

November 29, 2005

**FALCO biosystems Ltd.**

346, Shimizu-cho, Nijo-agaru Kawaramachi-dori, Nakagyo-ku, Kyoto 604-0911 Japan

Chairman and President: Hiroharu Akazawa

(Stock code: 4671, First Section, Tokyo Stock Exchange and Osaka Securities Exchange)

Contact: Shirou Yokoyama, General Manager, Genetics Division

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**Notice of Business Alliance with AnGes MG, Inc. and GenomIdea, Inc.**

FALCO biosystems Ltd. gives notice that it has reached a basic agreement with AnGes MG, Inc. and GenomIdea, Inc. to work collaboratively in gene (nucleic acid) research for the development of gene-related drugs (and nucleic acid medicines), and genetic testing methods for newly identified genetic-based diseases.

Under the agreement with AnGes, our company will develop and provide the necessary genetic analytic methods, testing, and experimentation for Phase 1-3 clinical trials and post-marketing studies of NFκB decoy oligo, a nucleic acid medicine that AnGes is currently developing.

AnGes is the first bioventure established in Japan for the development of gene-based drug therapies. NFκB decoy oligo may prove to be a revolutionary treatment for a disease difficult to treat using current methods. We believe our company can offer the genetic (nucleic acid) testing and analytical methods necessary for the drug to successfully move through clinical trials and win approval from the regulatory authorities.

Under the agreement with GenomIdea, we will collaboratively develop genetic testing methods for two genes (related to circulatory system diseases) that GenomIdea has discovered, identified, and has applied for patents, to enable accurate diagnosis.

We believe that these agreements, along with our licensing of Myriad Genetics Inc.'s cancer gene testing method, will expand the scope of human genetic testing to a broader range of ailments.

We believe these two new partnerships will enable us to raise our human genetic testing business—both clinical genetic testing, and genetic testing for new drug development—to a higher stage.

Under these agreements, our company will pay 100 million yen to AnGes, and 80 million yen to GenomIdea.

We are currently examining the impact to earnings.

For reference:

**About AnGes MG, Inc.**

Head office location: 7-7-15, Saito-Asagi, Ibaraki-shi, Osaka

Representative: Ei Yamada, CEO

**About GenomIdea, Inc.**

Head office location: 7-7-15, Saito-Asagi, Ibaraki-shi, Osaka

Representative: Takuma Nakatsuka, CEO

Please contact the following for general queries about these agreements:

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Please contact the following for technical queries:

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