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BrainCells In-Licenses Clinical-Stage CNS Compound From Mitsubishi Pharma

Company Applies Neurogenesis-Based Technology to Reposition, Develop Phase 2 Drug for Different Indications

SAN DIEGO, Aug. 10, 2006 – BrainCells Inc. (BCI) today announced it has in-licensed a clinical-stage compound from Mitsubishi Pharma Corp. (MPC) that BCI will reposition and develop for the treatment of central nervous system (CNS) diseases, including mood disorders.

MPC extensively developed the compound for another CNS indication, then suspended the program when the drug met safety expectations but did not reach the defined efficacy endpoints. BCI applied its proprietary technology in the area of neurogenesis – the process by which endogenous stem cells in the adult human brain produce new brain tissue, including neurons – to identify different indications for the drug. The company expects to begin development and initiate additional Phase 2 clinical trials of the compound, BCI-540, next year.

“This is indicative of the extensive opportunity that exists for us in the CNS drug development space,” said James A. Schoeneck, BCI’s CEO. “We can screen compounds efficiently for neurogenic properties and pursue the development of these compounds for indications that weren’t part of a licensor’s original plans. The license from MPC provides us with the ability to capitalize on the predictive power of our screening platform, enabling us to develop a novel product for CNS disorders that affect millions of patients.”

“BCI has a unique approach to the identification and development of drugs that can be repositioned for a variety of CNS diseases,” said Akihiro Tobe, managing executive officer of MPC. “We believe that BCI has the right mix of cutting-edge science and development expertise to maximize the opportunity for the compound.”

BrainCells In-Licenses CNS Compound 2-2-2

About Mitsubishi Pharma Corp.

Mitsubishi Pharma Corporation (MPC), a research-driven pharmaceutical company, is the core member in the Mitsubishi Chemical Holdings group, under which Mitsubishi Chemical, a leading chemical company in Japan, and MPC exist as wholly-owned subsidiaries. Formed in 2001 by the merger of Mitsubishi-Tokyo Pharmaceuticals & Welfide Corporation (formerly Yoshitomi), MPC is committed to scientific progress, pharmaceutical advancement and the creation of products that benefit worldwide people's welfare. Its core therapeutic areas are psychiatric and central nervous system diseases, cardiovascular and metabolic diseases, immunological and respiratory diseases and hepatic diseases. More information about the company can be found by visiting <http://www.m-pharma.co.jp/>.

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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