

Elixir Pharmaceuticals Acquires Late-Stage Product for the
Treatment of Type II Diabetes

Elixir Licenses Exclusive U.S., Canadian and Latin American
Rights from Kissei Pharmaceutical for Glufast; Product Will Enter
Growing \$6 Billion Diabetes Prescription Pharmaceutical Market

CAMBRIDGE, Mass.--March 27, 2006--Elixir Pharmaceuticals, Inc. announced today that the Company has signed a definitive agreement with Kissei Pharmaceutical for the exclusive right to develop and commercialize Glufast(R) (mitiglinide calcium hydrate) in the United States, Canada, and Latin America. Currently marketed in Japan, Glufast is an insulin secretagogue that lowers post-meal glucose levels by improving the body's own ability to produce insulin. Glufast has undergone extensive clinical development demonstrating the product's ability to safely and effectively treat Type II diabetes.

William K. Heiden, Elixir's President and Chief Executive Officer, commented, "The acquisition of Glufast is truly a transformational event for Elixir and an important component of our plan to accelerate the company's growth. With the signing of this agreement, Elixir gains a later-stage product that is very close to market. The Company's overall strategy is to secure a strong revenue base from products to treat metabolic disease which can then fund the development of the company's earlier-stage clinical and preclinical pipeline which will drive Elixir's long-term success."

Mr. Mutsuo Kanzawa, President and Chief Executive Officer of Kissei Pharmaceutical, stated, "We are very pleased to have signed the Glufast agreement with Elixir Pharmaceuticals. Since its launch in Japan in May 2004, Glufast has steadily increased its domestic market share and attained an important position in the treatment regimen for patients with type II diabetes. In addition to Japan, the product is currently in development in China, South Korea and the Middle East as part of Kissei's program to address patient markets worldwide."

Type II diabetes is a serious and debilitating disease, affecting 14 million patients in the United States alone. While there has been significant progress in the treatment of type II diabetes, there is still an enormous unmet medical need worldwide.

Mr. Heiden added, "We believe that Glufast represents an important advance for physicians and their patients who are seeking optimal glucose control. The launch of Glufast in the United States will be carried out by an Elixir specialty sales force with a focus on metabolic disease, specifically targeting diabetologists and endocrinologists. Our commercialization strategy includes pursuing additional in-licensing opportunities for late-stage or approved products in the area of metabolic disease that can further leverage this sales force."

About Glufast

Glufast, an insulin secretagogue with a rapid onset and short duration of action, lowers post-meal glucose levels by improving the body's own ability to produce insulin. Clinical data have shown that reducing post-meal glucose surges with Glufast decreases HbA1c levels (a standard means of assessing chronic elevated blood glucose levels). Epidemiological studies have demonstrated that uncontrolled surges in post-meal glucose levels are directly associated with negative long-term health outcomes in diabetics.

Glufast is a member of the meglitinide class of compounds; two currently marketed products in this class are expected to generate over \$300 million in sales in the U.S. in 2006.

Glufast has been studied extensively in human clinical trials in the U.S., Europe, Australia and Asia. Clinical results from more than 1,500 treated patients, including several years of in-market use in Japan, support Glufast's safety and effectiveness and will be used in Elixir's registration efforts in its licensed territories.

Under the terms of the licensing agreement with Kissei, Elixir will have the right to develop and commercialize Glufast, as well future products that combine Glufast with other compounds, in the United States, Canada, and Latin America. For these rights, Elixir will make payments to Kissei based on predetermined milestones, as well as pay a royalty to Kissei on net sales. Additional financial terms were not disclosed.

About Elixir Pharmaceuticals

Elixir is a biopharmaceutical company focused on the discovery, development and commercialization of new therapies to treat metabolic disease. The Company is building on its Optimal Aging scientific platform to discover, develop and market new drugs for the treatment and prevention of metabolic disorders, as well as the prevention of age-related diseases. More information about Elixir is available at <http://www.elixirpharm.com/>

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