

PRESS RELEASE

For Immediate Release

PsychoGenics Announces Drug Discovery and Development Agreement with Eli Lilly and Company

Companies Will Work Together to Identify New Treatments for Neuropsychiatric Disorders

Tarrytown, N.Y., Dec 19, 2006 - PsychoGenics Inc. today announced that it has entered into a drug discovery and development agreement with Eli Lilly and Company (NYSE: LLY). Per the agreement, Lilly will provide drug candidates that PsychoGenics will evaluate, using its proprietary drug discovery technologies, for the treatment of neuropsychiatric disorders.

The agreement provides either party the option to exclusively develop any drug candidate emerging from this collaboration, with the non-developing party receiving milestones and royalties commensurate with the stage of development.

Dr. Emer Leahy, President and CEO of PsychoGenics said, "We are delighted to enter into this agreement which expands our relationship with Lilly. We are confident, given our successes with other partners to date, that our proprietary and comprehensive approach may identify unexploited commercial potential for a variety of discontinued or de-prioritized Lilly compounds."

PsychoGenics' technologies combine its broad *in vivo* behavioral expertise together with recent developments in robotics, computer vision and bio/cheminformatics to evaluate drug candidates for potential utility across the spectrum of neuropsychiatric disease indications. Working in partnership with pharmaceutical and biotech companies, PsychoGenics has been instrumental in identifying therapeutic potential for discontinued compounds as well as early stage compounds including some with novel "first-in-class" mechanisms of action.

About PsychoGenics

PsychoGenics is a leader in preclinical behavioral neurobiology. The Company applies its behavioral expertise together with advances in robotics, computer vision and informatics to provide innovative solutions for central nervous system drug discovery. PsychoGenics works with pharmaceutical and biotechnology companies, academic institutions and not-for-profit research foundations to help discover treatments for such major neurological and psychiatric disorders as: ALS, anxiety, cognitive impairment, depression, Huntington's Disease, psychosis/schizophrenia, and SMA. The Company's in house discovery efforts have focused on psychiatric indications. For more information on PsychoGenics Inc. visit www.psychogenics.com