

PRESS RELEASE

3 January 2008

Addex and Merck & Co., Inc. Enter License Agreement to Develop a Drug Candidate for Schizophrenia

Second Merck Deal Demonstrates the Value of Addex' Allosteric Modulator Platform

Addex to Host Webcast and Conference Call Today at 5:00 pm CET (11:00 am EST)

Geneva, Switzerland – Allosteric modulation company Addex Pharmaceuticals (SWX:ADXN) announced today that it has entered an exclusive worldwide license agreement with Merck & Co., Inc. ("Merck") to develop ADX63365, an orally available drug candidate for the potential treatment of schizophrenia and other undisclosed indications. Allosteric modulators are an emerging new class of therapeutic agents. ADX63365, currently in preclinical development, is a positive allosteric modulator (PAM) that targets the metabotropic glutamate receptor 5 (mGluR5), which is believed to be important as a target for the treatment of schizophrenia and other conditions. The deal also includes mGluR5 PAM backup compounds discovered by Addex.

Under the terms of the agreement, Addex will receive \$22 million upfront and is eligible for up to \$455 million in research, development, regulatory and sales milestones for the first product developed for two indications and up to \$225 million in additional development, regulatory and sales milestones for a second product developed in two indications. Addex is eligible to receive royalties on sales of any products resulting from this collaboration. In addition, Addex has an option to co-promote in certain European Union countries and will participate in the joint oversight committee for further development that will be led by Merck.

Addex will host a webcast & teleconference later today (see below).

"We are thrilled to establish a second deal with Merck to develop this groundbreaking new approach for patients suffering from schizophrenia and other important diseases," Vincent Mutel, CEO of Addex, said. "This deal confirms that Addex can successfully leverage its technology to produce drug candidates that can have broad benefit for human health."

"Merck scientists were the first to identify the potential for targeting mGluR5 to treat schizophrenia," said Darryle D. Schoepp, Ph.D., senior vice president and franchise head, Neuroscience, at Merck Research Laboratories. "Through this second collaboration with Addex we have now gained access to a promising drug candidate targeting this receptor that potentially allows us to address an area of high medical importance where current therapies are clearly inadequate."

On 3 December 2007, Addex announced a separate collaboration with an affiliate of Merck, Merck Sharp & Dohme Research Ltd, to discover and develop PAMs targeting mGluR4 for the treatment of Parkinson's disease and other undisclosed indications.

"We now expect 2008 full year cash burn to be in the range of CHF 25-30 million," Tim Dyer, CFO of Addex said, giving initial guidance for 2008.

Targeting Glutamate Receptors

Like dopamine and serotonin, glutamate is a key signaling molecule (neurotransmitter) in the human brain involved in control of multiple brain functions including, mood, memory and motor control. Although marketed antipsychotic drugs modulate specific receptors involved in both the dopaminergic and serotonergic systems, it has been difficult to develop drugs that target specific G protein coupled receptors (GPCR) in the glutamatergic system.

About mGluR5 in Schizophrenia

Preclinical research* shows that activation of mGluR5 using positive allosteric modulators can act as an antipsychotic and reverse cognitive dysfunction of schizophrenia. As a result, a product like ADX63365 could become first-line anti-psychotic therapy that also improves cognitive dysfunction, thereby offering substantial advantages over other therapies on the market or in development. In schizophrenia cognitive impairment is regarded as a core deficit and was recently recognized by FDA as a separate indication within schizophrenia for which a drug could win approval.

**Journal of Pharmacology and Experimental Therapeutics* (JPET) 313:199-206, 2005; *Neuroscience* 142 (2006) 691-702; *Psychopharmacology* (2004): 174:39-44

About Schizophrenia

Schizophrenia is a chronic, severe, and disabling brain disease. About 1.1 percent of the U.S. population over 18 years of age, about 2 million Americans, are suffering from the illness in any given year, according to the U.S. National Institute of Mental Health (NIMH). Although schizophrenia affects men and women with equal frequency, the disorder often appears earlier in men, usually in the late teens or early twenties, than in women, who are generally affected in the twenties to early thirties. People with schizophrenia often suffer terrifying symptoms such as hearing internal voices, or believing that other people are reading their minds, controlling their thoughts, or plotting to harm them. These symptoms, called "positive symptoms", often leave patients fearful and withdrawn and contribute to the "negative symptoms," like depression and anti-social behavior. Patients often have problems with speech and disorganized behavior that can often be incomprehensible or frightening to others. A third group of symptoms, cognitive dysfunction, further complicates the disease and deepens the cost to society by preventing young patients from learning new skills or keeping a job. Available treatments can relieve many symptoms, such as the "psychotic" behavior that can result from the combination of positive and negative symptoms but they do not reverse cognitive dysfunction. As a result, even when properly treated with marketed drugs, most people with schizophrenia continue to suffer some symptoms, especially cognitive dysfunction, throughout their lives. It has been estimated that no more than one in five individuals recovers completely.

About Addex

Addex Pharmaceuticals discovers and develops allosteric modulators, an emerging class of small molecule therapeutic agents. Allosteric modulation may offer more sophisticated ways to normalize biological signaling compared to classical *orthosteric* agonist or antagonist drugs. *Allosteric*, literally translated from its Greek roots, means: *other site*. Thus, allosteric modulators bind receptors at sites that are distinct from the binding sites of classical small molecule orthosteric agonist and antagonist drugs.

The most advanced drug candidate, ADX10059, a negative allosteric modulator (NAM) of metabotropic glutamate receptor 5 (mGluR5), recently demonstrated clinically and statistically significant efficacy in separate Phase IIa clinical trials in gastroesophageal reflux disease (GERD) patients and migraine headache patients. Data from another Phase IIa clinical trial of ADX10059 in acute anxiety were communicated today in a separate press release.

The Addex allosteric modulation discovery and development platform has been validated through collaborations with Merck & Co., Inc. and Johnson & Johnson.

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Webcast & Conference call

Title: Addex and Merck & Co. mGluR5 Deal
The webcast and slides will be available at: www.addexpharma.com

Teleconference for investors and analysts:

Date: 3 January 2008
Time: 17:00 ~ 18:00 CET (11:00 am ~ 12:00 pm EST)

Dial-in numbers: +41 91 610 56 00 (Europe)
+44 207 107 0611 (UK)
+1 866 291 4166 (USA)

A replay and transcript will be made available in the investor relations section of Addex' website.

Disclaimer

The foregoing release contains forward-looking statements that can be identified by terminology such as "not approvable", "continue", "believes", "believe", "will", "remained open to exploring", "would", "could", or similar expressions, or by express or implied discussions regarding Addex Pharmaceuticals Ltd, its business, the potential approval of its products by regulatory authorities, or regarding potential future revenues from such products. Such forward-looking statements reflect the current views of Addex Pharmaceuticals Ltd regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results with allosteric modulators of mGluR4, mGluR2 or mGluR5 to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no guarantee that allosteric modulators of mGluR4, mGluR2 or mGluR5 will be approved for sale in any market or by any regulatory authority. Nor can there be any guarantee that allosteric modulators of mGluR4, mGluR2 or mGluR5 will achieve any particular levels of revenue (if any) in the future. In particular, management's expectations regarding allosteric modulators of mGluR4, mGluR2 or mGluR5 could be affected by, among other things, unexpected actions by our partners, unexpected regulatory actions or delays or government regulation generally; unexpected clinical trial results, including unexpected new clinical data and unexpected additional analysis of existing clinical data; competition in general; government, industry and general public pricing pressures; the company's ability to obtain or maintain patent or other proprietary intellectual property protection. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. Addex Pharmaceuticals is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.