

December 8, 2005

FALCO biosystems Ltd.

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Notice of Business Alliance with Pharmaceutical Product Development

FALCO biosystems Ltd. and Pharmaceutical Product Development, Inc. (HQ: North Carolina, USA; hereafter "PPD") today announced they have signed an agreement whereby FALCO and PPD's biomarker discovery sciences group (hereafter "PPD Biomarkers") will collaborate in the discovery and validation of biomarkers that may lead to the development of a diagnostic test for renal cell carcinoma.

Under the terms of the agreement, PPD Biomarkers will apply its proprietary, integrated platform for proteomics, peptidomics and metabolomics to identify biomarkers for renal cell carcinoma using unique samples obtained from clinical institutions in the U.S. PPD Biomarkers will own any intellectual property derived from these analyses, and FALCO will receive an exclusive license to use such intellectual property in Japan. Financial terms of the agreement were not disclosed.

Biomarkers are particular components of bodily fluids that are indicative of the progression or presence of disease. PPD Biomarker's technology allows for the identification of biomarkers that may have a useful role in disease detection and in the evaluation of therapeutic response.

PPD is a leading global contract research organization providing discovery and development services, market development expertise and compound partnering programs. PPD's clients and partners include pharmaceutical, biotechnology, medical device, academic and government organizations. With offices in 28 countries and more than 7,800 professionals worldwide, PPD applies innovative technologies, therapeutic expertise and a commitment to quality to help its clients and partners maximize returns on their R&D investments and accelerate the delivery of safe and effective therapeutics to patients.

FALCO biosystems works to uncover the source of disease through clinical testing. The FALCO Group is involved in genetic testing, clinical research and trials, research and development of clinical biochemistry, medical information technology, food sanitation and environmental health testing, and dispensing pharmacies, as well as the business of clinical testing.

We expect a minimal impact on our near-term business performance, as this is a medium to long-term agreement that extends from the discovery of biomarkers up through commercialization of diagnostic tests.

Please see <http://www.falco.co.jp> for more information about our company.

Please see <http://www.ppd.com> for more information about PPD.

Reference:

PPD

PPD is a CRO (contract research organization) company that was established in 1985 and has its head offices in Wilmington, North Carolina, USA. The company listed on the NASDAQ in 1996, and its FY2004 sales totaled US\$841.256 million.

PPD Biomarkers

PPD Biomarkers is the biomarker business that SurroMed, Inc. (Menlo Park, California, USA), established in 1997 for the discovery of biomarkers, sold to PPD in 2005.

CRO (contract research organization)

A CRO is a company contracted by pharmaceutical makers to fully or partially manage clinical trials.

Proteomics

Proteomics is the systematic study of the structures and functions of all proteins of which living bodies are composed to better understand biological processes.

Peptidomics

Peptides are molecules composed of two or more amino acids, and form the basic unit of biological matter. Peptidomics is the systematic study of the structures and functions of all peptides of which living bodies are composed to better understand biological processes.

Metabolomics

Metabolomics is the systematic study of all the unique chemical fingerprints—proteins and other metabolites—that specific cellular processes leave behind in order to better understand biological processes.