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Kyorin Pharmaceutical Co., Ltd.

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(Stock Code 4560 in the 1st group of Tokyo Stock Exchange)

Conclusion of Co-research Contract with ActivX Biosciences, Inc.

On May 31, Kyorin Pharmaceutical Co., Ltd. (head office: Tokyo, president: Ikuo Ogihara) concluded the contract agreement with ActivX Biosciences, Inc. (head office: California, president & CEO: John W. Kozarich), a US bio-venture company for jointly conducting an exploratory research of lead compounds of Type II diabetes therapy.

Under the 3-year co-research contract, Kyorin and ActivX will jointly engage in exploratory researches of new drug discovery targets for the discovery and production of Type II diabetes therapy drugs acting under a new mechanism or new site of action. Kyorin has obtained the right to exclusively and globally commercialize the achievements of the co-research conducted under the contract.

The primary purpose of this alliance is to discover a new drug discovery target by means of ActivX's state-of-the-art proteomics-based technology for an early discovery and production of an innovative new drug. Especially, ActivX's high-speed protein analysis technology with which protein activity of a large amount of biological samples can be analyzed will enable researchers to identify drug discovery targets or biomarkers easier. This is expected to increase efficiency/speed of exploratory researches to discover important targets and lead compounds in the drug discovery research and reinforces Kyorin's drug discovery research potential.

As Kyorin advocates the "establishment of the globally competitive drug discovery model" in "MIC-'05 Plan", the mid-term management plan, and has been facilitating the construction of drug discovery research networks for seeds exploration with Japanese/US/European research organizations. Kyorin founded Kyorin Scotland Research Laboratory in collaboration with Scottish Biomedical Foundation Limited

(Scotland University League) in 2000 and initiated co-research with domestic research organizations (Genomic Drug Discovery Research Center and Protease Research Center) in 2001. The co-research of diabetes therapy with ActivX is conducted as part of the plan like the foregoing researches. Kyorin considers metabolic diseases (including diabetes) are one of the key research areas and is determined to realize an early discovery and production of useful drugs based on the achievements of in the co-research with ActivX.