

November 5, 2009

Whom It May Concern

KYORIN Co., Ltd.
5, Kanda Surugadai 2-chome,
Chiyoda-ku, Tokyo
Securities code; 4569, TSE 1st Section

Execution of License Agreement on Neramexane for Tinnitus
with Merz Pharmaceuticals for Japan Territory

KYORIN Pharmaceutical Co., Ltd. ("Kyorin") (Head office: Chiyoda-ku, Tokyo, President: Keiji Hirai, Ph.D.), a wholly owned subsidiary of KYORIN Co., Ltd., today entered into a License Agreement for Neramexane, a tinnitus treatment product currently being developed in the US and Europe, with Merz Pharmaceuticals GmbH ("Merz") (Head office: Frankfurt am Main, Germany, CEO: Martin Zügel, Ph.D.) for the territory of Japan.

Summary of the Agreement

- 1) Kyorin acquires exclusive license rights to develop, manufacture, sell and market Neramexane in Japan.
- 2) Kyorin makes upfront and milestone payments to Merz. Kyorin also pays to Merz sales-related royalties after commercial sales.

Although tinnitus, characterized by episodes of "ringing in the ears", is a widespread condition with a relatively high prevalence, the drugs to alleviate the patients' suffering caused by tinnitus are not enough and the development of such drugs is considered as unmet medical needs.

Neramexane is a compound originated by Merz, which has a novel mechanism of action and is expected to improve the patients' psychological suffering and difficulties in their life associated with tinnitus by its properties to inhibit the abnormal activity and electric potential of nerve in the inner ear, nerve and cerebral cortex.

Kyorin hopes to meet unmet medical needs such as improving the quality of life of the patients suffering from the psychological suffering and difficulties in their life associated with tinnitus by developing this novel compound of Neramexane in Japan in partnership with Merz as quickly as possible and to contribute to the progress of satisfaction with the treatment of tinnitus.

Kyorin has been committed to company activities based on the Franchise Customer Strategy focusing on respiratory, ear-nose-throat and urology fields. The company expects that in-licensing of Neramexane will heighten its presence in the ear-nose-throat field as well as strengthening its Franchise Customer Strategy.

###

Contacts:

Management Planning Department K Y O R I N C o . , L t d . T E L : 3 - 3 2 9 3 - 3 4 1 4 F A X : 3 - 3 2 9 3 - 3 4 5 4

About Tinnitus

Tinnitus is a phenomenon whereby noises are heard in the ear without any apparent external noise source being present. Tinnitus is categorized "subjective tinnitus" where the noises are not audible and "objective tinnitus" where some sort of noises actually emanate near the ear, and most of the patients seems to be suffering from the subjective tinnitus.

Tinnitus is a condition with a relatively high prevalence which is caused mainly with decrease in hearing and affects the patients' quality of life such as interfering their daily life and adequate sleep. The cause of tinnitus has not been sufficiently explained, but the excessive excitation of brain cells and the imbalance between sound stimulation and inhibitory effect in the inner ear are possible causes.

About Neramexane

Pharmacological Properties: Neramexane is expected to improve the patients' psychological suffering and difficulties in their life associated with tinnitus by inhibiting the excessive excitation in the auditory pathway from the inner ear to nerve and cerebral cortex via mainly its two pharmacological properties.

- 1) Neramexane inhibits the excessive nerve excitation in the auditory pathway between the inner ear and cerebral cortex via NMDA antagonistic activity.
- 2) Neramexane inhibits the nerve excitation in the inner ear via nicotinic acetylcholine receptor antagonistic activity.

Expected Indications: Alleviation of the psychological suffering and difficulties in the life associated with tinnitus in patients suffering from moderate to severe tinnitus

* **About NMDA antagonist:** "NMDA receptor" is a receptor that receives glutamic acid in the nerve system which transmits signals between the nerves via glutamic acid, a kind of amino acid. NMDA antagonist inhibits the excessive excitation of brain cells and nerve variation.

About nicotinic acetylcholine receptor antagonist: "Nicotinic receptor" is one of two receptors which acetylcholine binds to. It is known that a lot of nicotinic receptors categorized $\alpha 9$ and $\alpha 10$ exist in the inner ear. Nicotinic acetylcholine receptor antagonist inhibits the nerve excitation mainly in the inner ear.

About Merz Pharmaceuticals GmbH

Established in:	1908
CEO:	Dr. Martin Zügel
Headquarters:	Eckenheimer Landstrasse 100, D-60318, Frankfurt am Main, Germany
Revenue:	EUR 610 million (approx. JPY 80 billion) (Fiscal Year 2007)
No. of employees:	2,289 (as of June 30, 2008)
Features:	Merz Pharmaceuticals is an innovative pharmaceutical company specializing in the research and marketing of drugs for the treatment of neurological and psychiatric diseases. Merz is leading in the field of Alzheimer's research and developed the world's first drug for the treatment of moderate to severe stages of Alzheimer's disease. In the neurological sector, Merz also offers drugs for the treatment of Parkinson's and depression. For more information, visit www.merz.com .