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BrainCells and Lundbeck Form CNS Drug Research Collaboration

Collaboration Further Validates BrainCells' Neurogenesis-Based Screening Technology

SAN DIEGO, March 27, 2007 – BrainCells Inc. (BCI) today announced the formation of a research collaboration with H. Lundbeck A/S (Lundbeck) in which BCI will use its proprietary neurogenesis-based technology to screen central nervous system (CNS) targets and compounds. Financial terms of the collaboration were not disclosed.

In performing the screening, BCI will determine whether or not the targets or compounds promote neurogenesis: the process by which pre-existing stem cells in the adult human brain produce new brain tissue, including neurons. When targets or compounds with neurogenic properties are identified, Lundbeck plans to advance the compounds through development for certain CNS indications.

“Lundbeck is a clear leader in CNS drug research and development and has selected our novel technology as the basis of a research collaboration,” said James A. Schoeneck, BCI’s CEO. “Lundbeck has developed and markets two of the top anti-depressants in the world. We couldn’t have asked for a better validation of the technology at a time that we’re moving forward quickly with several programs. We look forward to a productive relationship with Lundbeck.”

In addition to the Lundbeck collaboration, BCI is working with Organon to identify CNS applications for compounds formerly in Organon’s clinical-stage pipeline. BCI is also planning to begin a Phase IIA clinical study of BCI-540, a clinical-stage compound in-licensed from Mitsubishi Pharma in August, for the treatment of Major Depressive Disorder (MDD) combined with anxiety by the middle of this year.

About BrainCells Inc.

BrainCells Inc. (BCI) is a San Diego-based drug discovery and development company that is applying proprietary neurogenesis-based technology to identify and reposition compounds for the treatment of central nervous system (CNS) diseases. With its predictive screening platform, BCI can direct the selection and development of neurogenic compounds, increasing the opportunity for successful clinical trials in a variety of CNS indications. For more information, visit www.braincellsinc.com.

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