

August 6, 2010

Intellectual Property Strategy Network, Inc.
Innovation Network Corporation of Japan

Establishment of Japan's first intellectual property fund New business will bundle and license life-science intellectual property

Intellectual Property Strategy Network, Inc. ("IPSN") and Innovation Network Corporation of Japan ("INCJ") have decided to set up "LSIP", which will be Japan's first intellectual property fund.

The LSIP will be a fund that invests in life-science-related intellectual property. The fund will focus on four areas (biomarkers, ES/stem cells, cancer and Alzheimer's disease) and will cross the boundaries of universities, public research and other institutions to bundle together intellectual property, add value to it, and then license it so that the life-science sector may develop through the application of revolutionary new technologies and the creation of venture businesses. LSIP will be managed by Intellectual Property Strategy Network, Inc. (IPSN), whose core members have accumulated broad experience as specialists in the front line of the intellectual property strategies of major pharmaceutical companies.

INCJ will invest up to one billion yen in LSIP. A number of private companies, mainly large-scale pharmaceutical companies, are considering investing in the LSIP, and Takeda Pharmaceutical Company Limited has already decided that it will invest in the fund.

IPSN and INCJ have decided to establish Japan's first intellectual property fund.

The intellectual property fund to be established is named LSIP (**L**ife-**S**cience **I**ntellectual property **P**latform fund). The LSIP will focus on and invest in life-science-related intellectual property (patents, registered exclusive rights, etc.) in the four areas of biomarkers, ES/stem cells, cancer and Alzheimer's disease. The LSIP will be managed by Intellectual Property Strategy Network, Inc. (IPSN), whose core members have accumulated broad experience as specialists in the front line of the intellectual strategies of major pharmaceutical companies.

INCJ will invest 600 million yen in the LSIP when the fund is established and may make additional investments over the following three years, depending on the progress of the fund, to bring its total

investment in the fund to a maximum of one billion yen. A number of private companies, mainly large-scale pharmaceutical companies, are considering investing in the LSIP, and Takeda Pharmaceutical Company Limited has already decided that it will invest in the fund.

To date, the utilization of patents by Japanese universities has mostly been carried out by the TLO (Technology License Organizations) at each university or by the intellectual property departments within universities. However, the TLOs face numerous financial difficulties and some are closing down. Two main reasons are cited for this. (1) Even though the companies seeking the patent licence from the university want a group of intellectual property that has been sorted and bundled to a certain extent, each university has tended to market its own patents without any coordination, making the patents much less attractive to the companies. (2) University patents tend to be made simply on research results and so the data backing the patent is insufficient, which reduces their value as intellectual property because peripheral patents are not filed. Not only are public research institutions in Japan faced with similar problems, it is also likely that some companies have dormant patents that cannot be put to practical use.

To overcome these problems, the LSIP will collect and bundle intellectual property from universities, the Japan Science and Technology Agency (JST) and other public research institutions, companies and other groups in the four areas described above. The LSIP will carry out supplementary research to fill the insufficiency of the data, and will acquire peripheral patents. This will lead to the formation of attractive bundles of intellectual property and will better enable intellectual property licensing to pharmaceutical and other companies, and the creation of venture business. Even within these four areas alone, it is estimated that there are some 3,000 patents in Japanese universities and research institutions that are worthy of consideration as candidates for inclusion in the fund. The LSIP will carefully study these, and either buy them or acquire the patent rights to use them. The JST, which owns some 5,700 patents, is considering working in partnership with INCJ and is expected to work together with the LSIP.

LSIP will be managed by Intellectual Property Strategy Network, Inc. (IPSN), whose core members have accumulated broad experience as specialists in the front line of the intellectual property strategies of major pharmaceutical companies. IPSN will manage the LSIP with the assistance of outside advisers with knowledge of life-science fields, intellectual property, patents, law, management and other areas. There will be a thorough review of LSIP business after three years of operation, at which point a decision concerning the future of the intellectual property fund will be made. Intellectual property funds are a new field that are only just beginning to emerge globally. Among the governments of the world, France and South Korea have announced the establishment of intellectual property funds in which the governments will play a defined role. At the end of last year, an intellectual property fund was established in South Korea into which both the Korean government and private sector invested.

INCJ is considering setting up other intellectual property funds in areas outside the life-science fields. Specific areas where the INCJ is carrying out feasibility studies include next-generation lithium ion batteries, fuel cells, solar cells, optical switches and nanotechnology.

About Intellectual Property Strategy Network, Inc. (IPSN)

Intellectual Property Strategy Network, Inc. (IPSN) is a company that was established in July 2009, with the purpose of providing intellectual property strategy and business development support to advanced technology fields, including the life sciences (pharmaceuticals, medical treatment, etc.), by drawing on the expertise of the specialists in these areas that form the professional core of the company.

Japan is far behind Europe and the United States (particularly the United States) in the acquisition and utilization of intellectual property in fields related to medical treatment. By creating a network of intellectual property assets that encompasses universities, venture business, the private sector and others, and by utilizing this network to expand globally, IPSN aims to increase the value of this intellectual property, promote its commercialization and create a “creative IP industry” that will help foster and retain human resources. For further information about IPSN, please visit http://www.ipsn.co.jp/e/index_e.html

About Innovation Network Corporation of Japan (INCJ)

Innovation Network Corporation of Japan (INCJ) was established in July 2009 as a public-private partnership that provides financial, technological and management support for next-generation businesses. INCJ specifically supports those projects that combine technologies and varied know-how across industries and materialize open innovation. INCJ has the capacity to invest up to US\$10 billion. INCJ is actively reviewing various investment opportunities in areas of environment and energy, electronics and IT, bio-tech, and infrastructure such as water supply, railway service, and nuclear power supply.

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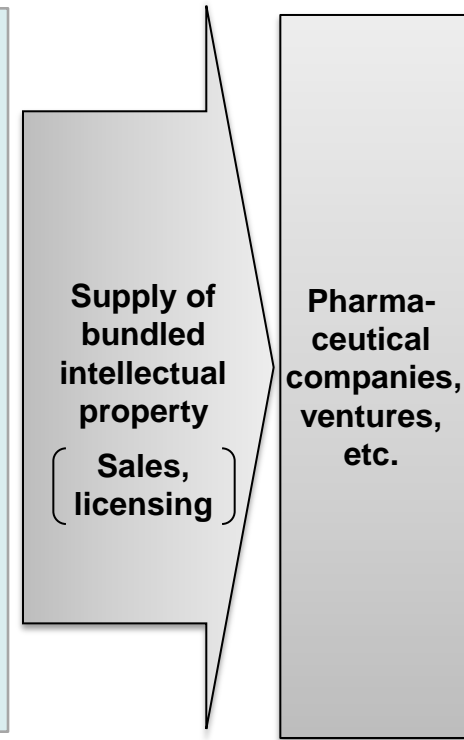
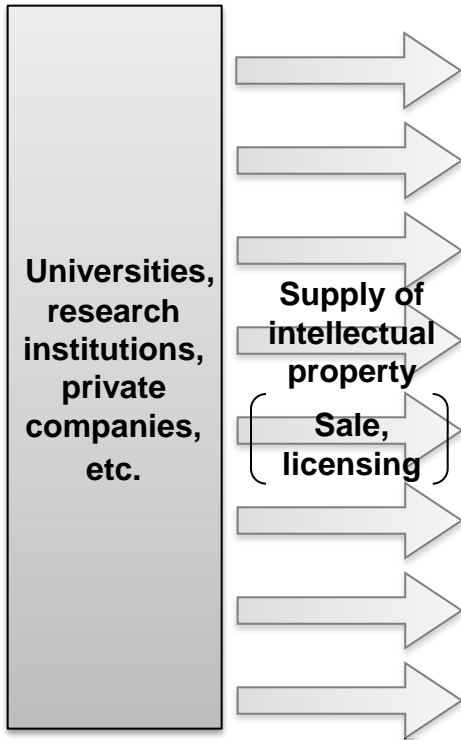
Intellectual Property Strategy Network, Inc. (IPSN)

Managed as a subsidiary

LSIP Fund Management GK

(Life-Science Intellectual property Platform Fund) LSIP

- Invests in intellectual property in the life sciences.
 - Focuses on 4 areas: biomarkers, ES/stem cells, cancer and Alzheimer's disease. (Universities and others have about 2,000 patents in these 4 areas.)
 - Overcomes the barriers between universities, public research bodies and others, and picks out and bundles intellectual property.
 - Forms bundles of attractive intellectual property which it then licenses, in turn linking to the practical application of innovative technology and the creation of venture business.
- A thorough review will be made after 3 years and the future of the fund will be decided.



Innovation Network Corporation of Japan



Pharmaceutical companies, etc.

(Takeda Pharmaceutical Company has decided to invest)