March 12, 2012

Dear NeurOp Shareholder:

2011 was another fruitful year for NeurOp in our quest to bring truly innovative treatments to millions of patients who suffer from depression, the effects of cerebral ischemia, traumatic brain injury, schizophrenia and Parkinson's disease. The need for new drugs is as great as ever, and we are confident that our NMDA receptor-based science continues to be a promising path.

Depression

We announced that our drug discovery collaboration with Bristol-Myers Squibb was extended for an additional year through December 2012, with the option to continue the collaboration beyond that date. This one-year funding extension enables us to continue driving our program toward a drug candidate and human clinical studies for depression and neuropathic pain without the need to raise any additional money to support it.

Our collaboration has allowed us to make tremendous progress during the last two years, and we look forward to continuing that work.

Recently, NPR featured a highly relevant series on depression treatment research. Two stories focused on ketamine, a drug that affects the glutamate pathway via the NMDA receptor and appears to offer profound, rapid alleviation of depression symptoms. Ketamine, however, is a non-specific NMDA receptor blocker with highly undesirable side effects.

Molecules being developed at NeurOp selectively target only one subtype of NMDA receptor and may hold the key to safer, more effective treatments for depression. If you haven't already done so, you can listen to the broadcasts by way of links shared on our website.

Ischemia

Our ischemia research program also progressed during the year. We received an important boost in July with a $3 million National Institutes of Health (NIH) grant. This third, funded research program for NeurOp accelerates our work to identify within the year a lead molecule to advance toward an Investigational New Drug (IND) filing for the treatment of subarachnoid hemorrhage and those patients at risk of a stroke.

The grant is a four-year award that provided $300,000 in funding to us in 2011. We must meet a budget and set of milestones to continue receiving funding in subsequent years. I am confident that we will meet those.

While this is great news for the company, I'm also excited about the potential of the research for patients. Our compounds only target areas of the brain affected by an ischemic event, so they may preserve brain function and retain more motor, speech and cognitive function in the event of a stroke, as well as speed recovery.

In October, we were selected for the NIH Commercialization Assistance Program (NIH-CAP) to support our ischemia drug development efforts. NeurOp was one of 40 companies chosen in a competitive process for the 2011-2012 program, which is funded by the NIH and managed by the prestigious Larta Institute. NIH-CAP helps promising life sciences companies develop their commercial businesses and transition their technologies into the marketplace.

And, last month, Georgia Bio recognized NeurOp with a Deal of the Year Award for our $3 million NIH grant. The Georgia Bio awards highlight transactions by Georgia-based companies that are significant to the development of the state's life sciences industry.

Traumatic Brain Injury

Late in the year, we submitted a pre-proposal to the US Army to study our compounds in combat-related traumatic brain injury. I am happy to report that we were selected to submit a full research proposal to study the protective effects our compounds may have on the brain following exposure to an improvised explosive device (IED). We submitted that proposal in early 2012 and await news of this funding opportunity. I know we all feel a sense of urgency and commitment to do whatever we can to support our troops serving in harm's

way. If this program is funded, NeurOp will work with researchers at Duke University to understand how treatment with our compounds can maintain cognitive skills and memory function in experimental animals after experiencing the effects of an IED.

Schizophrenia

In January 2011, we began a program that focuses on a different subset of NMDA receptors that may contribute to the next generation of anti-psychotics. Our approach has already generated interest from major pharma organizations, and in April 2011, we submitted a $700,000 proposal to the National Institute of Mental Health to develop our compounds for this indication. We are excited about the potential of our technology in developing new treatments for this disease that affects one percent of the world's population.

Corporate Development

It is the goal of our Board, and mine as CEO, to bring in the best talent to guide our research and the opportunities with which we are presented. In June, Bob Bonczek joined the Board of Directors. He is president, CFO and general counsel at b3bio, Inc., a biotechnology company, and founding partner and president of AspenTree Capital, a boutique investment company.

Bob has expertise in the financial and legal matters facing a company like ours. His experience includes being CFO and general counsel at Trimeris, Inc., where he helped the biotechnology company through an IPO, secondary equity offerings, additional private placements, and a major collaboration agreement with Roche, as well as other collaborations. He has also served as a legal consultant to Wilmer Hale and worked with Donaldson, Lufkin & Jenrette in their merchant banking area. Prior to that, he held various executive-level roles, including chief counsel and worldwide director of safety, health and environmental affairs, at DuPont/Conoco.

Looking Forward

During 2012, we anticipate that our depression program will see a major advance toward clinical candidate nomination. We expect to identify an ischemia compound for advanced preclinical testing. We believe the schizophrenia program will also make significant progress, and we have begun discussions to evaluate some of our compounds in controlling addiction cravings.

However, significant challenges remain for NeurOp. We will need to raise funds to ensure continued support for both the ischemia and schizophrenia programs. While governmental funding helps, accelerating programs to clinical studies takes additional funding. With the improving economy and NeurOp's record of accomplishment, we are confident we will be able to do this. Along with funding, we will also need to add staff and secure additional laboratory space. We will balance our needs here against what we can do via outsourcing to get the most value for our money.

In conclusion

You may sign up on our website to receive our latest news through an RSS feed. We also post news on our LinkedIn page, so you may wish to follow us there.

Your continued support and investment are the lifeblood of our company. To date, we have raised nearly $11.6 million in funding from Bristol-Myers Squibb, investors, and government and industry sources. Ninety-two percent of this funding is from non-dilutive sources, and it is one of our 2012 goals to continue to seek out agencies, pharma organizations and foundations to support new R&D initiatives.

While no medical research can ever be guaranteed to yield optimal results, we remain optimistic that our compounds' mechanism of action may be a way forward in many difficult to treat conditions. I look forward to updating you throughout the year on our progress.

Very sincerely yours,

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