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**Kyowa Hakko's mitotic kinesin Eg5 inhibitor, a candidate anticancer agent developed in-house, is licensed to Eli Lilly and Company in the US**

On December 19<sup>TH</sup>, 2005, Kyowa Hakko Kogyo Co., Ltd. (Kyowa Hakko) based in Tokyo, Japan (President: Dr. Yuzuru Matsuda) has entered into an agreement with a US pharmaceutical manufacturer Eli Lilly and Company (Lilly) based in Indianapolis, IN (CEO: Mr. Sidney Taurel) on Kyowa Hakko's in-house developed inhibitor of the mitotic kinesin Eg5. Kyowa Hakko grants to Lilly an exclusive license to develop and sell the compound worldwide except in Japan , with Lilly and Kyowa Hakko sharing rights in certain Asian countries. The compound is now at pre-clinical stage and has an anticancer effect.

Under this agreement, Kyowa Hakko will receive an upfront payment, milestone payments and royalties on sales of commercialized products from Lilly.

Cancer cells proliferate through the cell division cycle. At the stage of cell division, the paired centrosomes, intracellular organelles, essentially migrate toward opposite poles to segregate chromosomes. Mitotic kinesin Eg5 is a key protein involved in this process for the migration of centrosomes. The compound, an anticancer drug candidate specifically inhibits the activity of Eg5 and stops centrosome separation , which results in the arrest of cancer cell cycle at the mitotic phase and induction of apoptosis (cell death).

Vinorelbine tartate and some other anticancer agents arrest the cell division cycle of cancer cells at the mitotic phase. They interfere with the formation of microtubules during mitosis and have been demonstrated to show an excellent clinical activities.

However, the microtubules have an important function in normal cells like nerve cells as well as in cancer cells, and anticancer agents acting on the microtubules cause nerve disorders mainly manifested by numbness of extremities as an important side effect.

This inhibitor of the kinesin Eg5 does not affect the microtubules function at all and is expected not to cause as a side effect nerve disorders, while retaining high clinical effectiveness. Here it differs from the anticancer agents acting on the microtubules. This compound may largely contribute to the treatment of malignant tumors.

Kyowa Hakko has conducted animal studies to investigate the efficacy and safety to demonstrate its usefulness. Meanwhile considering the development priority of drug candidates of its own discovery in the pipeline, Kyowa Hakko has been seeking a licensing opportunity to potential partners, which would play a leading role in speedy clinical development of the compound.

In accordance with this agreement, Lilly will take over future development of this compound mainly in the US and Europe.

Kyowa Hakko is committed to maximizing the value of its in-house developed drug candidates through efficient and effective development activities including alliances, thereby contributing to the health and well-being of people worldwide.