

Santen and TRACON Announce Agreement for the Development and Commercialization of TRC105 in Ophthalmology

San Diego, CA and Osaka, Japan – March 4, 2014 – TRACON Pharmaceuticals (TRACON) and Santen Pharmaceutical Co., Ltd. (Santen) announced today that they have entered into an exclusive agreement for the development and global commercialization of TRACON's anti-endoglin antibodies, including TRC105, in ophthalmology. Pre-clinical and clinical data from TRACON's ongoing development of TRC105 in combination with anti-VEGF products in oncology indicate inhibiting both the endoglin and VEGF pathways has the potential to show advantages over inhibiting VEGF alone in the treatment of conditions such as wet age-related macular degeneration (wet AMD).

Under the terms of the agreement, Santen will make a \$10 million upfront payment and certain milestone payments to TRACON in the development phase, and will pay commercialization milestones and tiered royalties on global sales of TRC105 in ophthalmology. Santen will fund 100% of all global development, and commercialization activities, including the initiation of IND-enabling studies. TRACON will continue ongoing Phase 2 development of TRC105 in a number of oncology indications, and will retain global rights on applications of its anti-endoglin antibody portfolio outside of ophthalmology.

"TRC105 has the potential to help patients suffering from serious and debilitating eye diseases who do not benefit from current treatment," said Charles Theuer, M.D., Ph.D., President and CEO of TRACON. "The experience TRACON has gained in the development of TRC105 in oncology, by combining TRC105 with bevacizumab and other inhibitors of the VEGF pathway, reinforces our belief that development of TRC105 in serious angiogenesis-driven eye diseases is an outstanding product development opportunity. Santen is a global leader in the development and commercialization of ophthalmic products. We look forward to working with Santen as they develop TRC105."

"Santen is a global pharmaceutical company specialized in the field of ophthalmology, and it is committed to delivering novel medicines for the treatment of high unmet need ophthalmic conditions on a global basis. TRC105 is an antibody that inhibits a novel target, endoglin, a key mediator of resistance to VEGF inhibitor treatment in angiogenesis-driven diseases. Currently, treatment options for retinal disease, including wet AMD are limited, and thus, Santen is pleased to gain access to novel compounds such as TRC105, so that Santen can contribute to improving the quality of life of patients suffering from retinal disease such as wet AMD," said Akira Kurokawa, President and CEO of Santen.

The TRC105 oncology development program includes two ongoing randomized Phase 2b studies with bevacizumab in renal cell carcinoma and glioblastoma, and combination studies with axitinib in renal cell carcinoma, with pazopanib in advanced soft tissue sarcoma and with sorafenib in hepatocellular carcinoma.

Impact on Santen's earning forecast for fiscal year 2013, ending on March 31st, 2014, is considered to be limited.

About TRC105

TRC105 is a novel, first-in-class, clinical stage antibody to endoglin (CD105), an endothelial cell receptor that is essential for the process of new blood vessel formation called angiogenesis. TRC105 is currently being studied in multiple clinical trials in cancer patients, sponsored by both TRACON and the National Cancer Institute (NCI) Cancer Therapy Evaluation Program (CTEP) and is expected to complement VEGF inhibitor therapies. TRC105 is also expected to complement VEGF inhibitor treatments in age-related macular degeneration. For more information about the clinical trials, please visit TRACON's website at http://www.traconpharma.com/clinical_trials.php.

About Santen

Founded in 1890, Santen is a global company headquartered in Osaka, Japan. Santen researches, develops and markets ophthalmic products for physicians worldwide. Among prescription ophthalmic pharmaceuticals, Santen holds the top share within the Japanese market and is one of the leading ophthalmic companies worldwide. Tokyo Stock Exchange code 4536. For more information, visit www.santen.com.

About TRACON

TRACON Pharmaceuticals develops targeted therapies for people with cancer and age-related macular degeneration. The current pipeline includes two clinical-stage product candidates, each addressing a unique cellular process, that are expected to complement currently available therapies. TRACON aims to develop effective and well-tolerated treatments for underserved populations with the ultimate goal of enhancing survival and quality of life. To learn more about the company and its products, visit TRACON's website at www.traconpharma.com.

Santen Forward-looking Statements

Information provided in this press release contains so-called "Forward-looking Statements". The realizations of these forecasts are subject to risk and uncertainty from various sources. Therefore, please note that the actual results may differ significantly from the forecasts. Business performance and financial condition are subject to the effects of change in regulations made by the governments of Japan and other nations concerning medical insurance, drug pricing and other systems, and to fluctuations in market variables such as interest rates and foreign exchange rates.



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