

PRESS RELEASE

**ZERIA AND YAMANOUCHI SIGN LETTER OF INTENT FOR
DEVELOPMENT AND MARKETING OF THE
GASTROPROKINETIC Z-338**

Tokyo, Japan (July 1, 2002): Zeria Pharmaceutical Co., Ltd. (headquarters: Chuo-ku, Tokyo; president: Sachiaki Ibe) and Yamanouchi Pharmaceutical Co., Ltd. (headquarters: Chuo-ku, Tokyo; president: Toichi Takenaka) signed a letter of intent regarding the development and marketing of Z-338, which Zeria has synthesized and is developing as a gastroprokinetic agent. Under this agreement, Zeria grants the exclusive development and marketing rights in the US and Canada to Yamanouchi, as well as the first refusal right in the licensing in the EU and Japan. Zeria will retain the right to develop and market the compound in all countries other than the US and Canada.

Zeria has completed Phase I clinical trials in Europe and Japan, as well as an early Phase II clinical trial in patients with functional dyspepsia (FD) in the EU. Zeria and Yamanouchi will jointly undertake a late Phase II clinical trial in North America. The development plan for Phase III and onward will be decided based on the outcome of the late Phase II trial.

Z-338 is a new compound that has been shown to improve functional gastrointestinal(GI) disorders and is under development targeting FD. It increases GI motility by promoting the release of acetylcholine and is expected to be effective in relieving subjective symptoms associated with functional GI disorders.

FD is a common upper abdominal disease, and patients complain of chronic symptoms such as early satiety, upper abdominal pain, fullness, bloating, nausea and vomiting without evidence of organic disease. It is well known internationally that delayed gastric emptying, impaired gastric accommodation and the visceral hypersensitivity are involved in the pathogenesis of the disease. At present, gastroprokinetic agents are commonly used to accelerate gastric emptying.

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