



March 1, 2011

Dear Shareholder:

Millions of patients who suffer from or are at risk for serious central nervous system disorders, including major depression, neuropathic pain, and ischemia (stroke), are in need of new medicines. NeurOp is answering the call. Insights gained during years of basic research have enabled us to discover promising, new-generation NMDA receptor blockers that work with great specificity to deliver better therapeutic effect with improved safety.

2010 was a very productive year for NeurOp in our quest to progress our NMDA-based science toward becoming one of these much-needed treatments. In March 2010, NeurOp announced its collaboration with Bristol-Myers Squibb (BMS) to develop compounds that treat major depression and other central nervous system disorders. BMS has a world-class development team focused on the NeurOp compounds and is dedicated to successfully introducing a blockbuster drug for depression and neuropathic pain. Last year, we received \$2.4 million from BMS, comprised of a \$1.5 million licensing fee and payments to support the first year of a two-year research collaboration. NeurOp also stands to gain up to \$74 million in milestone payments and royalties upon the successful development and commercialization of a compound in major depression. The joint research program continues to make excellent progress, with the next major milestone being the declaration of a clinical candidate for depression.

Our scientific platform and collaboration were recognized by the biotechnology community in 2010. NeurOp collected awards for Start-Up Company of the Year at the Celebration of Technology & Innovation sponsored by Emory University's Office of Technology Transfer and the Deal of the Year for a Strategic Partnership award by Georgia Bio.

NeurOp is actively developing programs outside the BMS license to drive value for its investors. We have full rights to develop our compounds and platform for several additional indications, including ischemia, traumatic brain injury, schizophrenia, and Parkinson's disease.

NeurOp's second major research program, in ischemia, has been thoroughly vetted by the National Institutes of Health (NIH), and we have so far received \$1.8 million in competitive grant support from them. I am pleased to report that a pending grant for approximately \$3 million will soon be funded by the Small Business Innovation Research (SBIR) program administered by the U.S. Small Business Administration Office of Technology. We expect that this grant will see our ischemia program through an Investigational New Drug (IND) filing with the FDA.

In 2011, we will also investigate a potential compound series for schizophrenia, which fits well with our NMDA technology platform. We'll soon apply for NIH funding to support that program. New research in the area of traumatic brain injury suggests that progesterone, coupled with a second active compound, has real potential as a treatment. We will begin to study whether the neuroprotective qualities of our compounds may make them an appropriate add-on therapy.

To help guide its research program, a strong management team and board of directors are integral to NeurOp's success. In 2010, I joined NeurOp as president and CEO to lead its new growth phase. I am an industry veteran with more than 35 years of leadership experience in global pharmaceutical drug development at Burroughs Wellcome, Glaxo Wellcome, GlaxoSmithKline, Trimeris and Argolyn Biosciences.

Dr. Harold Shlevin, general manager of bioscience commercialization at Georgia Tech's Advanced Technology Development Center, joined our board. Harold is a bioscience-industry executive with more than 30 years' experience in medical devices, pharmaceuticals, diagnostics, and vaccines. He has a particularly strong background in business development, strategic planning and licensing.

In addition, we congratulate board member and NeurOp co-founder, Dr. Ray Dingledine, on his election to the prestigious Institute of Medicine (IOM) of the National Academies of Science. Ray is one of the world's experts on NMDA modulation, and his frequently cited research, along with the research of one of our other founders, Dr. Steve Traynelis, forms the scientific backbone for NeurOp's work in major depression, neuropathic pain, ischemia and Parkinson's disease. Board member and NeurOp founder Jim McNamara is also a member of the IOM.

To more effectively tell our story and bring a fresh face to NeurOp, we launched a new website (www.neuropinc.com) and introduced a new corporate logo. We have made great strides in building recognition for all our accomplishments. If you have not had an opportunity to visit our website and read more about our technology and advances, please take a look. We frequently update the site to help keep you informed of our progress.

Along with our new look in 2010, we moved our corporate headquarters from Emory University to downtown Atlanta. Georgia State University's CollabTech facility provides us access to top-rate laboratory and support services and a more central location within the city.

To date, NeurOp has successfully raised more than \$6.7 million to support its research and operations. This year, along with BMS and additional angel investment, we received \$244,479, the maximum available for a single project, in funding from the IRS through the Patient Protection and Affordable Care Act. This non-dilutive funding will support general operations of the company. The Georgia Research Alliance also made a \$250,000 investment in NeurOp, following a competitive application process that was subject to an outside review panel. Although this investment is in the form of a five-year loan, the interest rate is close to market, and repayment is driven by NeurOp becoming profitable or moving out of state. This approval opens the door for additional investments by the fund.

In closing, 2010 was a significant year for NeurOp and set the stage for considerable advancement this year and beyond. I am excited about the potential of our NMDA compounds and believe we have an excellent team in place to move forward. Thank you for your continued support as we seek to discover new medicines for the treatment of central nervous system disorders. I look forward to updating you throughout the year.

Sincerely,

A handwritten signature in black ink, appearing to read "G Koszalka". The signature is fluid and cursive, written in a professional style.

George Koszalka, Ph.D.
President and Chief Executive Officer
NeurOp, Inc.