

Santen Pharmaceutical Co., Ltd. specializes in the research, development, manufacturing and marketing of ophthalmic and anti-rheumatic pharmaceuticals to protect and improve people's eyesight and health. Deeply aware of the sanctity of human life, we apply our unique capabilities and technologies in our areas of expertise to contribute to the health and quality of life of patients and their loved ones, and society as a whole.

## CONTENTS

5	Consolidated Financial Highlights
6	A Message from the Chairman
8	A Message from the President and CEO
10	An Interview with the President and CEO
12	Status of Medium-term Management Plan
13	Special Feature
	Accelerating Operations in China
16	Research and Development
19	Review of Operations
20	Prescription Pharmaceuticals, Ophthalmic Pharmaceuticals
24	Prescription Pharmaceuticals, Anti-Rheumatic Pharmaceuticals
25	Over-the-Counter Pharmaceuticals
25	Medical Devices
26	Society and the Environment
28	Corporate Governance
30	Board of Directors, Corporate Auditors and Corporate Officers
31	Financial Section
59	Major Subsidiaries and Facilities
60	Corporate Information / Stock Information
61	History

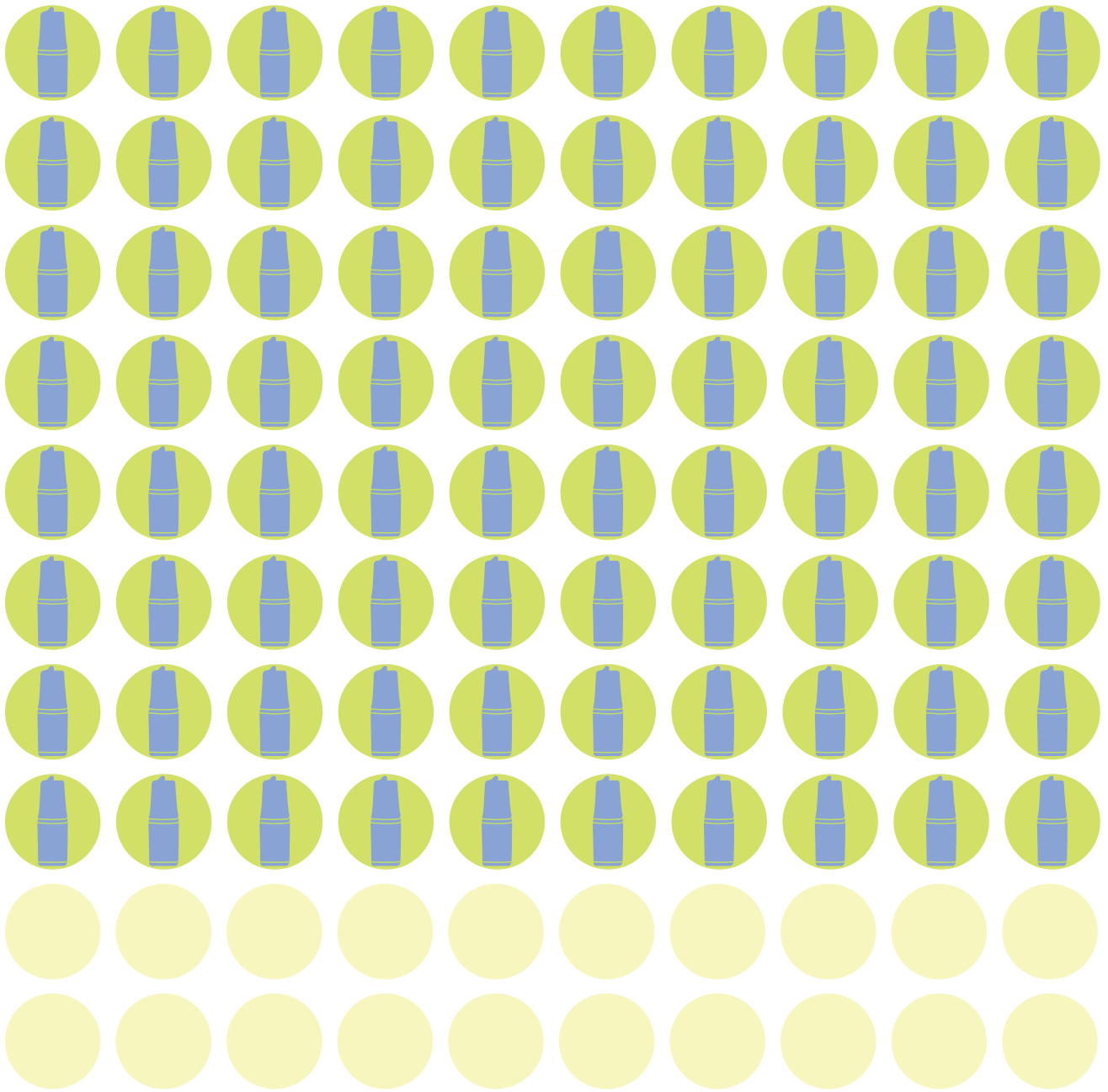
### NOTE CONCERNING DATA

Some information in this annual report is based on IMS data (JPM, MIDAS).  
Period: January 2001 to March 2008

### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, competitive pressures, changes in related laws and regulations, status of product development programs and changes in exchange rates.



**80% of Santen's sales come from prescription ophthalmic pharmaceuticals**

80%

The foundation of Santen dates back almost 120 years, to 1890. At that time, our main product was a cold medicine. Nine years later, we introduced *Daigaku Eye Drops*, a very successful product that contributed greatly to our early growth. Later, in 1952 Santen took its first steps into the ophthalmic segment, and in 1958 entered the prescription pharmaceuticals market. Today, 80% of Santen's sales come from prescription ophthalmic pharmaceuticals.



**Santen holds the No. 1 position in the Japanese prescription ophthalmic pharmaceuticals market with a 38.9% share**

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No. 1

Santen has a broad range of top-quality ophthalmic pharmaceutical products as well as approximately 400 medical representatives (MRs) in Japan. Using these strengths, we provide information that answers the practical needs of the medical community, giving us the No. 1 position in the Japanese prescription ophthalmic pharmaceuticals market with a 38.9% share. We are also No. 1 in the Japanese market for disease-modifying anti-rheumatic drugs (DMARDs), with a 46.1% share. As a result of our market dominance in two highly specialized areas, we hold a unique position among Japanese pharmaceutical companies.

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**In the Japanese prescription ophthalmic pharmaceuticals market, the glaucoma segment grew 4.0% and the corneal disorders segment expanded 9.0%**

9.0%

The Japanese prescription ophthalmic pharmaceuticals market—Santen’s primary focus of operations—is estimated to grow 2% annually until 2010. Within this market, the glaucoma and corneal disorders segments are expected to grow more quickly in line with the aging of Japan’s population. In fiscal 2007, ended March 31, 2008, the glaucoma segment grew 4.0%, and the corneal disorders segment expanded 9.0%, against a backdrop of 3.1% growth in the broader prescription ophthalmic pharmaceuticals market.



**Santen is globalizing its R&D efforts on the firm foundations of a clinical development network that spans 3 centers worldwide**

**3 centers**

As an R&D-oriented pharmaceuticals company, Santen will concentrate its R&D efforts in the area where it can leverage its strength and where there is significant growth potential. We will focus on developing new products targeting glaucoma, corneal disorders and retinal disorders, where medical demand is expected to continue to be high. In the pipeline in each of these areas, we have compounds with new mechanisms of action and products that utilize the very latest technologies. On the firm foundations of a clinical development network that spans 3 centers worldwide, we are working to expand our global R&D capabilities.

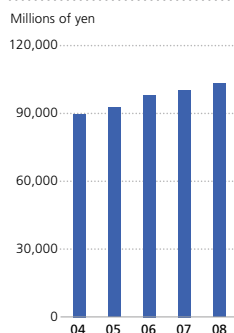
# Consolidated Financial Highlights

Santen Pharmaceutical Co., Ltd. and Subsidiaries  
Years ended March 31, 2008 and 2007

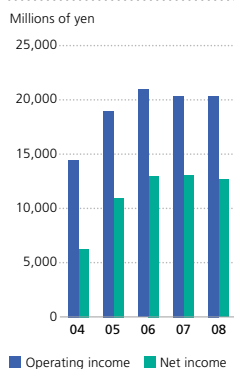
	Millions of yen		Change	Thousands of U.S dollars
	2008	2007	2008/2007	2008
<b>For the year:</b>				
Net sales	¥103,394	¥100,486	2.9%	\$1,031,980
Operating income	20,371	20,412	(0.2)	203,320
Net income	12,651	13,148	(3.8)	126,266
R&D expenditures	12,942	13,663	(5.3)	129,170
Capital expenditures	3,151	3,556	(11.4)	31,451
Depreciation and amortization	4,593	4,761	(3.5)	45,846
<b>Per share data (yen and U.S. dollars):</b>				
Net income—basic	¥ 146.15	¥ 151.58	(3.5)%	\$ 1.46
Net income—diluted	145.94	151.31	(3.5)	1.46
Equity	1,494.48	1,481.83	0.9	14.92
Cash dividends, applicable to period	80.00	65.00	23.1	0.80
<b>At year-end:</b>				
Total assets	¥156,547	¥159,099	(1.6)%	\$1,562,504
Long-term debt	5,278	5,446	(3.1)	52,680
Equity	126,998	128,587	(1.2)	1,267,574
Return on equity (ROE) (%)	9.9	10.6		
Number of employees	2,483	2,409		

Notes: 1. U.S. dollar amounts have been translated from yen, solely for the convenience of the reader, at the rate of ¥100.19 to U.S.\$1 prevailing on March 31, 2008.  
2. Figures in parentheses indicate a decrease.  
3. Equity comprises shareholders' equity and total accumulated gains (losses) on evaluation and translation.

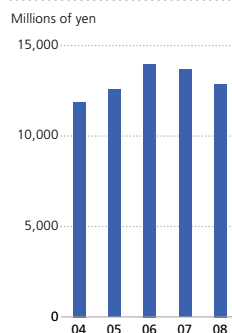
## Net Sales



## Operating Income and Net Income



## R&D Expenditures



## Return on Equity (ROE)

