

June 15, 2016
SEIKAGAKU CORPORATION
(Securities Code: TSE 4548)

**Seikagaku announces the conclusion of a Letter of Intent
for an Overseas Exclusive License Agreement for SI-6603,
a Novel Treatment for Lumbar Disc Herniation**

On June 15, 2016, Seikagaku Corporation (“Seikagaku”) (head office: Tokyo, Japan) announced that it entered into a Letter of Intent with Ferring Pharmaceuticals (“Ferring”) (head office: Saint Prex, Switzerland) concerning an exclusive license granted for sales and marketing in the U.S. and other overseas territories of SI-6603 (condoliase), currently in development by Seikagaku for treatment of lumbar disc herniation. The Letter of Intent is based on the premise that Seikagaku and Ferring will negotiate an agreement for an exclusive license granted to Ferring for sales and marketing in the U.S. and other overseas territories. Seikagaku is targeting entering into an exclusive license agreement in September 2016.

SI-6603 is a product Seikagaku has been developing in Japan, the U.S., and Europe, with an ongoing phase III clinical trial in the U.S. Seikagaku intends to carry out the development expeditiously and aims to achieve commercialization in the U.S. market which has a large growth potential.

Seikagaku would receive an upfront payment of US \$ 5 million from Ferring if the agreement is signed. Further milestone payments would be expected in multiple years upon progress in development and commercialization. Any transaction is subject to mutual agreement by the parties as to definitive agreements and approval by each party’s respective group board of directors.

There will be no revision to the forecast of consolidated results for fiscal year ending in March 2017, which was publicly disclosed on May 12, 2016, as the impact of this Letter of Intent has already been incorporated in the forecast.

< About Ferring Pharmaceuticals >

Headquartered in Saint-Prex, Switzerland, Ferring Pharmaceuticals is a research-driven,

specialty biopharmaceutical group active in global markets. The company identifies, develops and markets innovative products in the areas of reproductive health, urology, gastroenterology, endocrinology and orthopaedics. Ferring has its own operating subsidiaries in nearly 60 countries and markets its products in 110 countries. Following Europe, the U.S. is Ferring's second largest market and approximately 30% of its U.S. revenue comes from the orthopaedics segment.

< About SI-6603 for the treatment of lumbar disc herniation >

Lumbar disc herniation is the partial protrusion of the nucleus pulposus at the core of each intervertebral disc or the anulus fibrosus, the disc's outer layer. The resulting pressure on the spinal nerve root causes pain and numbness. SI-6603 is an injectable drug using an enzyme named chondrosulfatase that specifically degrades glycosaminoglycans (GAG) *, which are the main components of the nucleus pulposus. A direct injection of SI-6603 into the intervertebral disc would cause reduction of the pressure on the nerves by shrinking the nucleus pulposus through degrading GAG.

In Japan, on December 25, 2012, Seikagaku Corporation and Kaken (head office: Bunkyo-ku, Tokyo) concluded an exclusive distributorship agreement in Japan for SI-6603.

*Glycosaminoglycans (GAG): one of the constituents of complex carbohydrates such as chondroitin sulfate and hyaluronic acid.

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