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FOR IMMEDIATE RELEASE

KAKEN PHARMACEUTICAL CO. AND ELITRA PHARMACEUTICALS ANNOUNCE ANTIFUNGAL DRUG DISCOVERY AND DEVELOPMENT COLLABORATION

Tokyo, Japan and San Diego, California, USA February 19, 2003 -- Kaken Pharmaceutical Co., Ltd. and Elitra Pharmaceuticals Inc. announced today a multi-year research collaboration under which the two companies will collaborate on the discovery and development of novel anti-fungal drugs. Elitra will conduct high throughput screening against an unspecified number of proprietary drug targets, and will have responsibility for certain pre-clinical development efforts. Kaken will also contribute to the pre-clinical development responsibilities and both companies with coordinate worldwide clinical development efforts.

Elitra retains exclusive marketing rights in North America and certain other territories, and Kaken retains exclusive marketing rights in Japan, the Far East and Europe. Kaken will make an upfront technology access payment and fund dedicated research efforts at Elitra, including making milestone payments based on pre-clinical and clinical progress. Specific financial terms were not disclosed.

The anti-fungal market is an important therapeutic area with estimated sales in excess of \$4.6 billion in 2001. Despite the availability of several antifungal drugs, systemic fungal infections remain fatal in more than 30% of patients. Attempts to develop new anti-fungal drugs have been frustrated by the lack of knowledge about and capability to exploit new fungal drug targets. Through the use of its proprietary functional genomics capabilities, Elitra has identified and prioritized the majority of essential gene drug targets in *Candida albicans* and *Aspergillus fumigatus*, the two most important human fungal pathogens. Elitra identifies new drug leads through the use of highly sensitized cell-based assays combined with proprietary high throughput screening technologies.

Kaken has expertise and know-how in developing and marketing anti-fungals. Based on over 50 years of experience, the company has established important anti-fungal *in vitro* and *in vivo* evaluation methods. Butenafine HCl, a topical anti-fungal originated by Kaken, is marketed on the Japanese market as Mentax[®]. The drug is also approved in the US, Canada and several Asian countries, and its EU marketing authorization was granted in October 2002.

“We are very pleased to collaborate with Elitra. Elitra’s drug discovery technologies and Kaken’s development expertise are quite complementary. I believe that this collaboration will lead to the discovery of the next generation of anti-fungal drugs,” said Hidefumi Kurosawa, Executive Managing Director of Research & Development at Kaken.

“We are very pleased to be partnering with Kaken in our first anti-fungal research partnership, with their demonstrated expertise in anti-fungal drug development,” said J. Gordon Foulkes, Executive Vice President of Research and Development at Elitra. “This alliance allows us to leverage our extensive knowledge of over 1,000 novel anti-fungal drug targets, and access Kaken’s significant drug development capabilities, while retaining the ability to exclusively market the products in the United States.”

Kaken Pharmaceutical Co., Ltd. (www.kaken.co.jp) traces back to the Institute of Physical & Chemical Research (Riken) which was established in 1917. The company entered the pharmaceutical business with penicillin and streptomycin, which were manufactured using Riken technology. Kaken has since broadened its scope of activities through merger and alliance and has a presence in internal medicine, orthopedics and dermatology. Kaken has advanced its market presence by providing new drugs discovered with its own technology and through partnership and in-licensing. Kaken’s in-licensing efforts include Trafermin (Fiblast^R Spray), a recombinant form of human basic fibroblast growth factor (bFGF), which was licensed from Scios and launched in Japan in June 2001 as the world-first product of human bFGF.

Elitra Pharmaceuticals Inc. (www.elitra.com) is a leader in antimicrobial drug discovery and focuses on the identification, development and commercialization of novel antimicrobial compounds that target essential gene products of pathogenic organisms. Elitra has ongoing research collaborations with Merck & Co., LG Life Sciences, bioLeads and deCODE genetics to discover new antimicrobials. Elitra has identified more than 6,000 essential genes in eleven bacterial and fungal pathogens and is discovering new classes of compounds utilizing its internal high throughput screening capabilities.

Except for the historical information contained herein, the matters set forth in this press release are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. Elitra disclaims any intent or obligation to update these forward-looking statements.