

Sosei announces the launch of its US company targeting the development of CNS compounds. Deal with Mitsubishi Pharma Corporation provides the platform.

Tokyo, London 1 November, 2004 - Sosei Co. Ltd., (4565, Tokyo Stock Exchange MOTHERS Index) today announced that its Board of Directors has approved the incorporation of Kosei, Inc. (Kosei), its fully owned USA subsidiary. Kosei will focus on developing new treatments for disorders of the central nervous system (CNS). Sosei believes that the USA is the ideal place to pursue this therapeutic area as it is the world's leader for CNS R&D activity and has been the source in recent years of the most innovative CNS prescription medicine treatments.

The impetus for Sosei's expansion comes from a new deal with Mitsubishi Pharma Corporation (MPC), whereby Sosei has acquired an exclusive worldwide license to develop and commercialize a small molecule compound (SON-216), initially targeted for attention deficit hyperactivity disorder (ADHD).

Sosei acquired the compound as a part of its unique Drug Reprofitting Platform® strategy and will use the development and commercialization of this and future compounds as the basis for growing Sosei's US presence.

Sosei's CEO Shinichi Tamura, commenting on these events, explained, "We have held the strategic objective to develop our business in the USA for some time. The successful IPO in Tokyo which raised over US\$100 million and the exciting new project with MPC have come together at the right time to encourage us to move forward with our plan. €35

Kosei, which is incorporated with a paid-in capital of US\$300,000, will be based in New Jersey and be led, initially, by Yuzo Tarumi, currently Sosei's Board Director and EVP responsible for New Business Development. To move forward with this program Sosei has initiated a recruitment search for appropriate staff to manage its development projects within the USA.

– end –

Notes for Editors:

SON-216:

Sosei has exclusively licensed SON-216 from MPC to develop, manufacture and commercialize for ADHD, under the related patents, with an option to use for other indications. MPC has retained co-promotion rights to SON-216 in Japan. SON-216 has a favorable safety profile and substantial supporting data package, which may enable SON-216 to be fast tracked into the clinical stage of development for ADHD.

This compound (bifemelane hydrochloride) was originally launched in Japan in 1987. It was on the market for 11 years and shown to be well tolerated and effective for the treatment of cerebrovascular related psychiatric symptoms. Further experimental studies indicated that it may have the possibility for use in CNS diseases, including ADHD as a non-stimulant product.

ADHD:

According to the 2000 American Psychiatric Association's Diagnostic and Statistical Manual, ADHD is a behavior disorder characterized by on-going inattention and/or hyperactivity-impulsivity occurring in several settings and more frequently and severely than is typical for individuals in the same stage of development. Symptoms begin before age 7

years and can cause serious difficulties in home, school or work life. ADHD can be managed through behavior therapy or drug treatment, or a combination of the two. ADHD is thought to affect between 3 and 5% of the school age population and is estimated to be 3 or 4 times more common in boys¹.

There are several products on the market for ADHD but most of them are psycho-stimulant products which need special care for handling at school, as stimulant medications are classified as Schedule II by the DEA (US Drug Enforcement Administration)². Currently, Strattera[®] (atomoxetine HCl) (Eli Lilly) is the only registered non-stimulant product for the treatment of ADHD. Strattera[®] was launched in the US in 2003 and generated sales of US\$483 million in the first three quarters of 2004³.

DRP[®] (Drug Reprofitting Platform[®]):

The aim of DRP[®] is to identify new medical uses and unexploited commercial potential in compounds licensed from Japanese pharmaceutical companies. The compounds secured by Sosei have been into clinical development but were halted for reasons other than serious toxicity or are already on the Japanese market.

Sosei uses a combination of classical pharmacology and new technologies to re-evaluate these compounds. Through its extensive business development network established with US/EU platform technology companies, Sosei has signed DRP[®] agreements with 23 biotech companies to date representing leading profiling technologies.

References:

1. American Psychiatric Association: Diagnostic and Statistical Manual of Mental Disorders, fourth edition, text revision, Washington, DC, American Psychiatric Association, 2000.
2. Schedule II drugs are medications of accepted medical value that, if misused or abused, can lead to tolerance and dependence. As the DEA explains, this does not mean that a child or young adult who is properly diagnosed with ADHD and prescribed a stimulant medication as part of his or her treatment will become "addicted." (<http://www.dea.gov/pubs/cngrtest/ct051600.htm>)
3. Eli Lilly Press Release, Oct. 21, 2004.

About Sosei Co. Ltd.

Sosei Co. Ltd. founded in 1990 by Shinichi Tamura, the ex-CEO of Genentech Japan, is a public Japanese biopharmaceutical company with significant expertise in drug development. It enriches its core product pipeline by in-licensing compounds from Western and Japanese companies, by its distinctive Drug Reprofitting Platform[®] (DRP[®]) and through new molecular entity (NME) research programmes in collaboration with biopharmaceutical companies and universities both in Japan and the West. Sosei is also developing its own sales and marketing organization in Japan. The company is capitalising on its extensive global network established over the past 10 years in its successful technology transfer business. For further information about Sosei, please visit www.sosei.com.

About Mitsubishi Pharma Corporation

Mitsubishi Pharma Corporation was founded by the merger between former Welfide Corporation and Mitsubishi-Tokyo Pharmaceuticals, Inc., on October 1, 2001. The Company aspires to becoming a global research-driven pharmaceutical company targeting the therapeutic areas of, cardiovascular and metabolic diseases, psychiatric and central nervous system diseases, immunological and respiratory diseases, and cancer and hepatic diseases. Mitsubishi Pharma Corporation has established a strong drug discovery infrastructure to engage in the development of innovative new drugs.

For further information about Mitsubishi, please visit www.m-pharma.co.jp

For further information please contact:

Sosei Co. Ltd.

Ichiban-cho FS Bldg., 8 Ichiban-cho, Chiyoda-ku, Tokyo 102-0082 Japan

Toshio Miyashita, Vice President of Corporate Planning

E-mail : tmiyashita@sosei.com

Tel: +81-3-5210-3399

Fax: +81-3-5210-3291

Sosei Co. Ltd. London office

London Bioscience Innovation Centre, 2 Royal College Street, London NW1 0NH, UK

John Daffurn, General Manager

E-mail: jdaffurn@sosei.com

Tel: +44-20-7691-2086

Fax: +44-20-7419-5984