

Kyorin Pharmaceutical Co., Ltd. Executes Exclusive Patent License and Collaborative Research and Development Agreement with Merck & Co., Inc.

Research Collaboration to Focus on Antibiotics

Tokyo, August 19, 2004 – Kyorin Pharmaceutical Co., Ltd. announced today that it has entered into an Exclusive Patent License and Collaborative Research and Development Agreement in the infectious diseases field with Merck & Co., Inc. of Whitehouse Station, N.J., USA.

Kyorin and Merck have been conducting collaborative research on synthetic antibacterial agents for the treatment of community-acquired pneumonia and nosocomial infections since 1998, and possibility of selecting the promising candidate compounds for development became predictable. The Agreement announced today extends the current collaboration by three (3) years and provides for future development and licensing of any products that may result from the collaboration.

Kyorin and Merck will establish a joint steering committee to manage the collaborative research, and to jointly assess and select candidate compounds for further development.

Under the terms of the Agreement, Kyorin grants Merck an exclusive worldwide license, excluding Japan, for the development, manufacture and sale of any products that result from the collaboration. Merck will make milestone payments to Kyorin and pay royalties based on product sales.

In Japan, Kyorin will jointly develop a compound with Banyu Pharmaceutical Co., Ltd., a 100-percent owned Japanese subsidiary of Merck, under the exclusive license from Merck, and Banyu will co-promote the product with Kyorin.

Since the infectious diseases field is one of Kyorin's most important areas of research, Kyorin anticipates that this collaborative research will strongly enhance Kyorin's discovery research ability and facilitate Kyorin's corresponding research activities.

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