



**FOR IMMEDIATE RELEASE - Tuesday, July 11, 2006 @ 4 p.m. E.D.T.**

**PROCTER & GAMBLE PHARMACEUTICALS AND ARYX THERAPEUTICS  
FORM ALLIANCE FOR AN INVESTIGATIONAL TREATMENT FOR  
GASTROINTESTINAL DISORDERS**

**Cincinnati, Ohio, and Fremont, California, July 11, 2006** – Procter & Gamble Pharmaceuticals, Inc., a division of The Procter & Gamble Company (NYSE: PG) and ARYx Therapeutics, a private drug discovery and development company, today announced a strategic alliance under which P&G will develop and commercialize ARYx's novel drug, ATI-7505, for the treatment of gastrointestinal disorders such as gastroesophageal reflux disease (GERD) and gastroparesis (delayed emptying of the stomach).

GERD affects approximately four to seven percent of the global population, or approximately 250 to 450 million people worldwide. It can manifest itself as symptoms such as heartburn and regurgitation. More than 50 percent of all diabetics suffer from gastroparesis, or more than 85 million people worldwide. Gastroparesis can lead to severe symptoms such as pain, nausea and vomiting, and even malnutrition.

ATI-7505 is an oral, serotonin type 4 (5HT<sub>4</sub>) agonist that is in Phase 2 development. ATI-7505 has been shown to have prokinetic properties (increases upper GI motility, which is believed to play a beneficial role in GI symptom reduction). Based on its mechanism of action, initial studies show that ATI-7505 prevents the regurgitation of stomach contents into the esophagus and accelerates the emptying of the stomach. This action may help relieve the symptoms of conditions where motility of the gastrointestinal tract is a problem. A prior 5HT<sub>4</sub> agonist, Propulsid® (cisapride), achieved nearly \$1 billion in global sales, but was withdrawn from the market in 2000 due to side effects. ATI-7505 was designed using ARYx technology to retain the identical mechanism of action, while eliminating the safety issues. Clinical trial results to date support this target product profile, but larger studies are required to confirm the drug's efficacy and safety.

Under terms of the agreement, which remains subject to clearance under the Hart-Scott-Rodino Improvements Act, ARYx will grant P&G rights to the worldwide development and commercialization of ATI-7505 in exchange for a \$25 million upfront fee, milestone payments, and royalties on product sales. In addition, ARYx has an option to co-develop and co-promote ATI-7505. In total, payments could reach \$435 million over the life of the project, including \$250 million that could be earned prior to commercialization. These payments are contingent upon the successful completion of specified development, regulatory, and commercialization goals. ARYx will receive royalties, with the rate

escalating upon the achievement of varying sales targets. No other financial terms of the agreement were disclosed.

“We’re impressed with ARYx’s scientific innovation in its novel approach to make proven therapeutic mechanisms safer by engineering out specific metabolic and other problems that can cause significant side effects,” said Mark Collar, President, Global Pharmaceuticals & Personal Health, Procter & Gamble. “The proven capabilities of Procter & Gamble Pharmaceuticals in prescription healthcare, combined with many years of deep GI consumer understanding developed through our successes with Asacol, Prilosec OTC, Pepto-Bismol and Metamucil will, if the drug is approved, allow us to provide physicians around the world a better treatment option for millions of people suffering from GI motility disorders.”

“P&G’s profound understanding of consumer behavior, coupled with its proven product development skills for prescription pharmaceuticals, makes them an ideal partner for the continued clinical development and commercialization of ATI-7505,” said Dr. Paul Goddard, chairman and chief executive officer of ARYx Therapeutics. “P&G’s experienced sales force, and close relationships with gastroenterologists and general practitioners, also makes this collaboration an excellent strategic fit for ARYx. We are gratified that P&G shares our passion for improving the safety of drug therapy which has been the major focus of ARYx since it was founded.”

### **About GERD and gastroparesis**

GERD and gastroparesis are common gastrointestinal diseases that, if untreated, can cause extreme discomfort and medical complications. It is estimated that 25-40 percent of adults experience heartburn or related symptoms associated with GERD each year, resulting in four to five percent of all primary care physician visits.

Gastroparesis is a disorder of the stomach in which contents from the stomach do not move efficiently into the intestine. The digestive system, including the stomach, uses muscular contractions to move its contents along. Gastroparesis results when there is some damage or malfunction to this process in the stomach, resulting in symptoms ranging from nausea to severe abdominal pain and consequences such as bacterial infections and weight loss. Diabetics are particularly susceptible to gastroparesis, which is estimated to affect over 50 percent of this patient population.

### **About ARYx Therapeutics**

ARYx Therapeutics is a privately-held pharmaceutical research and development company focused on addressing safety concerns in well-established and commercially successful existing therapies through application of its proprietary ARYx RetroMetabolic (ARM™) drug design. ARYx improves today’s drugs, making proven therapies safer. ARYx currently has three products in clinical trials. For more information, please see the company’s web site at [www.aryx.com](http://www.aryx.com).

## **About Procter & Gamble (NYSE:PG)**

Three billion times a day, P&G brands touch the lives of people around the world. The company has one of the strongest portfolios of trusted, quality, leadership brands, including Pampers<sup>®</sup>, Tide<sup>®</sup>, Ariel<sup>®</sup>, Always<sup>®</sup>, Whisper<sup>®</sup>, Pantene<sup>®</sup>, Mach3<sup>®</sup>, Bounty<sup>®</sup>, Dawn<sup>®</sup>, Pringles<sup>®</sup>, Folgers<sup>®</sup>, Charmin<sup>®</sup>, Downy<sup>®</sup>, Lenor<sup>®</sup>, Iams<sup>®</sup>, Crest<sup>®</sup>, Oral-B<sup>®</sup>, Actonel<sup>®</sup>, Duracell<sup>®</sup>, Olay<sup>®</sup>, Head & Shoulders<sup>®</sup>, Wella, Gillette<sup>®</sup>, and Braun. The P&G community consists of almost 140,000 employees working in over 80 countries worldwide. Please visit <http://www.pg.com> for the latest news and in-depth information about P&G and its brands.

## **Procter & Gamble Forward Looking Statements**

All statements, other than statements of historical fact included in this release, are forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. In addition to the risks and uncertainties noted in this release, there are certain factors that could cause actual results to differ materially from those anticipated by some of the statements made. These include: (1) the ability to achieve business plans, including with respect to lower income consumers and growing existing sales and volume profitably despite high levels of competitive activity, especially with respect to the product categories and geographical markets (including developing markets) in which the Company has chosen to focus; (2) the ability to successfully execute, manage and integrate key acquisitions and mergers, including (i) the Domination and Profit Transfer Agreement with Wella, and (ii) the Company's merger with The Gillette Company, and to achieve the cost and growth synergies in accordance with the stated goals of the Gillette transaction; (3) the ability to manage and maintain key customer relationships; (4) the ability to maintain key manufacturing and supply sources (including sole supplier and plant manufacturing sources); (5) the ability to successfully manage regulatory, tax and legal matters (including product liability, patent, and other intellectual property matters), and to resolve pending matters within current estimates; (6) the ability to successfully implement, achieve and sustain cost improvement plans in manufacturing and overhead areas, including the Company's outsourcing projects; (7) the ability to successfully manage currency (including currency issues in volatile countries), debt (including debt related to the Company's announced plan to repurchase shares of the Company's stock), interest rate and certain commodity cost exposures; (8) the ability to manage the continued global political and/or economic uncertainty and disruptions, especially in the Company's significant geographical markets, as well as any political and/or economic uncertainty and disruptions due to terrorist activities; (9) the ability to successfully manage competitive factors, including prices, promotional incentives and trade terms for products; (10) the ability to obtain patents and respond to technological advances attained by competitors and patents granted to competitors; (11) the ability to successfully manage increases in the prices of raw materials used to make the Company's products; (12) the ability to stay close to consumers in an era of increased media fragmentation; and (13) the ability to stay on the leading edge of innovation. For additional information concerning factors that could cause actual results to materially differ from those projected herein, please refer to our most recent 10-K, 10-Q and 8-K reports.

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