



## NEWS RELEASE

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### **ARISAPH PHARMACEUTICALS GRANTS NON-EXCLUSIVE LICENSE UNDER DIPEPTIDYL PEPTIDASE (DPP-IV) PATENTS**

- *Arisaph receives a significant up-front payment and will receive milestone and royalty payments*
- *Funds to be invested in the development of the Company's differentiated DPP IV inhibitor, stable GLP-1 analogs and promising ULTRA SMART Pro-drugs for cancer.*

BOSTON, MA February 24, 2006 – Arisaph Pharmaceuticals, Inc., a privately held drug discovery and design biopharmaceutical company, announced today that it has granted a non-exclusive worldwide license under its DPP IV patent portfolio to a U.S. drug discovery and development company. The patent estate covers the use of DPP-IV inhibitors for the treatment of diabetes and lowering glucose levels. Arisaph received a significant upfront payment upon execution and will receive development milestone payments and a royalty on sales. Additional financial terms were not disclosed.

“We are extremely pleased to have completed this non-exclusive license as it validates the strength and value of our patent portfolio for use of DPP IV inhibitors in diabetes.” said Christopher P. Kiritsy, President and Chief Executive Officer, of Arisaph Pharmaceuticals. “This deal also raises valuable development capital, in a non-dilutive manner, which will be invested in our promising research and development programs, including our internally discovered potent DPP IV inhibitor, ARI-2243, which has been shown to be highly effective and safe in pre-clinical studies, and our stable GLP-1 analogs.”

Through an exclusive worldwide license with Tufts University, Arisaph has rights to U.S. patent Nos.: 1) 6,803,357 for use of certain DPP IV inhibitors for treating type II diabetes, and 2) 6,890,898 for use of DPP IV inhibitors, in general, with other therapeutic agents for treatment of diabetes and other indications. Such patents arose from discoveries by Dr. William Bachovchin, Tufts University, Dr. Andrew Plaut, Tufts-New England Medical Center and Dr. Daniel Drucker, Toronto General Hospital, University Health Network, University of Toronto. Additionally, Arisaph has an exclusive, sub-licensable license under U.S. patent number 6,303,661 and corresponding equivalents worldwide for use of boronic acid DPP IV inhibitors. Arisaph also has exclusive licenses to several patents pending covering the Company's newly discovered, orally active, potent DPP IV inhibitors for treatment of diabetes. Such intellectual property not only provides Arisaph with a freedom to operate for its own DPP IV inhibitors, but also provides the opportunity to grant additional attractive licenses, including development partnerships with the Company's internally developed DPP IV inhibitor.

#### ***About Arisaph***

Arisaph, located in Boston, Massachusetts, is an emerging drug discovery and design biopharmaceutical company with active development programs to develop differentiated therapies for diabetes, cancer and cardiovascular disease. Arisaph utilizes proprietary drug discovery platforms to develop “ultra-smart” drugs that are efficacious and act on select targets. Arisaph has successfully applied its specificity profiling and retro-inversal chiral chemistry technology platforms to synthesize promising candidate drugs for six different targets, including ARI-2243, a lead candidate for DPP IV inhibition to treat type II diabetes and ARI-1778 or reverse D-4F, an orally active apo A-I mimetic

peptide, being developed in collaboration with Kos Pharmaceuticals, Inc. to treat atherosclerosis. Through a license agreement with Tufts University, the Company has exclusive worldwide rights to several important issued patents in the diabetes area and several pending patents that have utility for the treatment of cancer and cardiovascular disease.

*Certain statements in this press release, including statements regarding the Company's research and development efforts, the Company's ability to successfully capitalize on the early stage research, the Company's ability to establish additional license arrangements, the Company's expectation of receipt of future milestone and royalty payments from licensee are forward-looking and are subject to risks and uncertainties. These risks and uncertainties include risks and uncertainties related to: our ability to discover and develop new compounds and products using a novel approach to drug discovery; the early stage of all of our discovery and development efforts; our ability successfully to complete preclinical and clinical development of our products; our ability to obtain and maintain regulatory approvals for our products; competition from other technologies and technologies similar to ours; obtaining, maintaining and protecting intellectual property utilized by our products; changes in legislation and regulations affecting our products and potential product candidates; our need to obtain additional funding to support our business activities; our dependence on collaborators and other third parties for development, manufacture, marketing, sales and distribution of products; the ability of our licenses to achieve developmental, regulatory and other milestones and to commercialize their products; the effect of conditions in the pharmaceutical industry and the economy in general, as well as certain other risks and uncertainties.*

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