cash situation, we might change our view on the development of this drug and maybe delay the partnership until we have created more substantial value for this target for this product. And then we have two mGluR positive allosteric modulators which are now partnered: one with J&J, the mGluR2; and the second one with Merck with the mGluR4. We have our GLP-1 program, which is I think the first program where we will have for metabolic disease. We intend to put more programs in place for Type II diabetes and obesity and we have two undisclosed targets for depression that are moving currently very well into development.

Now if we would like to understand what's the validation that is brought by the partnership with Merck in terms of the slide, and I think it was tied to the fact that finding this type of molecule, the mGluR5 positive allosteric modulator, has been challenging for the pharma. I think we are not aware of any other company, biotech company, in the world having such product today. This deal provides Merck with exclusive rights on our knowledge. The molecule itself, 63365, and then a series of compounds which are being developed which have been developed along the program, so logical backup and potential follow-up as well.

This is true as well for the mGluR4 positive allosteric modulator type of compound. It has been challenging for companies to develop those drugs, find them and to develop them. And I think what we have done with signing this deal in early to discover and develop those compounds with them for Parkinson's disease is recognition of our allosteric modulator competence. It's true also for the mGluR2 positive allosteric

modulator which has been difficult as well to discover, and through the deal we signed with J&J, I think we see a further validation of our competence in the field, not only to discover them, but to develop significant molecule for this type of large indication.

And finally, last but certainly not least, we had moved [a] single compound, ADX10059, which is an mGluR5 negative allosteric modulator which has been showing efficacy in very large indication. Clinical proof of concept have been demonstrated in both migraine and gastroesophageal reflux disease at the beginning of 2007 which illustrates here our potential to bring new molecules to develop allosteric modulators, but also to bring them successfully to clinical stage of development and open up new therapies for these very large indications.

And on that, I think I will open the session for Q&A and wait for your questions.

---

**Chris Maggos - Addex Pharmaceuticals - Head of IR and Communications**

Thanks, Vincent. We're ready for questions.

## QUESTION AND ANSWER

---

**Operator**

(OPERATOR INSTRUCTIONS) Peter Welford, Lehman Brothers. (technical difficulty)

---

**Peter Welford - Lehman Brothers - Analyst**

I think there was a (indiscernible) with the operator. Three questions if I can, please. Firstly, on the deal obviously, the (inaudible) deal with Merck. Firstly, could you just outline, could the second indication that you talk about for the potential for the first product, could that include cognitive dysfunction in the cognitive effects, or is that not counted as a separate indication under the terms of the deal?

I will just do one by one. Go on if you want to answer that.

---

**Vincent Mutel - Addex Pharmaceuticals - CEO**

I will answer this one. So the second indication is -- we cannot disclose what we have agreed with Merck in terms of potential for development. It's very clear that cognitive dysfunction is easy to expect that you can probably use this molecule for other cognitive dysfunction. Now you know, it's very specific to various diseases. I don't think we can compare the cognitive dysfunction that you see in Alzheimer's disease to the cognitive dysfunction you see in this very specific pathology. So I would be very cautious to draw any rapid conclusion on where we can go with this. I think the generation which is taking place in Alzheimer's disease is of a very specific nature.

So I think, yes, indeed cognitive dysfunction is possible. I think what is very attractive in this case is the combination of the effect on positive symptoms and cognitive decline, which would make this compound the first one, or among the first one to be touching two sides of the disease itself and be potentially active on positive symptoms and cognitive decline. We have to see still, as I said before, [all] negative symptoms if there is a potential for the product.

---

**Peter Welford - Lehman Brothers - Analyst**

Okay. And the second question is, looking at some scientific papers here, it looks as though Merck has generated mGluR5 allosteric modulators in the past. So I guess I'm wondering, have you seen any data, any clinical data from Merck's allosteric modulators? Or I guess, why did Merck feel the necessity to come to Addex? And so in the future, other allosteric modulators against mGluR5 are generated I guess by Merck outside of the collaboration, are you entitled to a share of those, or how does future mGluR5 development work between the two companies?

---

**Vincent Mutel - Addex Pharmaceuticals - CEO**

Right. Well essentially, first, Merck has been opening the field. Merck scientists demonstrate the potential of allosteric modulator of the mGluR5 in cognition and also on positive symptoms. So it's very clear that Merck people were very much knowledgeable, probably more than or better than anybody else about the potential of such an approach and such target for this disease. Now we have sold the product. I think it's very critical to understand that. The deal is about 63365 and Merck paid \$22 million to move this because this compound is one of the most, if not the most advanced product in this field today. And I think there should be no ambiguity, Merck people are prepared to move very rapidly into the development of the portfolio that we have to make sure they will keep their advantage in terms of competition.

What they intend to do in terms of further drugs, as I said before as well, they have both not only 63365, but potential back-up and follow-up. We are leading still with [accretion] as a reality for the development, and very clearly Merck was not prepared to consider the development of a single product alone, which means that the back-up and the follow-ups that we have brought as well to the deal of potential source for them to develop further drugs. And very clearly on this molecule, we will keep all the rights. But the competitive advantage is simple. We are ahead of the curve in terms of the development of mGluR5 positive allosteric modulator for schizophrenia. We have brought a molecule very close to man and I don't think Merck is considering not to keep this advantage.

---

**Peter Welford - Lehman Brothers - Analyst**

Okay, thanks. And the last question, I'm afraid this a very boring one for Tim, but the \$22 million, have you thought at all about how that will be recognized as revenues, over what period or to what sort of term that will be recognized as revenues in the P&L?

---

**Tim Dyer - Addex Pharmaceuticals - CFO**

Yes, we're working on that at the moment with the auditors and you can expect that most of it will be recognized, if not all of it, in 2008.

---

**Peter Welford - Lehman Brothers - Analyst**

That's great. Thank you.

---

**Operator**

Tracy West, Piper Jaffray.

---

**Tracy West - Piper Jaffray - Analyst**

Just a couple of questions. I was wondering on the milestones, you talk about \$455 million in development regulatory and sales. I was wondering if you could give us -- I realize they are probably quite a way off -- but a split of how they're divided between the sort of development side and the sales related side?

---

**Tim Dyer - Addex Pharmaceuticals - CFO**

I'm afraid we cannot give any further analysis of those figures.

---

**Tracy West - Piper Jaffray - Analyst**

And the other was, Tim, earlier you mentioned that in your 2008 guidance, it factors in the deal announced today and other potential deals that might be done. And obviously ADX48621 is an obvious candidate for the next licensing deal perhaps. I was just wondering what other products within the rest of the pipeline are the sort of near-term candidates for licensing?

---

**Tim Dyer - Addex Pharmaceuticals - CFO**

Jan. 03. 2008 / 4:00PM UKT, ADXN.S - Addex and Merck & Co., Inc. Enter License Agreement to Develop a Drug Candidate for Schizophrenia - Conference Call

No sorry, there was a misunderstanding there. I said that the guidance reflected milestones which may -- which we reasonably believe will arrive during 2008 (MULTIPLE SPEAKERS) from an existing deal.

---

**Tracy West - Piper Jaffray - Analyst**

Okay. But perhaps, I mean it would be interesting to get an answer to your question of what you feel that perhaps beyond 48621 would be the next candidate for licensing?

---

**Tim Dyer - Addex Pharmaceuticals - CFO**

We're not giving any guidance on deal making. You see, Vincent explained the pipeline and we have indicated certain products which are available for partnering, but we give no further guidance on partnering, other than that.

---

**Vincent Mutel - Addex Pharmaceuticals - CEO**

Maybe we can give you as an indication, as we did by the way for the mGluR4 and 63365 is that we are actively working on partnering. This is indicated in the slides. Very clearly, 59 is the product that we are considered for partnership. We decided to partnering this [post] Phase II-B. I think a number of occasions, we said that we are, we have to discuss partnership already at this stage with several pharma. And I should emphasize again that we have embarked on discussions for values of our programs for which indeed we always said that we would like to partner. The product for contraception (inaudible) for example is one. We used to say that we are actively looking for partnering this. And for the rest, we have been also very clear about the potential. I think one program for which we are certainly going to look for a partner very soon is the GPCR 1 NAM program for depression. So the only thing I can tell you is that we're working on those, and that's it.

---

**Tracy West - Piper Jaffray - Analyst**

Okay, thank you very much.

---

**Operator**

(OPERATOR INSTRUCTIONS). There are no more questions at this time.

---

**Chris Maggos - Addex Pharmaceuticals - Head of IR and Communications**

Okay. Well that concludes our conference call today. Thank you all for listening and happy new year.

---

**Operator**

Ladies and gentlemen, the conference has now concluded and you may disconnect your telephone. Thank you for joining and have a pleasant day.

Jan. 03. 2008 / 4:00PM UKT, ADXN.S - Addex and Merck & Co., Inc. Enter License Agreement to Develop a Drug Candidate for Schizophrenia - Conference Call

## DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

© 2005, Thomson StreetEvents All Rights Reserved.