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(translation)

D. Western Therapeutics Institute, Inc. Concludes the Option License Agreement
for the Glaucoma Drug "H-1129" in Overseas

With regard to "H-1129" developed by our company, we have decided today to conclude the option license agreement of the development right & distribution right for glaucoma and all intend for the whole world except Japan (hereinafter called "this agreement") with domestic pharmaceutical company (hereinafter called "this operational business company").

By concluding this agreement, this operational business company acquires rights to evaluate and review the value of "H-1129" for a certain period on the premise exclusively using "H-1129" as indication for glaucoma in the whole world except Japan.

We will receive constant option fee the period until this operational business company exercises (or releases) option right.

Additionally, we will receive the contract lump sum and the milestone fee according to the progress of development and sale when we will be exercised this option right by the operational business company, and we have the potential of receiving up to 7.3 billion yen. Also, we will receive royalties according to sales volume after the product will be sold.

In addition, we do not disclose the name of this operational business company and finance terms of this agreement in obligation of keeping secrecy.

We had licensed-out the right of "H-1129" in Japan with glaucoma field to Wakamoto Co., Ltd (hereinafter called "Wakamoto") in March 2013. Currently, Wakamoto has been conducting of a domestic phase I clinical study of "H-1129" as indication for glaucoma and ocular hypertension. Also, we plan to initiation of a domestic phase II clinical study in 2017 and initiation of a domestic phase III clinical study in 2018 of "H-1129" (Wakamoto's development code: "WP-1303").

In addition, with regard to the impact of this matter to the consolidated earnings forecast in 2017, we plan to include that to the consolidated earnings forecast in 2017 that we will announce in February 14, 2017.

With regard to "H-1129", we have rights except glaucoma. Hereafter, we work on research development aimed for indication of other diseases and we will strive to expand the number

of pipelines and improve the value of pipelines.

About H-1129 (WP-1303)

H-1129 is a product indicated for glaucoma and ocular hypertension which is developed with focus on protein kinase inhibitor ^(Note 1) by optimization based on the seed compounds in our compound library ^(Note 2). It is suggested that this drug has been confirmed to inhibit various types of protein kinase ^(Note 3), and also to combine with “heat shock protein ^(Note 4)” Hsp90, as a result, the drug enhances the aqueous humor outflow from the main outflow route through the trabecular meshwork-Schlemm canal thereby decreasing intraocular pressure.

We had been licensing-out the right of “H-1129” in Japan to Wakamoto in March 2013. Thereafter, Wakamoto had conducted of non-clinical studies and have initiated a domestic phase I clinical study in March 2016.

end

Explanation of terms

(Note 1) Inhibitor

Inhibitor refers to the substance that binds to various enzyme molecules in the living body to decrease or eliminate the activity of enzyme. A drug to reduce or eliminate the enzyme activity is used in the treatment of disease.

(Note 2) Compound library

Compound library refers to a group of compounds that have been accumulated by D. Western over many years to serve as the seeds for a new drug candidate compound. These compounds each of which demonstrates characteristic nature are used as the ground for basic research and for the discovery of a new drug candidate compound.

(Note 3) Protein kinase

Protein kinase is an (phosphorylating) enzyme to add phosphate group to protein molecules such as ATP (adenosine triphosphate, a high energy substance generated in the body), etc. that are low molecular weight compounds to serve as the source of bioenergy. The kinase that phosphorylates protein is called protein kinase, and the enzyme that phosphorylates the compounds other than protein is called kinase.

(Note 4) Heat shock protein

When cells are exposed to stresses including heat, etc., there is a group of proteins whose expression increases to protect the cells. Depending on the molecular weight, a heat shock protein is given the name of corresponding molecule, for example, Hsp90, etc.