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To whom it may concern

NanoCarrier Co., Ltd
Ichiro Nakatomi, Ph.D., President & CEO
(Code No.; 4571 Tokyo Stock Exchange Mothers)
Contact: Takuma Nakatsuka, CFO and Director
Administration, General Manager of CEO Office
TEL: +81-3-3548-0217

**License and co-development agreement on Epirubicin Micelle
(NC-6300) with Kowa Company, Ltd. as well as capital increase
by allotting shares to Kowa**

License and co-development agreement on Epirubicin Micelle (NC-6300) with Kowa Company, Ltd. as well as the capital increase by allotting NanoCarrier shares to Kowa have been approved as follows at the board meeting of NanoCarrier on September 26th, 2011.

I. License and co-development agreement on Epirubicin Micelle (NC-6300)

NanoCarrier has been developing a tumor targeting DDS (drug delivery system) formulation, in which antitumor drug is incorporated into micellar nanoparticles. Our major pipelines* are paclitaxel micelle, cisplatin micelle (Nanoplatin®) and DACH-platin micelle, and their clinical studies inside or outside Japan are ongoing or in preparation.

This time, NanoCarrier and Kowa Company, Ltd. (Yoshihiro Miwa: President & CEO, “Kowa” thereafter) agreed to enter into a license and co-development agreement on pH-sensitive Epirubicin micelle (NC-6300)** for its approval and marketing. Preparation for pre-clinical study on NC-6300 including efficacy and toxicity assessment has been conducting under the research collaboration agreement with the National Cancer Center since last year. From now on, NC-6300 is one of our major pipelines.

Under this agreement, NanoCarrier shall grant a license to Kowa for worldwide right of sale and manufacture of NC-6300 final product and receive the maximum total of ¥ 2.4 billion upfront and other milestone payments from Kowa. In addition, NanoCarrier continues to supply active ingredient of NC-6300 and receive a certain amount of continuous royalty after the launch of NC-6300.

*(1) Paclitaxel micelle (NK105):

Clinical studies for gastric and breast cancer have been conducting under the license agreement with Nippon Kayaku Co., Ltd., and a clinical phase III study is scheduled in early next year for its approval.

*(2) Cisplatin micelle (Nanoplatin®, NC-6004):

A phase I/II clinical study for pancreatic cancer have been conducting in Taiwan and Singapore under the license agreement with Orient Europharma Co. Ltd. in the limited area of Asia. A

phase I study was completed and a phase II study for the assessment of efficacy and safety has been already started in July 2011.

***(3) DACH-platin micelle (NC-4016):**

Negotiation with collaborator aimed at the resumption of phase I and phase II studies inside Japan is now underway.

****Epirubicin micelle (NC-6300):**

Epirubicin is an anthracycline drug, which acts by intercalating DNA strands and triggering DNA cleavage by topoisomerase II, resulting in cell death. It is widely used for chemotherapy, and primarily used against breast, ovarian, gastric and lung cancer.

NC-6300 is equipped with "pH-sensor" designed primarily by Professor Kazunori Kataoka and his group at The University of Tokyo. Thus, NC-6300 can preserve epirubicin inside under the physiologic pH condition (pH 7.4) and selectively release epirubicin by sensing the intracellular pH decrease (pH 5-6) after the internalization of micelles into target cells such as tumor. In the basic study, significant efficacy of NC-6300 against anthracycline resistant tumor cell line was demonstrated.

In pre-clinical studies, longevity in the blood circulation and preferential accumulation in tumor of NC-6300 were confirmed¹⁾. In human liver and breast cancer xenograft models, NC-6300 exhibited higher tumor growth inhibitory effect compared to epirubicin solution. Furthermore, the amount of accumulated epirubicin in heart after the administration of NC-6300 was much less than that after the administration of epirubicin solution, indicating the reduction of cardiotoxicity by the use of NC-6300.

Reference:

- 1) Improved anti-tumor activity of stabilized anthracycline polymeric micelle formulation, NC-6300:
M.Harada, I.Bobe, H.Saito, N.Shibata, R.Tanaka, T.Hayashi, Y.Kato, Cancer Science 102 (1)192-199(2011)

II. Capital Increase by allotting shares to Kowa Company, Ltd.

1 New additional share issues by the third party allotment

NanoCarrier has entered into the license and co-development agreement of Epirubicin Micelle (NC-6300), which is a newly-developed product among the NanoCarrier portfolio products. NanoCarrier endeavors to collaborate with Kowa to obtain the regulatory approval as a new therapeutic drug by continuing its R&D activities, including preclinical studies, for the development of NC-6300.

To expand and strengthen the collaboration and relationships between the two companies, NanoCarrier plans to issue new shares which shall be allotted to Kowa, the number of which amounts to 4.68% of the total number of outstanding NanoCarrier shares issued by the Company.

※ The total number of outstanding shares is based upon the following shares

of shares outstanding and identified in shareholders list effective as of March 31st, 2011

of additional shares to be issued on October 14th, 2011 for Kowa by allotment(11,00 shares)

of additional shares converted by the execution of stock options from April, 2011(3,000 shares)

2 Third party allotment

- (1) Number of new shares: ordinary shares 11,000
- (2) Issue price: 26,370 JPY per share
- (3) Total amount of financing : 290,070,000 JPY
- (4) Total capitalized amount: 145,035,000 JPY
- (5) Method of new offering or allotment: Third party allotment
- (6) Period of time for share subscription: October 13th, 2011
- (7) Period of time for payment: October 14th, 2011
- (8) Issue of share certificates: share certificates shall not be issued

Issue price is calculated and based upon the following;

The average closing price of NanoCarrier from March 23rd, 2011 through September 22nd, 2011 at Mothers Market of Tokyo Stock Exchange X 1.05

III. Business forecast (Revision)

NanoCarrier expects to receive the upfront payment of 200 M JPY. Accordingly, the financial forecast of the 1st half of FY2011, which was disclosed on May 12th, 2011, shall be revised as follows whereas that of the full year shall remain as disclosed on the same day.

Revised forecast of 1st half of FY (April 1st, 2011~September 30th, 2011)

(Unit : Million yen, %)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	115	△338	△339	△340	Yen Sen △1,541.83
Revised forecast (B)	207	△138	△139	△140	△ 614.67
Changes in amount (B – A)	92	200	200	200	-
Changes in % (%)	78.3	-	-	-	-
(Refrence) Full year forecast during April 1 st , 2011~March 31 st , 2012	441	△512	△514	△516	△2,309.93

For further detailed information, please refer to the two disclosure documents for Tokyo Stock Exchange (TDnet) which are “License and Co-development Agreement on Epirubicin micelle (NC-6300) between NanoCarrier and Kowa” and “Revision of business forecast of FY2011 for NanoCarrier”.