

Notice of Dissolution of Distributor Contact

September 19, 2008

Company Name: Carna Biosciences, Inc.

Listed Securities Exchange: JQ • NEO

Stock Code: 4572 JQ • NEO

URL <http://www.carnabio.com>

Representative: Kohichiro Yoshino, President

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On September 19, 2008, under the resolution at the board of directors meeting, Carna Biosciences, Inc. (“Carna”) will dissolve the distributor contact with Toyobo Co., Ltd. (“Toyobo”) on September 30, as follows.

1. Reason for the dissolution

On December 16, 2005, Carna designated Toyobo as the distributor of protein kinases and granted Toyobo the exclusive authorization on selling protein kinases (5µg/pack) to the universities and public research organizations in Japan. Now, both Carna and Toyobo are going to take a new turn on their businesses. Hence, the both parties reached an agreement on dissolution of the distributor contact.

2. Overview of Toyobo Co., Ltd.

(1) Company Name: Toyobo Co., Ltd.

(2) Business Content: Film and functional polymers; Industrial materials; Life Science; Textiles

(3) Date of Establishment: June 26, 1914

(4) Head Office Location: 2-8, Dojima Hama 2-chome, Kita-ku, Osaka

(5) Representative: Ryuzo Sakamoto, President

(6) Capital: 43,341 million yen (as of March 31, 2008)

(7) Total Revenue (consolidated): 431,417 million yen (as of March, 2008)

(8) Number of Employees (consolidated): 11,595 (as of March 31, 2008)

(9) Major shareholders and Ratio of Voting Rights (as of March 31, 2008):

Japan Trustee services Bank (trust account)	4.15%
The Master Trust Bank of Japan (trust account)	3.79%
Nippon Life Insurance Company	2.95%

(10) Relationships between Carna and Toyobo

Trading: Sales on protein kinases (5µg/pack)

Personal relationships: None

Capital ties: None

3. Schedule

September 19, 2008 Agreement on dissolution of the distributor contact

September 30, 2008 Dissolution of the distributor contact (scheduled)

4. Prospects of the influence of the dissolution of contact on Carna's business

There is slight influence of this case on Carna's business. Now, Carna is negotiating a new distributor contact with other agencies. Relevant information will be released when agreement on the contact is reached.

(Reference)

Prospects of consolidated business achievement for FY2008 (released on August 6, 2008)

(Million yen)

	Total Revenue	Operating income	Ordinary income	Net income
Prospects of consolidated business achievement (FY2008)	712	-284	-333	-592