

September 15, 2011

ONO PHARMACEUTICAL Co., LTD.

President and Representative Director: Gyo Sagara,

Code No.: 4528 at the 1st section of Tokyo / Osaka Stock Exchange

INQUIRIES: Kinya Morimoto, Executive Officer, Director, Corporate Communications

Ono Enters into License Agreement with KAI Pharmaceuticals, Inc. for KAI 4169

Ono Pharmaceutical Co., Ltd. (Osaka, Japan) today announced that it has entered into a certain license agreement with KAI Pharmaceuticals, Inc (South San Francisco, California, USA) to exclusively develop and commercialize in Japan KAI-4169 which is currently being developed in the United States for the treatment of secondary hyperparathyroidism in patients with chronic kidney disease on dialysis.

Ono will pay to KAI an upfront payment of JPY 1 billion at closing of the agreement and thereafter milestone payments based on development stage. In addition, Ono will also pay sales-based milestone payments upon achievement of projected sales and royalty on sales.

Secondary hyperparathyroidism, one of complications of chronic renal failure, is a pathological condition where excessive parathyroid hormone (PTH) is secreted by parathyroid gland. Excessive PTH secretion promotes phosphorus and calcium efflux from bone which causes symptoms including bone and joint pain. Further, it is reported that vascular calcification due to accumulation of phosphorus and calcium from bone in vessels aggravates risk of cardiovascular events which adversely affects life prognosis.

KAI-4169 activates calcium sensing receptor in the parathyroid and is expected to suppress excessive PTH secretion, and also serum calcium and phosphorus level. KAI-4169 is currently developed in an intravenous formulation to be administered through dialysis circuit by physician or medical staff upon completion of dialysis and such administration is also expected to reduce the burden of medication in patients.

KAI is conducting a Phase 2 clinical study for KAI-4169 in End Stage Renal

Disease patients on dialysis in the United States, which is expected to complete in the second half of 2011.

* The impact from this license agreement on the projected business performance of this fiscal year (ending March 2012) will be immaterial.

The license agreement has little impact on the company's consolidated financial results ending at the end of March 2012.

About KAI Pharmaceuticals, Inc.

KAI is a clinical-stage, biopharmaceutical company, headquartered in South San Francisco, California, USA with drug candidates including a lead product candidate, KAI-4169, which KAI is actively developing. KAI's leadership team has a strong background and track record in successful product development and commercialization. The Company is backed by a leading syndicate of venture investors, having raised \$63 million in Series A and B rounds. For more information about KAI, visit the company's website at www.kaipharma.com.