

## Reference information

# Research & development



### ■ License out

Dev. code	Indication	Licensee	Status	in-licensor
DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Argenes	Phase I / II	Centocor
<p>Joint injection that induces apoptosis in diseased joints of rheumatoid arthritis patients. Bulk pharmaceutical manufacturing process for actual production scale has been established. Santen granted the domestic development rights to Argenes. The compound had been in-licensed from Centocor. In Japan and Europe, the clinical study has been started. Santen continues to hold the marketing rights in Japan and the overseas marketing and development rights.</p>				

### ■ Changes from Aug.4, 2009

[ Status Change]

Dev. Code	Indication	Status change	Clinical trial Region
DE-105	Persistent corneal epithelial defects	Phase I (U.S.)→Phase II (JAPAN)	U.S.→U.S. and JAPAN

# Pharmaceutical market in Japan

## ■ Revision of National Health Insurance (NHI) drug prices

(%)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Industry average	-4.4	-9.7	—	-7.0	—	-6.3	—	-4.2	—	-6.7	—	early -5%	—
Ophthalmic drugs	-1.8	-7.5	—	-6.2	—	-6.0	—	-2.7	—	-5.5	—	late -3%	—
Santen	-1.3	-7.2	—	-5.7	—	-6.0	—	-3.2	—	-5.3	—	mid -3%	—

(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 and related information

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%)
April	2006	Revision of the prescription form from the standpoint of attempting environmental considerations of the generic use promotion
October	2006	Increased contribution for seniors (from the age of 70) who have a certain amount of income (20% to 30%)
April	2008	Change in prescription format in order to promote usage of generic drugs (the prescribing doctor's signature and seal are required in case the use of a generic drug is not recommended). Revised dispensing fee (basic dispensing fee was decreased from 42 points to 40 points; however, 4 points will be added in cases where 30% of total prescription drugs dispensed by a pharmacy are generic drugs.) Revised medical fee (ophthalmic drugs, eye wash, monocus will be included in basic medical fee). Unifying "medical insurance for patients over 75 years old" into "medical insurance system for late stage elderly population (long-life medical insurance system)."

■ Market shares

(Billions of yen)

Half year/year to	9/2007	3/2008	9/2008	3/2009	9/2009
Prescription ophthalmics	39.9% 107.5	38.9% 221.0	39.1% 110.2	38.0% 226.9	38.3% 116.0
Anti-rheumatic drugs	46.3% 12.0	46.1% 24.1	45.5% 12.4	45.0% 24.8	44.1% 13.0

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

- Anti-rheumatic drugs exclude immunosuppressants and biologic agents.

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Source: Santen analysis based on IMS data (JPM)

Period: 2007.4-2009.9; Unauthorized copy prohibited

■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2007	3/2008	9/2008	3/2009	9/2009
Anti-glaucoma	21.3% 41.3	20.8% 83.1	19.7% 42.3	20.3% 85.0	22.9% 44.0
Anti-infective	74.0% 13.4	73.5% 25.6	72.3% 13.3	72.1% 24.9	71.2% 12.7
Anti-allergy	25.0% 9.4	22.7% 25.4	23.9% 10.0	21.0% 28.2	21.8% 10.0
Agents for surgeries	43.2% 7.5	43.0% 15.1	42.7% 7.6	42.8% 15.2	43.2% 7.9
Corneal disease treatments	78.9% 14.0	78.7% 28.8	77.9% 15.2	77.7% 30.5	77.4% 15.9
Anti-cataract	65.4% 3.1	66.2% 6.1	68.0% 3.0	68.8% 5.9	71.4% 2.9
Corticosteroids	51.5% 5.2	51.3% 10.6	50.6% 5.2	50.7% 10.5	50.1% 5.1

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

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Source: Santen analysis based on IMS data (JPM)

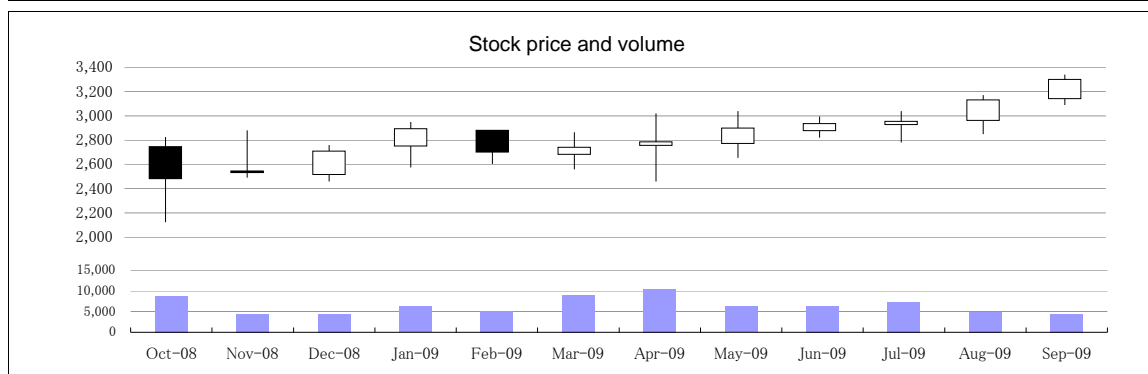
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## Stock information

### ■ Stock price (Osaka Securities Exchange 1st market)

(Yen and thousand shares)

	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Stock price:												
Open	2,745	2,545	2,515	2,750	2,880	2,680	2,755	2,770	2,875	2,925	2,960	3,140
High	2,825	2,880	2,760	2,950	2,880	2,865	3,020	3,040	2,995	3,040	3,170	3,340
Low	2,125	2,490	2,460	2,575	2,605	2,560	2,460	2,655	2,820	2,780	2,850	3,090
End of month	2,480	2,530	2,710	2,895	2,700	2,740	2,785	2,900	2,935	2,955	3,130	3,300
Volume	8,765	4,427	4,501	6,172	5,068	8,958	10,477	6,230	6,351	7,304	4,913	4,393



### ■ Major shareholders

As of September 30, 2009

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	12,928	14.9
The Master Trust Bank of Japan, Ltd.	6,456	7.4
Mita Sangyo Co., Ltd.	4,756	5.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,241	4.9
Nippon Life Insurance Company	3,008	3.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,668	3.1
Trust & Custody Services Bank, Ltd.	2,286	2.6
State Street Bank and Trust Company 505223	1,859	2.1
RBC Dexia Investor Servicestrust, London-lending account	1,793	2.1
Daiichi Sankyo Company, Limited	1,642	1.9

Note: Santen Pharmaceutical Co., Ltd has held the treasury stock (1,895 thousand shares), but it is excluded from the major shareholders.

### ■ Stock option

At half-year/year end	3/2005	3/2006	3/2007	3/2008	3/2009	9/2009
Stock option balance (thousand shares)	504.3	541.0	569.6	627.5	739.7	856.1
Granted in June 1998 - 106 thousand shares at 1,540 yen/share	35.0	27.0	24.0	24.0	—	—
Granted in June 1999 - 66 thousand shares at 2,480 yen/share	66.0	57.3	48.0	37.0	37.0	—
Granted in June 2000 - 60 thousand shares at 2,705 yen/share	60.0	58.0	48.2	46.2	45.2	41.2
Granted in June 2001 - 55 thousand shares at 2,299 yen/share	55.0	42.6	38.6	38.6	34.0	33.0
Granted in June 2002 - 92 thousand shares at 1,326 yen/share	72.5	53.7	32.1	30.9	26.2	26.2
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	137.6	95.0	72.9	55.2	44.8	41.0
Granted in June 2004 - 78.2 thousand shares at 1,743 yen/share	78.2	78.2	73.9	66.1	61.3	55.1
Granted in June 2005 - 129.2 thousand shares at 2,480 yen/share	—	129.2	129.2	127.5	127.5	127.5
Granted in June 2006 - 102.7 thousand shares at 2,715 yen/share	—	—	102.7	102.7	102.7	102.7
Granted in June 2007 - 99.3 thousand shares at 3,050 yen/share	—	—	—	99.3	99.3	99.3
Granted in June 2008 - 161.7 thousand shares at 2,734 yen/share	—	—	—	—	161.7	161.7
Granted in June 2009 - 168.4 thousand shares at 2,920 yen/share	—	—	—	—	—	168.4

### ■ Purchase of Treasury stock

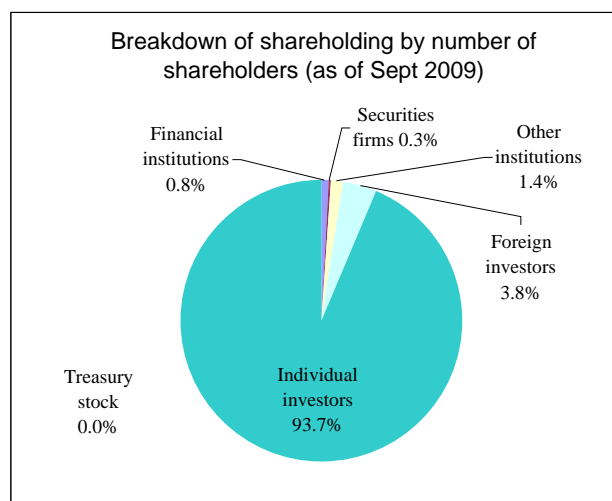
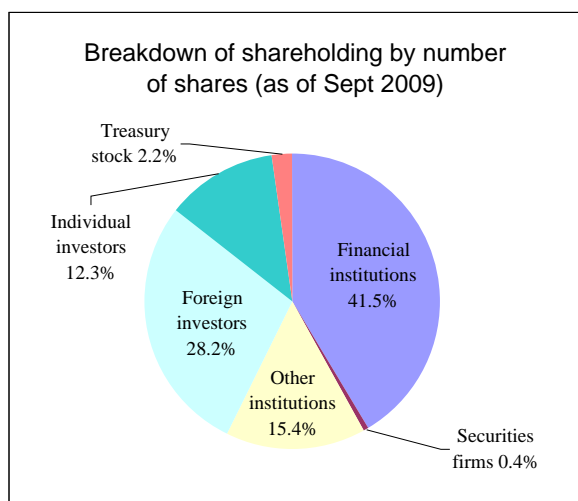
	3/2005	3/2006	3/2007	3/2008	3/2009	9/2009
A purchased amount of money (millions of yen)	2,569	—	—	4,800	—	—
The number of the purchased stocks (thousand shares)	1,351	—	—	1,833	—	—

■ Breakdown of shareholding by number of shares

At half-year/year end	9/2007		3/2008		9/2008		3/2009		9/2009	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	31,159	35.9	33,186	38.2	36,474	42.0	36,226	41.6	36,075	41.5
City & regional banks	4,702	5.4	4,907	5.6	4,873	5.6	4,794	5.5	4,697	5.4
Trust banks	17,068	19.7	19,133	22.0	22,428	25.8	23,714	27.3	24,088	27.7
(concerned in trust works)	14,594		16,680		19,957		21,167		21,468	
Life and non-life insurance	9,111	10.5	8,924	10.3	8,718	10.1	7,254	8.3	7,166	8.3
Other financial institutions	278	0.3	221	0.3	455	0.5	462	0.5	121	0.1
Securities firms	488	0.6	585	0.7	924	1.1	526	0.6	345	0.4
Other institutions	12,851	14.8	13,014	15.0	13,003	14.9	13,071	15.0	13,403	15.4
Foreign investors	29,514	34.0	25,227	29.0	22,712	26.1	23,679	27.3	24,520	28.2
Individual investors	12,784	14.7	12,963	14.9	11,904	13.7	11,516	13.3	10,716	12.3
Treasury Stock	53	0.0	1,888	2.2	1,891	2.2	1,893	2.2	1,895	2.2
Total	86,849	100.0	86,866	100.0	86,908	100.0	86,916	100.0	86,956	100.0

■ Breakdown of shareholding by number of shareholders

At half-year/year end	9/2007		3/2008		9/2008		3/2009		9/2009	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	97	0.7	88	0.6	87	0.7	81	0.7	84	0.8
City & regional banks	10	0.1	14	0.1	11	0.1	11	0.1	8	0.1
Trust banks	37	0.3	30	0.2	29	0.2	26	0.2	32	0.3
Life and non-life insurance	34	0.2	29	0.2	34	0.3	33	0.3	36	0.3
Other financial institutions	16	0.1	15	0.1	13	0.1	11	0.1	8	0.1
Securities firms	42	0.3	38	0.3	34	0.3	36	0.3	33	0.3
Other institutions	172	1.4	150	1.2	137	1.2	137	1.2	134	1.4
Foreign investors	287	2.3	268	2.1	285	2.5	355	3.2	382	3.8
Individual investors	12,042	95.3	12,568	95.8	10,946	95.3	10,570	94.6	9,370	93.7
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	12,641	100.0	13,113	100.0	11,490	100.0	11,180	100.0	10,004	100.0



# Consolidated subsidiaries

## 【Domestic】

Claire Co., Ltd.					
Main business	Cleaning of antidust and sterilized clothing				
Location	Shiga, Japan	Paid-in capital	90 million yen	Equity owned	100%

## 【Overseas】

Santen Holdings U.S. Inc.					
Main business	Holding company for North American businesses and business development				
Location	California, U.S.A.	Paid-in capital	24,784 thousand US\$	Equity owned	100%

Santen Inc.					
Main business	Clinical development of pharmaceuticals				
Location	California, U.S.A.	Paid-in capital	8,765 thousand US\$	Equity owned	100%*

Advanced Vision Science, Inc.					
Main business	Research and development, production and marketing of medical devices				
Location	California, U.S.A.	Paid-in capital	10 thousand US\$	Equity owned	100%*

Phacor Inc.					
Main business	—				
Location	California, U.S.A.	Paid-in capital	10 thousand US\$	Equity owned	100%*

Santen Oy					
Main business	Development, production and marketing of pharmaceuticals				
Location	Tampere, Finland	Paid-in capital	20,000 thousand euros	Equity owned	100%

SantenPharma AB					
Main business	Marketing support of pharmaceuticals				
Location	Stockholm, Sweden	Paid-in capital	500 thousand S.KR	Equity owned	100%

Santen GmbH					
Main business	Marketing of pharmaceuticals and business development				
Location	Germaring, Germany	Paid-in capital	25 thousand euros	Equity owned	100%

Santen Pharmaceutical (China) Co., Ltd.					
Main business	Development, production and marketing of pharmaceuticals				
Location	Suzhou, China	Paid-in capital	3,300 million yen	Equity owned	100%

Taiwan Santen Pharmaceutical Co., Ltd.					
Main business	Import and marketing of pharmaceuticals				
Location	Taipei, Taiwan	Paid-in capital	42,000 thousand Taiwan dollars	Equity owned	100%

Santen Pharmaceutical Korea, Co., Ltd.					
Main business	Import and marketing of pharmaceuticals				
Location	Seoul, Korea	Paid-in capital	1,500,000 thousand won	Equity owned	100%

\* Indirect investment through Santen Holdings U.S. Inc.

## News releases during April 2009-September 2009

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

(Date)      (Summary)

2009

**15-Apr    Santen and Merck & Co., Inc Sign Licensing Agreement for Tafluprost, Treatment for Glaucoma and Ocular Hypertension**

Santen and Merck & Co., Inc (Whitehouse Station, New Jersey, U.S) signed a worldwide licensing agreement for tafluprost (sold as TAPROS® in Japan, TAFLOTAN® in approved European countries marketed by Santen), a treatment for glaucoma and ocular hypertension.

**12-May    Santen to Issue Stock Acquisition Rights to the Directors for the Purpose of Granting Stock Options**  
**Santen to Issue Stock Acquisition Rights to the Corporate Officers for the Purpose of Granting Stock Options**

Santen's Board of Directors on May 12, 2009 adopted a resolution to issue rights to subscribe for new shares as stock options without consideration to Santen directors and corporate officers. The resolution was approved at the 97th Annual General Meeting held on June 24, 2009.

