

Reference information

Research & development

Pipeline of prescription pharmaceuticals (Clinical studies)

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Levofloxacin (0.5%)	Cravit Quixin Oftaquix	Bacterial conjunctivitis	Daiichi Pharmaceutical	Japan						Apr-00
				USA						Nov-00
				Europe						May-02
Levofloxacin (1.5%)	Iquix	Bacterial corneal ulcer	Daiichi Pharmaceutical	USA					Mar-04	
Levofloxacin + prednisolone A	DE-094	Infectious keratitis	Daiichi Pharmaceutical	USA						

Characteristics: Fluoroquinolone antibacterial agent. In Europe, Ofaquix has obtained marketing authorization in 13 countries and was launched in seven countries including Germany. Iquix is a higher-concentration fluoroquinolone with potent antibacterial action. Levofloxacin + prednisolone A is a combination treatment with steroids.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Pemirolast potassium	Alegysal Alamast Alamast	Allergic conjunctivitis	Mitsubishi Pharma	Japan						Apr-95
				USA						Jul-00
				Europe					Dec-99	

Characteristics: A mast cell stabilizer with superior efficacy on allergic conjunctivitis and vernal keratoconjunctivitis.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Ciclosporin	DE-076	Vernal keratoconjunctivitis	Novartis Pharma	Japan					Aug-03	

Characteristics: An orphan drug. Ophthalmic application of immuno-suppressant ciclosporin. Expected to treat advanced vernal keratoconjunctivitis for which existing anti-allergic agents are not effective. Because it is an ophthalmic solution, virtually no generalized side effects are noted.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Tafloprost	DE-085	Glaucoma/ ocular hypertension	Co-development with Asahi Glass	Japan USA/Europe						

Characteristics: Prostaglandin glaucoma treatment that reduces intraocular pressure. Clinical trials are being conducted in parallel in Japan, the U.S. and Europe. Expected to have greater efficacy in reducing intraocular pressure than other prostaglandin products. Can be stored at room temperature.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Olmesartan	DE-092	Glaucoma/ ocular hypertension	Sankyo	Japan USA/Europe						

Characteristics: The only angiotensin II receptor antagonist in full-fledged development as a glaucoma treatment. Comparable to prostaglandin products in reducing intraocular pressure. Very few side effects, including conjunctival hyperemia, are expected. Great potential for the U.S. and European markets where patients with ocular hypertension account for the majority of the glaucoma

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Lomerizine HCL	DE-090	Glaucoma	Nippon Organon	Japan						

Characteristics: A new type of oral glaucoma treatment studied for inhibiting the progression of visual field defects. The only calcium antagonist in full-fledged development as a glaucoma treatment. Compared with NMDA receptor antagonists, fewer generalized side effects are expected, thus having excellent safety. Marketed by Nippon Organon as a migraine drug.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol tetrasodium	DE-089	Dry eye	Inspire Pharm.	Japan						

Characteristics: A treatment for dry eye that stimulates the ocular surface to secrete tear fluid and moisture. Expected to be used in combination with existing dry eye treatments, and be effective for patients for whom existing treatments are insufficient.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-096	Rheumatoid arthritis	Original	Japan						
		Diabetes Mellitus Edema		Japan		In preparation				

Characteristics: An oral TNF inhibitor. Anti-rheumatic effect comparable to injectable biological agents has been observed in basic research. In addition to RA the effect on DME was also observed in basic research, clinical studies are being conducted with both diseases.

Generic name	Brand name/dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Gefarnate	DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Original	Japan						

Characteristics: Treats corneal and conjunctival epithelial disorder mostly associated with dry eye, by stimulating the secretion of mucin and promoting the corneal epithelial migration. Preservative-free eye ointment that can be used in combination with existing

Pipeline of prescription pharmaceuticals (In preparation for clinical trials)

Generic name	Brand name/dev. code	Indication	Original/in-licensor
Bucillamine	Rimatil	Osteoarthritis (additional indication)	Original
Characteristics: Shown to be effective on joint inflammation caused by osteoarthritis.			

Pipeline of medical devices

Product under development	Product name	Region
Intraocular lens	MD-14	Japan and USA
Characteristics: Foldable intraocular lens using new material with high refractive index. Developed by U.S. subsidiary Advanced Vision Science, Inc.. NDA filed in Japan. In clinical trials in USA.		

License out

Brand name/dev. code	Indication	Region	Licensee	Status	in-licensor
DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Japan	Argenes	preparing for clinical trials	Centocor
Characteristics: Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established, and drug development is being studied. Santen granted the domestic development rights to Argenes, Inc. The compound had been in-licensed from Centocor. Santen continues to hold the marketing rights in Japan and the overseas marketing and development rights.					

Changes from November 4, 2004

[Progress]

Brand name/dev. code	Indication	Region	Status change
DE-096	Rheumatoid arthritis	Japan	Phase I to phase II
	Diabetes Mellitus Edema(DME)	Japan	In preparation for phase II

Pharmaceutical market

Revision of National Health Insurance (NHI) drug prices

(%)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Industry average	-	-6.6	-	-6.8	-4.4	-9.7	-	-7.0	-	-6.3	-	-4.2	-
Ophthalmic drugs	-	-1.6	-	-3.5	-1.8	-7.5	-	-6.2	-	-6.0	-	-2.7	-
Santen	-	-0.4	-	-2.6	-1.3	-7.2	-	-5.7	-	-6.0	-	-3.2	-

(Compiled by Santen)

Revision of NHI drug prices: In Japan, drug prices are generally revised every two years to reflect their market price. The drugs marketed at lower market prices will bear larger reduction margins at the revision.

Major healthcare reforms

	1997	Enforcement of the Revised Health Insurance System Law. Increased contribution for insured employees (10% to 20%) Revision of the Insurance Law for Seniors Contribution: 500 yen/day for out-patients (up to four times a month) and 1,000 yen/day for in-patients
	2001	Revision of the Insurance Law for Seniors Contribution: fixed rate of 10% for out-patients and in-patients
April	2002	Reimbursed consulting fee for physicians were reduced by 2.7% on average Revision of prescription fee (two points are added for every prescription of generic drugs)
October	2002	Increased contribution for seniors (fixed amount system was abolished for a uniform fixed rate system of 10% contribution)
April	2003	Increased contribution for insured employees (20% to 30%)

Market shares

(Billions of yen)

Year ended March 31	2001	2002	2003	2004	2005
Prescription ophthalmics	42.9% 189.4	40.3% 197.1	38.9% 195.8	39.0% 194.7	39.6% 207.7
Anti-rheumatic drugs	44.9% 19.1	42.8% 20.3	42.1% 21.1	42.5% 22.2	42.9% 23.3

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

- Anti-rheumatic drugs exclude immunosuppressants and biologic agents.

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Market shares by therapeutic area - ophthalmic pharmaceuticals

(Billions of yen)

Year ended March 31	2001	2002	2003	2004	2005
Anti-glaucoma	19.1% 60.2	17.6% 66.1	17.3% 69.0	16.7% 71.7	20.0% 74.9
Anti-infective	80.8% 31.0	81.8% 30.2	80.9% 27.6	81.0% 26.9	80.3% 26.5
Anti-allergy	29.2% 26.8	18.2% 26.5	17.5% 25.0	20.7% 20.8	22.4% 28.4
Agents for surgeries	41.9% 16.0	41.0% 16.0	39.6% 14.8	39.1% 14.5	41.0% 13.6
Corneal disease treatments	89.3% 15.3	89.0% 17.2	85.4% 18.8	82.4% 21.0	81.0% 23.0
Anti-cataract	47.0% 7.9	50.1% 7.7	53.3% 7.7	55.4% 7.1	57.4% 6.8
Corticosteroids	56.2% 12.7	56.0% 12.5	53.1% 11.4	51.6% 10.9	52.8% 11.5

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

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Source: Santen analysis based on IMS data

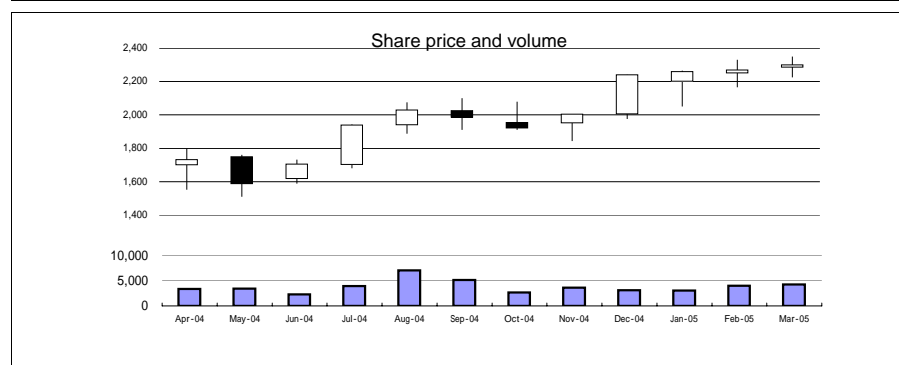
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Stock information

Share price

(Yen and thousand shares)

	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05
Share price:												
Open	1,700	1,750	1,617	1,701	1,940	2,025	1,955	1,950	2,005	2,200	2,250	2,285
High	1,799	1,760	1,733	1,943	2,075	2,100	2,080	2,005	2,240	2,265	2,330	2,350
Low	1,552	1,510	1,588	1,681	1,888	1,910	1,911	1,843	1,976	2,050	2,165	2,225
End of month	1,733	1,587	1,706	1,940	2,030	1,985	1,920	2,005	2,240	2,260	2,270	2,300
Volume	3,344	3,437	2,286	3,930	7,046	5,123	2,661	3,611	3,122	3,069	3,989	4,264



Major shareholders

As of March 31, 2005

Name	Number of shares Held	Percentage of voting rights
	Thousand shares	%
Northern Trust Company AVFC Sub-account American Clients	7,198	8.3
Mita Sangyo Co., Ltd.	4,756	5.5
Japan Trustee Service Bank, Ltd.	4,577	5.3
Japan master Trust and Banking Co., Ltd.	4,565	5.3
Nippon Life Insurance Company	2,856	3.3
Northern Trust Company Re U.S.tax exempted pension funds	2,854	3.3
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	2,668	3.1
Trust and Custody Services Bank, Ltd.	2,442	2.8
UFJ Bank Limited	2,148	2.5
The Bank of Tokyo-Mitsubishi, Ltd.	2,148	2.5

Shares and stock option

Year ended March 31	2001	2002	2003	2004	2005
Number of shares outstanding (thousand shares)	92,720	90,704	90,704	87,963	86,658
Stock option balance (thousand shares)	199	243	335	473	509.3
Granted in June 1998 - 106 thousand shares at 1,540 yen/share	73	62	62	62	40
Granted in June 1999 - 66 thousand shares at 2,480 yen/share	66	66	66	66	66
Granted in June 2000 - 60 thousand shares at 2,705 yen/share	60	60	60	60	60
Granted in June 2001 - 55 thousand shares at 2,299 yen/share	-	55	55	55	55
Granted in June 2002 - 92 thousand shares at 1,326 yen/share	-	-	92	92	73
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	-	-	-	138	137.6
Granted in June 2004 - 78.2 thousand shares at 1,743 yen/share	-	-	-	-	78.2

Note: 1 The company has a stock-based compensation plans under which stock options are granted to directors and corporate officers. The grants are fully exercisable after two years.

Extinguishment of Treasury stock

	2001	2002	2003	2004	2005
An extinguished amount of money(millions of yen)	5,084	3,258	-	3,239	2,548
The number of the extinguished stocks(thousand stocks)	2,387	2,027	-	2,741	1,351

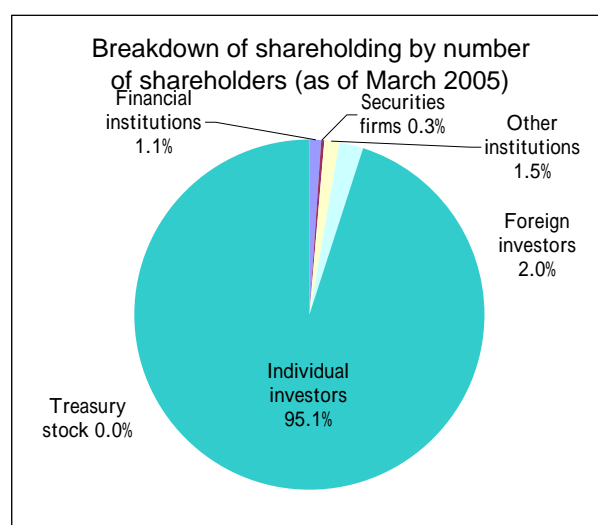
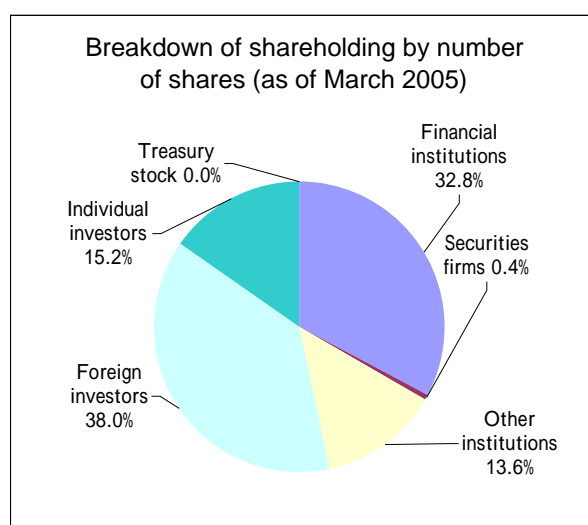
Breakdown of shareholding by number of shares

Year ended March 31	2001		2002		2003		2004		2005	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	52,429	56.5	41,005	45.2	36,302	40.0	30,740	34.9	28,423	32.8
City & regional banks	11,581	12.5	9,054	9.9	6,660	7.3	5,428	6.2	4,636	5.3
Trust banks	29,651	32.0	20,641	22.8	19,018	21.0	16,201	18.4	15,768	18.2
(concerned in trust works)	26,824		18,429		15,743	0.0	13,422		13,022	
Life and non-life insurance	11,136	12.0	11,033	12.2	10,414	11.5	9,007	10.2	7,973	9.2
Other financial institutions	61	0.1	276	0.3	208	0.2	103	0.1	45	0.1
Securities firms	385	0.5	646	0.7	293	0.3	368	0.4	346	0.4
Other institutions	10,398	11.2	10,300	11.4	10,555	11.6	10,512	12.0	11,788	13.6
Foreign investors	15,868	17.1	23,675	26.1	24,580	27.1	31,306	35.6	32,874	38.0
Individual investors	13,624	14.7	15,073	16.6	16,200	17.9	15,001	17.1	13,187	15.2
Treasury stock	18	0.0	2	0.0	2,771	3.1	33	0.0	39	0.0
Total	92,721	100.0	90,704	100.0	90,704	100.0	87,963	100.0	86,658	100.0

Note: Trading unit for Santen shares were reduced to 100 shares from 1,000 shares effective August 1, 2002

Breakdown of shareholding by number of shareholders

Year ended March 31	2001		2002		2003		2004		2005	
	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)	Thousand shareholders	Proportion (%)
Financial institutions	108	2.2	107	1.8	98	1.2	83	1.0	91	1.1
City & regional banks	15	0.3	13	0.2	8	0.1	7	0.1	9	0.1
Trust banks	57	1.2	60	1.0	55	0.7	46	0.6	47	0.6
Life and non-life insurance	32	0.6	28	0.5	29	0.4	27	0.3	31	0.4
Other financial institutions	4	0.1	6	0.1	6	0.1	3	0.0	4	0.0
Securities firms	22	0.5	35	0.6	28	0.4	28	0.4	28	0.3
Other institutions	132	2.7	137	2.3	134	1.7	130	1.7	128	1.5
Foreign investors	162	3.4	148	2.4	119	1.5	122	1.5	172	2.0
Individual investors	4,387	91.2	5,583	92.9	7,493	95.2	7,498	95.4	8,089	95.1
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	4,812	100.0	6,011	100.0	7,873	100.0	7,862	100.0	8,509	100.0



News releases

News releases during April 2004-March 2005

For details, please refer to our Investor Relations Web site (<http://www.santen.co.jp/ir/en/news>).

(Date) (Summary)

2004

7-May Santen to Issue Stock Acquisition Rights for the Purpose of Granting Stock Options

Santen's Board of Directors adopted a resolution to issue stock acquisition rights for the purpose of granting stock options to Santen's directors, corporate officers and directors of major overseas subsidiaries. The resolution was approved at the 92nd Annual General Meeting of Shareholders held on June 25.

12-Jul Agreement Concerning Glaucoma and Ocular Hypertension Treatment RESCULA Eye Drops

Santen acquired the exclusive marketing rights in Japan for RESCULA Eye Drops (generic name: unoprostone isopropyl) from R-Tech Ueno, Ltd. On October 1, Santen began sales of RESCULA Eye Drops for the treatment of glaucoma and ocular hypertension. R-Tech Ueno holds the manufacturing approval, and will develop plans for the marketing and promotion of the product.

20-Jul Santen Launches Anti- rheumatic METOLATE Tablet 2mg

Santen launched the anti-rheumatic METOLATE Tablet 2mg (generic name: methotrexate) in Japan. The METOLATE Tablet 2mg has shown efficacy in low-dose weekly administrations. This new product launch enhances Santen's anti-rheumatic product portfolio and will allow us to offer more detailed therapeutic options tailored to each patient's condition.

15-Oct Agreement Concerning Development of Novel Anti-rheumatic Agent Anti-APO-1 Antibody in Japan

Santen entered into an agreement with Argenes, Inc. concerning domestic development of the anti-APO-1 antibody, which Santen had in-licensed from Centocor, Inc. Under this agreement, Santen will grant domestic development rights of the anti-APO-1 antibody and invest in Argenes. Santen will continue to hold the marketing rights in Japan, as well as worldwide development and marketing rights.

4-Nov Santen Establishes New Retirement Benefit and Pension Program

Santen established a new retirement and pension program for its employees, and introduced it on January 1, 2005. The new system will allow Santen to provide fairer benefits and meet diversified employee needs. Also, Santen will be able to minimize the risk inherent in pension fund asset management, and will seek to provide a stable program.

9-Nov Santen to Terminate Sales of Ophthalmic Surgical instruments

Santen's Surgical Division has distributed Asico Llc's ophthalmic surgical tools in Japan, but due to the expiration of the contract with Asico, Santen will terminate distribution on December 31, 2004.

25-Nov Santen Purchase Own Shares on Market

Santen purchased 1,351,100 of its own shares on the market at 1,902 yen, the closing price for November 24.

2005

7-Mar Santen to Retire Treasury Stock

On March 16, Santen retired 1,351,100 shares of its common stock it had repurchased on November 25, 2004 as treasury stock, in order to further increase capital efficiency.

News releases during April 2004-March 2005

- | (Date) | (Summary) |
|---------------|---|
| 7-Mar | Santen Announces Proposed Dividends Change
Returning profits to shareholders has been an issue of key importance for Santen, and it will propose a year-end dividend of 30 yen. The resolution will be submitted for, and subject to, approval at the company's Annual General Meeting of Shareholders to be held in June 2005. |
| 10-Mar | Nara Institute of Science and Technology and Santen Conclude Agreement to Establish "Collaborative Course"
Santen and the Nara Institute of Science and Technology (NAIST) have reached an agreement to establish a collaborative course on "Functional Polymer Science" at the NAIST Graduate School of Material Science starting April, 2005. Three staff members of the Santen Nara Research and Development Center will provide education and instruction for students of NAIST, focusing on basic research of kinase, an enzyme that catalyzes phosphorylation of protein, which contributes significantly to the development of diseases. |
| 28-Mar | Santen Sets Up Retirement Fund
Santen created a retirement benefit trust and has released its stocks and cash to the trust. The retirement benefit trust totals 3.5 billion yen (0.5 billion yen in stock , 3 billion yen in cash). 0.2 billion yen from this fund will be reported as extraordinary gain, however, and there will be no changes regarding the business forecast announced on January 31, 2005. |

