



SANTEN PHARMACEUTICAL CO.,LTD.

# Data Book 2008

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**Year Ended March 31, 2008**

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## 2006-2010 Medium-term Management Plan

### Santen's Global Development: Creating New Drug Candidates and Generating Growth in Promising Regions by Leveraging Strength

As a step to become a leading global ophthalmic company in the coming decade, Santen will actively address the following goals during the 2006-2010 Medium-term Management Plan.

#### [Long-term Vision]

- World-class company
- Leader in the ophthalmic and anti-rheumatic fields
- R&D-oriented pharmaceutical company specializing in ophthalmology and other areas where we can leverage our strengths

#### [Outline of 2006-2010 Medium-term Management Plan]

##### Medium-term Policies

"Santen's Global Development: Creating new drug candidates and generating growth in promising regions by leveraging strength"

1. Enhance the global strategic product pipeline through internal discovery and development, joint development projects and in-licensing efforts
2. Generate growth mainly in Japan, Northern/Eastern Europe, Russia and China. Focus U.S. activities on clinical and business development
3. Strengthen manufacturing bases
4. Strengthen human resources and organizational capabilities on a global basis

##### Financial Targets

	FY2010
Net sales	115 billion yen +
Operating income	32 billion yen +
Net income	22 billion yen +
Return on Equity	13%+
R&D expense	16 billion yen

Forecasts in this report are based on the currently available information.

Actual results may differ materially depending on a number of factors including adverse economic conditions, delays in new products launch, currency exchange rate, legislative and regulatory developments.

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# Financial highlights

## ■ Consolidated financial summary

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007	2009 Forecast	% Change 2009/2008
Net sales	89,857	92,696	98,397	100,485	103,394	2.9	104,000	0.6
Operating income	14,525	18,982	20,995	20,412	20,370	-0.2	20,500	0.6
Ordinary income	15,790	18,837	21,507	20,843	20,702	-0.7	21,000	1.4
Net income	6,321	11,022	13,022	13,147	12,650	-3.8	13,000	2.8
Dividends per share (yen)	40	50	60	65	80	—	80	—
DOE (%)	3.4	4.0	4.4	4.4	5.4	—	—	—

## ■ Consolidated balance sheets summary

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007
Total assets	150,237	139,979	150,458	159,098	156,547	-1.6
Net assets	103,499	108,239	118,637	128,645	127,118	-1.2
Interest-bearing debts	12,686	6,882	5,614	5,446	5,278	-3.1

## ■ Consolidated financial indexes

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007	2009 Forecast	% Change 2009/2008
EPS (yen)	71.65	125.85	150.26	151.58	146.15	-3.6	152.98	4.7
BPS (yen)	1,176.83	1,249.32	1,368.27	1,481.83	1,494.48	0.9	—	—
Debt equity ratio (times)	0.12	0.06	0.05	0.04	0.04	—	—	—
PER (times)	24.3	18.3	18.8	20.0	15.9	—	—	—
PBR (times)	1.50	1.84	2.07	2.04	1.56	—	—	—
ROE (%)	6.3	10.4	11.5	10.6	9.9	—	—	—
ROA (%)	4.3	7.6	9.0	8.5	8.0	—	—	—
* Free cash flows (millions of yen)	19,971	1,713	18,772	11,404	12,316	8.0	—	—
* EBITDA (millions of yen)	18,660	23,367	25,258	25,890	25,172	-2.8	—	—

\*Free cash flows = (Cash flows from operating activities) - (Capital expenditures)

Not adjusting increase/decrease in trade receivables for fiscal years ending on holidays.

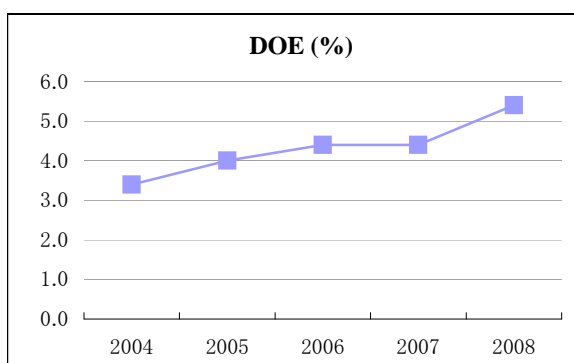
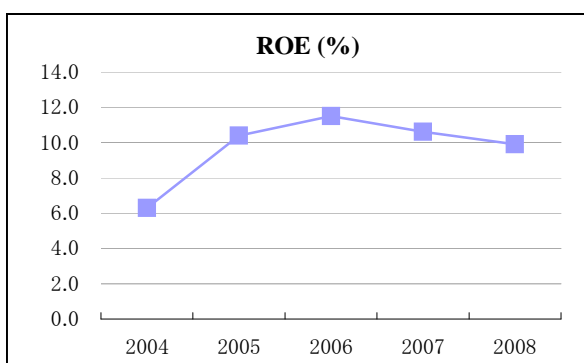
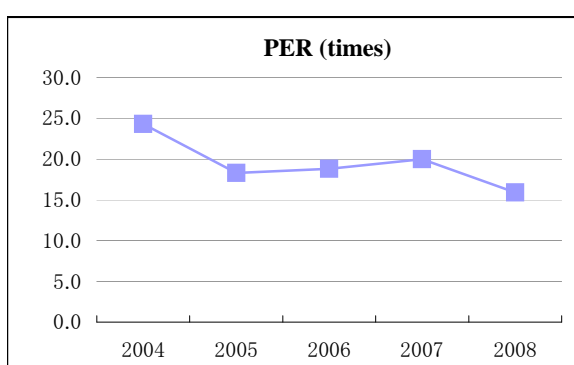
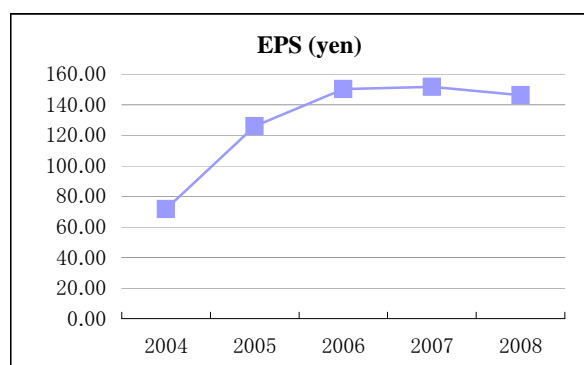
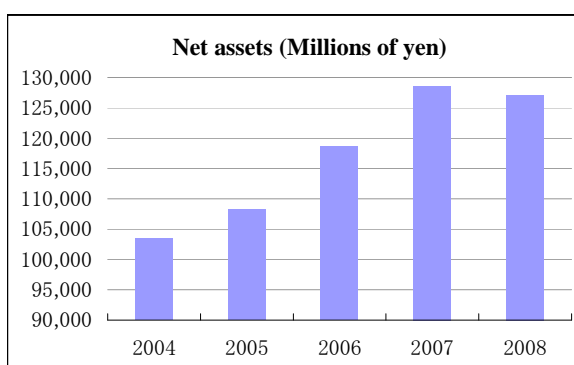
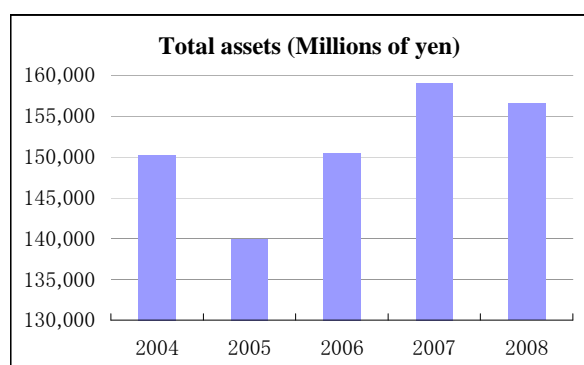
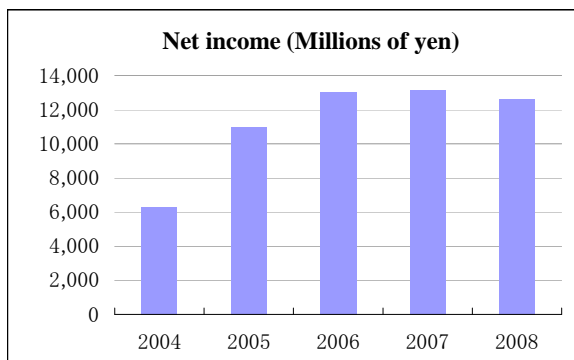
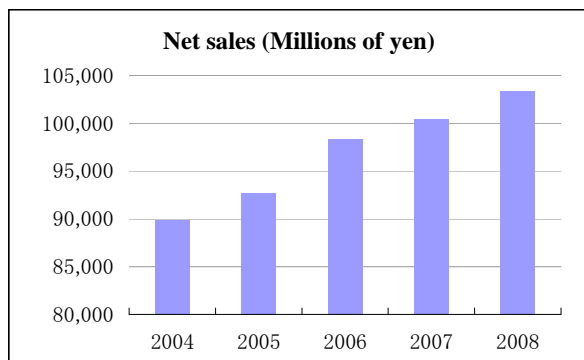
\*EBITDA = (Income before income taxes) + (Interest expense) + (Depreciation and amortization)

## ■ Consolidated other figures

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007	2009 Forecast	% Change 2009/2008
R&D expenses (millions of yen)	11,853	12,619	13,971	13,663	12,941	-5.3	14,000	8.2
Capital expenditures (millions of yen)	2,871	1,674	1,420	2,716	2,758	1.5	2,380	-13.7
Depreciation and amortization (millions of yen)	3,914	3,696	3,343	3,295	3,353	1.8	3,700	10.3
Number of employees	2,335	2,308	2,312	2,409	2,483	—	—	—

\*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

■ Consolidated Financial summary (Graph)



## Consolidated information

# Consolidated income statements

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007
<b>Net sales</b>	<b>89,857</b>	<b>92,696</b>	<b>98,397</b>	<b>100,485</b>	<b>103,394</b>	2.9
Cost of sales	31,857	33,709	34,534	35,483	36,513	2.9
(Percentage of net sales)	35.4%	36.4%	35.1%	35.3%	35.3%	
<b>Gross profit</b>	<b>58,000</b>	<b>58,986</b>	<b>63,863</b>	<b>65,001</b>	<b>66,880</b>	2.9
(Percentage of net sales)	64.6%	63.6%	64.9%	64.7%	64.7%	
Selling, general and administrative expenses	43,474	40,003	42,868	44,589	46,510	4.3
(Percentage of net sales)	48.4%	43.1%	43.6%	44.4%	45.0%	
R&D expenses	11,853	12,619	13,971	13,663	12,941	-5.3
(Percentage of net sales)	13.2%	13.6%	14.2%	13.6%	12.5%	
<b>Operating income</b>	<b>14,525</b>	<b>18,982</b>	<b>20,995</b>	<b>20,412</b>	<b>20,370</b>	-0.2
(Percentage of net sales)	16.2%	20.5%	21.3%	20.3%	19.7%	
Non-operating income	2,908	803	1,024	1,138	1,356	19.1
Non-operating expenses	1,643	948	511	707	1,024	44.8
<b>Ordinary income</b>	<b>15,790</b>	<b>18,837</b>	<b>21,507</b>	<b>20,843</b>	<b>20,702</b>	-0.7
(Percentage of net sales)	17.6%	20.3%	21.9%	20.7%	20.0%	
Extraordinary gain	682	1,137	53	250	237	-5.4
Extraordinary loss	2,698	1,538	1,219	55	457	729.5
<b>Income before income taxes</b>	<b>13,774</b>	<b>18,436</b>	<b>20,341</b>	<b>21,039</b>	<b>20,482</b>	-2.6
(Percentage of net sales)	15.3%	19.9%	20.7%	20.9%	19.8%	
Income taxes - current	8,750	6,446	7,999	7,902	8,145	3.1
Income taxes - deferred	-1,297	966	-679	-10	-313	2,877.6
<b>Net income</b>	<b>6,321</b>	<b>11,022</b>	<b>13,022</b>	<b>13,147</b>	<b>12,650</b>	-3.8
(Percentage of net sales)	7.0%	11.9%	13.2%	13.1%	12.2%	

### 【Exchange rates】

(Yen)

Year ended March 31	2004	2005	2006	2007	2008	2009 Forecast
Exchange rate: US dollar	113.29	107.19	113.42	116.86	114.29	108.00
Euro	132.40	134.64	137.77	148.99	161.98	155.00

\*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

## ■ Major change in net sales

[Prescription pharmaceuticals]

Domestic ophthalmic:

Sales increased 1.5% from previous year to 72,319 million yen, due to the continuing diffusion promotion of provision of medical information grasped the unmet and evolving needs in each medical facility.

Overseas ophthalmic:

Sales increased 20.5% from previous year to 13,106 million yen, due to the increase in the sales in the Europe, U.S.A. and Asia. The sales growth in Europe, especially North and East Europe, Russia and Germany comes from the continuing diffusion promotion of provision of medical information and the impact of currency exchange.

Anti-rheumatic drugs:

Sales increased 2.6% from previous year to 9,626 million yen, due to the steady penetration to the market.

[OTC pharmaceuticals]

Sales increased 2.7% from previous year to 5,451 million yen, due to the continuing sales promotion focused on the eye-drops for eyestrain, blur and exhilaration.

[Medical devices]

Sales for medical devices decreased 22.8% from previous year to 414 million yen, due to the decrease in the sales of intraocular lens with the fiercer competition.

[Others]

Sales decreased 21.0% from previous year to 2,205 million yen, due to the decrease in the contract manufacturing of Anti-infective otologics for the U.S.A.

## ■ Major Selling, general and administrative expenses

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007
Personnel expenses	11,313	11,109	11,195	12,197	13,220	8.4
Sales promotion expenses	4,201	3,057	3,662	3,944	4,184	6.1
Royalty expenses	2,279	2,113	2,058	2,203	2,211	0.4
Advertising expenses	1,948	1,616	1,623	1,807	2,671	47.8
R&D expenses	11,853	12,619	13,971	13,663	12,941	-5.3

## ■ Major Non-operating income and expenses

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007
Interest and dividend income	239	249	261	459	606	32.0
Interest expense	365	182	93	90	96	6.7
Amortization expenses of goodwill	317	322	330	357	31	-91.0

## ■ Major Extraordinary gain and loss

(Millions of yen)

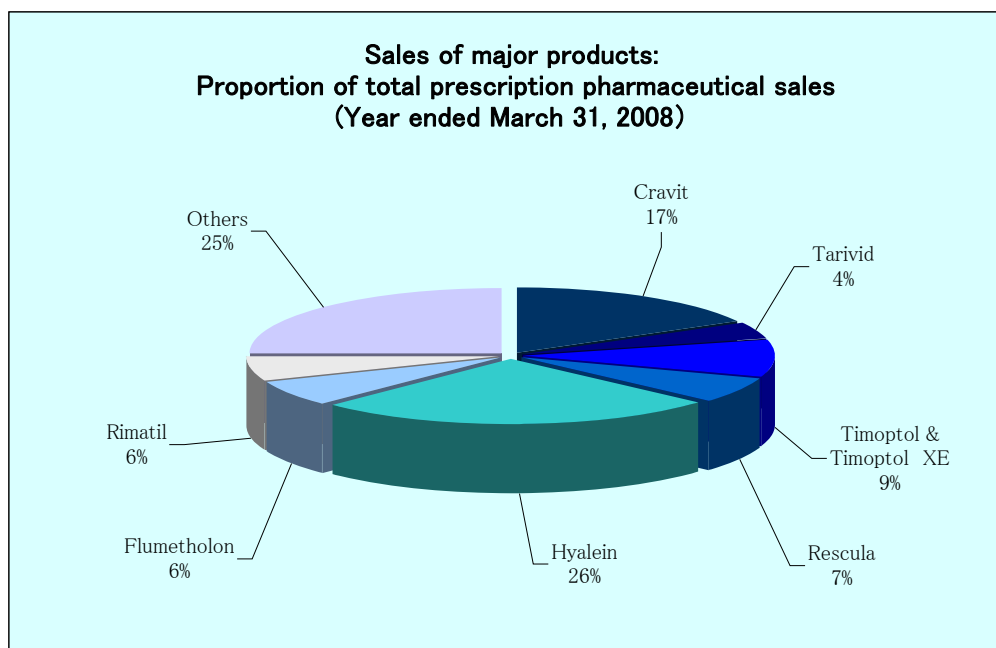
Year ended March 31	2004	2005	2006	2007	2008
Gain on sale of fixed assets	5	340	3	250	0
Gain on sale of investment securities	675	0	0	—	237
Loss on sale of fixed assets	118	102	126	36	66
Loss on impairment of fixed assets	376	823	909	—	316

# Sales details

## ■ Sales of major prescription pharmaceuticals

Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	<b>Cravit</b>	Japan	Apr-00
	ofloxacin/ophthalmic solution	<b>Tarivid</b>	Japan	Sep-87
Glaucoma	timolol maleate/ophthalmic solution	<b>Timoptol</b>	Japan	Sep-81
	timolol maleate/ long-acting ophthalmic solution	<b>Timoptol XE</b>	Japan	Nov-99
	bunazosin hydrochloride	<b>Detantol</b>	Japan	Sep-01
	isopropyl unoprostone	<b>Rescula</b> ※	Japan	Oct-94
Allergy	levocabastine hydrochloride/ ophthalmic solution	<b>Livostin</b>	Japan	Jan-01
Corneal disease	sodium hyaluronate/ophthalmic solution	<b>Hyalein</b>	Japan	Jun-95
Inflammation	fluorometholone/ophthalmic solution	<b>Flumetholon</b>	Japan	Oct-75
Early-stage senile cataract	pirenoxine/ophthalmic solution	<b>Kary Uni</b>	Japan	Jul-92
Adjuvant for ophthalmic operations	sodium hyaluronate/ adjuvant for ophthalmic operations	<b>Opegan Hi</b>	Japan	Jan-95
Perfusate/lotion	oxiglutatione/ophthalmic perfusate and lotion	<b>BSS PLUS</b>	Japan	Jan-92
Rheumatoid arthritis	bucillamine/tablet	<b>Rimatil</b>	Japan	Sep-87
	salazosulfapyridine/enteric coated tablet	<b>Azulfidine EN</b>	Japan	Dec-95

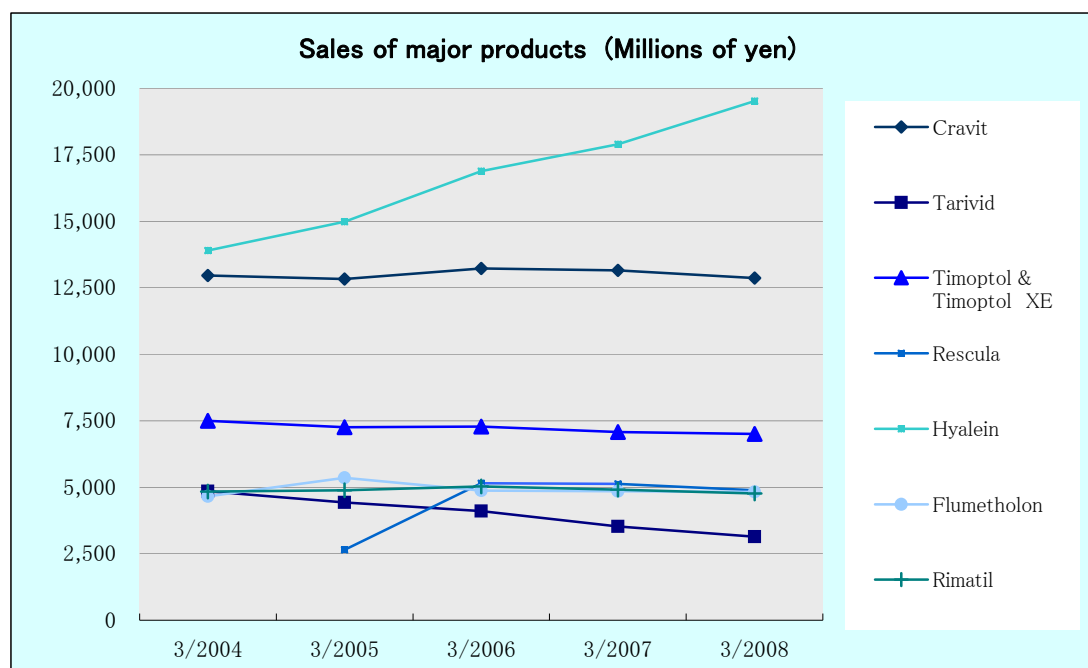
※Rescula: This product, which was launched in October 1994, has been sold by Santen Pharmaceutical Co., Ltd. since October 2004.





(Millions of yen)

Year ended March 31					Year ended March 31			Brand name
2004	2005	2006	2007	2008	% Change 2008/2007	2009 Forecast	% Change 2009/2008	
12,957	12,833	13,227	13,155	12,864	-2.2	11,888	-7.6	Cravit
4,847	4,429	4,100	3,524	3,139	-10.9	2,619	-16.6	Tarivid
4,846	4,415	4,210	3,816	3,574	-6.3	3,163	-11.5	Timoptol
2,654	2,837	3,072	3,258	3,432	5.3	3,606	5.1	Timoptol XE
1,917	2,155	2,226	2,288	2,337	2.1	2,337	0.0	Detantol
—	2,645	5,152	5,127	4,880	-4.8	4,461	-8.6	Rescula
2,729	4,917	3,984	4,305	4,341	0.8	3,766	-13.2	Livostin
13,893	14,987	16,879	17,891	19,521	9.1	20,536	5.2	Hyalein
4,658	5,354	4,879	4,854	4,821	-0.7	4,606	-4.4	Flumetholon
3,295	3,220	3,341	3,465	3,652	5.4	3,707	1.5	Kary Uni
2,267	2,374	2,746	2,839	3,204	12.9	3,221	0.5	Opegan Hi
1,358	1,274	1,316	1,277	1,267	-0.8	1,196	-5.6	BSS PLUS
4,836	4,881	5,033	4,912	4,767	-3.0	4,633	-2.8	Rimatil
3,132	3,376	3,717	3,889	4,121	6.0	4,254	3.2	Azulfidine EN



\*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

# Sales details

## ■ Sales by division

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007
Prescription pharmaceuticals	80,061	84,298	90,251	91,849	95,322	3.8
Ophthalmic	71,744	75,624	80,922	82,152	85,426	4.0
Anti-rheumatic drugs	7,969	8,353	9,041	9,379	9,626	2.6
Other prescription pharmaceuticals	347	319	287	317	269	-15.3
OTC pharmaceuticals	4,672	5,277	5,247	5,307	5,451	2.7
Medical devices	914	754	638	537	414	-22.8
Others	4,209	2,366	2,260	2,791	2,205	-21.0
Total net sales	89,857	92,696	98,397	100,485	103,394	2.9

## [Domestic]

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007
Prescription pharmaceuticals	70,868	76,895	80,308	80,743	82,088	1.7
Ophthalmic	62,717	68,383	71,215	71,272	72,319	1.5
Anti-rheumatic drugs	7,862	8,244	8,869	9,208	9,519	3.4
Other prescription pharmaceuticals	288	267	223	263	248	-5.4
OTC pharmaceuticals	4,657	5,260	5,227	5,286	5,430	2.7
Medical devices	877	726	618	515	401	-22.2
Others	1,073	562	629	605	646	6.7
Total domestic sales	77,477	83,446	86,784	87,152	88,566	1.6
(Percentage of total net sales)	86.2%	90.0%	88.2%	86.7%	85.7%	—

## [Overseas]

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	% Change 2008/2007
Prescription pharmaceuticals	9,193	7,402	9,942	11,105	13,234	19.2
Ophthalmic	9,027	7,241	9,706	10,880	13,106	20.5
Anti-rheumatic drugs	106	108	172	170	107	-37.1
Other prescription pharmaceuticals	58	52	64	54	20	-63.1
OTC pharmaceuticals	14	16	20	20	20	-0.8
Medical devices	37	27	19	21	13	-37.1
Others	3,135	1,803	1,631	2,185	1,559	-28.7
Total overseas sales	12,380	9,250	11,613	13,333	14,827	11.2
(Percentage of total net sales)	13.8%	10.0%	11.8%	13.3%	14.3%	—

# Breakdown by geographic segment



## ■ Breakdown by geographic segment

Year ended March 31		2004		2005		2006		2007		2008	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	79,338	88.3	85,837	92.6	89,881	91.3	90,695	90.3	92,098	89.1
	Europe	8,848	9.8	6,374	6.9	8,155	8.3	9,186	9.1	10,617	10.3
	Others	1,671	1.9	484	0.5	360	0.4	604	0.6	678	0.6
	Total	89,857	100.0	92,696	100.0	98,397	100.0	100,485	100.0	103,394	100.0
Operating expenses by geographic segment	Japan	60,004		64,216		68,244		70,093		71,442	
	Europe	12,603		8,148		9,192		10,234		12,103	
	Others	8,255		3,798		3,927		3,970		4,259	
	Total	80,863		76,162		81,364		84,298		87,805	
	Corporate and eliminations	-5,531		-2,448		-3,961		-4,225		-4,781	
	Consolidated total	75,332		73,713		77,402		80,073		83,023	
Operating income by geographic segment	Japan	20,351		22,169		22,623		21,768		22,633	
	Europe	-2,599		-149		951		979		554	
	Others	-548		-743		-708		-754		-819	
	Total	17,204		21,276		22,866		21,993		22,368	
	Corporate and eliminations	-2,678		-2,294		-1,871		-1,580		-1,997	
	Consolidated total	14,525		18,982		20,995		20,412		20,370	

Europe: Finland, Germany and Sweden

Others: U.S.A., China, Korea and Taiwan

**Note:** Sales of prescription ophthalmics in the U.S.A. are included in sales in Europe.

## ■ Overseas sales

Year ended March 31	2004		2005		2006		2007		2008	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe	4,370	35.3	4,794	51.8	6,089	52.4	6,916	51.9	8,532	57.5
North America	5,813	47.0	1,703	18.4	1,915	16.5	2,128	16.0	1,951	13.2
Asia	—	—	—	—	—	—	—	—	4,326	29.2
Others *	2,196	17.7	2,752	29.8	3,608	31.1	4,287	32.1	16	0.1
Total	12,380	100.0	9,250	100.0	11,613	100.0	13,333	100.0	14,827	100.0

Europe: Finland, Russia, Sweden, Germany and Norway

North America: U.S.A.

Asia: Korea, China, Vietnam and Taiwan

Others: Australia etc.

\* Others in the past fiscal year include the sales amount to the Asian region.

**Note:** Overseas sales represent sales generated in countries or regions other than Japan by Santen Pharmaceutical Co., Ltd. and its subsidiaries.

# Consolidated balance sheets

## ■ Assets

(Millions of yen)

March 31	2004		2005		2006		2007		2008	
		%		%		%		%		%
<b>Current assets</b>	<b>91,230</b>	<b>60.7</b>	<b>82,735</b>	<b>59.1</b>	<b>93,892</b>	<b>62.4</b>	<b>100,820</b>	<b>63.4</b>	<b>102,754</b>	<b>65.6</b>
Cash and deposits	33,629		23,948		34,583		34,295		35,483	
Notes and accounts receivable-trade	32,456		35,625		34,423		35,034		35,614	
Marketable securities	9,303		9,046		11,201		16,914		15,868	
Inventories	10,393		9,826		9,837		10,357		11,332	
Deferred tax assets	2,255		1,625		1,651		1,625		1,699	
Other current assets	3,448		2,681		2,196		2,593		2,757	
Allowance for doubtful receivables	-256		-18		-1		-0		-1	
<b>Fixed assets</b>	<b>59,006</b>	<b>39.3</b>	<b>57,244</b>	<b>40.9</b>	<b>56,552</b>	<b>37.6</b>	<b>58,228</b>	<b>36.6</b>	<b>53,548</b>	<b>34.2</b>
Tangible assets	37,237	24.8	32,676	23.3	30,395	20.2	30,485	19.2	29,848	19.1
Buildings and structures	20,577		18,826		17,119		16,063		15,160	
Machinery, equipment and vehicles	1,882		2,114		2,021		1,817		2,656	
Land	10,645		9,486		9,063		8,842		8,558	
Construction in progress	1,750		181		274		1,806		1,879	
Other tangibles	2,382		2,067		1,916		1,955		1,594	
Intangible assets	4,000	2.7	3,318	2.4	2,951	2.0	2,771	1.7	2,233	1.4
Goodwill	1,333		1,021		711		385		300	
Software	1,207		1,182		1,035		1,660		1,602	
Other intangibles	1,458		1,113		1,204		726		330	
Investments and other assets	17,769	11.8	21,250	15.2	23,205	15.4	24,971	15.7	21,466	13.7
Investment securities	11,482		14,313		17,715		21,019		16,949	
Deferred tax assets	1,814		1,051		379		—		1,822	
Other assets	4,476		5,885		5,109		3,951		2,694	
Allowance for doubtful receivables	-3		—		—		—		—	
<b>Deferred assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13</b>	<b>0.0</b>	<b>50</b>	<b>0.0</b>	<b>244</b>	<b>0.2</b>
<b>Total assets</b>	<b>150,237</b>	<b>100.0</b>	<b>139,979</b>	<b>100.0</b>	<b>150,458</b>	<b>100.0</b>	<b>159,098</b>	<b>100.0</b>	<b>156,547</b>	<b>100.0</b>

### 【Major variances between March 31, 2007 and March 31, 2008】

<b>Cash and deposits:</b>	Due to income before income taxes and the proceeds from the redemption at maturity of short-term financial products.
<b>Marketable securities:</b>	Due to the redemption at maturity of short-term financial products.
<b>Investment securities:</b>	Due to the decrease in fair value of investment securities mainly.
<b>Deferred tax assets:</b>	Due to the decrease in Deferred tax liabilities because of the decrease in fair value of investment securities.

**■ Liabilities and net assets**

(Millions of yen)

March 31	2004		2005		2006		2007		2008	
		%		%		%		%		%
<b>Current liabilities</b>	<b>27,153</b>	<b>18.1</b>	<b>22,221</b>	<b>15.9</b>	<b>24,110</b>	<b>16.0</b>	<b>22,369</b>	<b>14.0</b>	<b>26,561</b>	<b>17.0</b>
Notes and accounts payable-trade	5,039		6,122		5,630		6,089		5,633	
Current portion of long-term debt	416		268		168		168		5,168	
Other payables	8,853		8,577		9,308		8,572		7,690	
Income taxes payable	8,132		3,413		4,946		3,917		4,323	
Reserve for bonuses	2,228		2,481		2,483		2,477		2,612	
Other reserves	650		199		81		67		74	
Other current liabilities	1,831		1,158		1,492		1,077		1,057	
<b>Noncurrent liabilities</b>	<b>19,584</b>	<b>13.0</b>	<b>9,518</b>	<b>6.8</b>	<b>7,710</b>	<b>5.1</b>	<b>8,084</b>	<b>5.1</b>	<b>2,867</b>	<b>1.8</b>
Long-term debt	12,270		6,614		5,446		5,278		110	
Retirement and severance benefits for employee	5,331		1,455		1,243		1,405		1,815	
Retirement and severance benefits for directors and auditors	441		402		462		513		487	
Deferred tax liabilities	26		23		20		426		17	
Other liabilities	1,514		1,023		537		460		437	
<b>Total liabilities</b>	<b>46,737</b>	<b>31.1</b>	<b>31,740</b>	<b>22.7</b>	<b>31,820</b>	<b>21.1</b>	<b>30,453</b>	<b>19.1</b>	<b>29,429</b>	<b>18.8</b>
<b>Shareholders' equity</b>	<b>104,927</b>	<b>69.9</b>	<b>109,017</b>	<b>77.8</b>	<b>117,377</b>	<b>78.0</b>	<b>124,997</b>	<b>78.6</b>	<b>126,398</b>	<b>80.7</b>
Common stock	6,214	4.1	6,247	4.5	6,319	4.2	6,382	4.0	6,418	4.1
Capital surplus reserves	6,908	4.6	6,942	4.9	7,014	4.7	7,077	4.5	7,113	4.5
Retained earnings	91,844	61.2	95,901	68.5	104,133	69.2	111,645	70.2	117,786	75.2
Treasury stock at cost	-40	-0.0	-74	-0.1	-90	-0.1	-106	-0.1	-4,920	-3.1
<b>Valuation and translation adjustments</b>	<b>-1,427</b>	<b>-1.0</b>	<b>-777</b>	<b>-0.5</b>	<b>1,260</b>	<b>0.9</b>	<b>3,587</b>	<b>2.3</b>	<b>600</b>	<b>0.4</b>
Unrealized gains on securities, net of taxes	1,426	0.9	2,048	1.5	3,995	2.7	5,202	3.3	2,273	1.5
Unrealized gains on hedging derivatives, net of taxes	—	—	—	—	—	—	3	0.0	—	—
Foreign currency translation adjustments	-2,853	-1.9	-2,826	-2.0	-2,735	-1.8	-1,618	-1.0	-1,673	-1.1
<b>Stock subscription rights</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>59</b>	<b>0.0</b>	<b>119</b>	<b>0.1</b>
<b>Total net assets</b>	<b>103,499</b>	<b>68.9</b>	<b>108,239</b>	<b>77.3</b>	<b>118,637</b>	<b>78.9</b>	<b>128,645</b>	<b>80.9</b>	<b>127,118</b>	<b>81.2</b>
<b>Total liabilities and net assets</b>	<b>150,237</b>	<b>100.0</b>	<b>139,979</b>	<b>100.0</b>	<b>150,458</b>	<b>100.0</b>	<b>159,098</b>	<b>100.0</b>	<b>156,547</b>	<b>100.0</b>

**【Major variances between March 31, 2007 and March 31, 2008】**

**Long-term debt:** Due to the transfer to Current portion of long-term debt because the Syndicate loan (5,000 million yen) is planned to be repaid in September, 2008.

**Treasury stock at cost:** Due to the purchase of treasury stock at cost of 4,800 million yen.

**Unrealized gains on securities, net of taxes:** Due to the decrease in fair value of investment securities.

# Consolidated statements of cash flows

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008
<b>I. Cash flows from operating activities:</b>					
Income before income taxes	13,774	18,436	20,341	21,039	20,482
Depreciation and amortization	4,521	4,749	4,824	4,761	4,593
Loss on impairment of fixed assets	376	823	909	—	316
Increase/decrease in retirement and severance benefits	43	-2,550	-212	160	411
Interest and dividend income	-239	-249	-261	-459	-606
Interest expense	365	182	93	90	96
Increase/decrease in trade receivables	-315	-3,082	1,407	-414	-586
Increase/decrease in inventories	1,342	594	-18	-356	-1,005
Increase/decrease in trade accounts payable	-440	1,065	-495	400	-430
Other, net	2,336	-2,178	625	-1,717	-561
Subtotal	21,764	17,791	27,215	23,504	22,710
Interest and dividend income received	232	246	265	460	610
Interest expense paid	-328	-183	-95	-91	-94
Income taxes paid	-453	-11,235	-6,507	-8,914	-7,758
Income taxes refunded	1,980	—	—	—	—
Net cash provided by operating activities	23,196	6,619	20,878	14,959	15,468
<b>II. Cash flows from investing activities:</b>					
Increase in fixed deposits	-622	-1,548	-803	-1,223	-1,518
Decrease in fixed deposits	915	2,904	1,041	553	2,160
Payments for acquisition of marketable securities	-6,399	-4,499	—	—	—
Proceeds from sale of marketable securities	10,604	4,817	504	—	1,000
Payments for acquisition of fixed assets	-3,225	-4,906	-2,106	-3,555	-3,151
Proceeds from sale of fixed assets	3,770	2,488	29	600	5
Purchase of investment securities	-510	-3,229	-57	-2,208	-3,266
Proceeds from sale of investment securities	1,073	1,059	20	—	2,660
Other, net	-359	7	41	-13	27
Net cash provided by investing activities	5,246	-2,907	-1,330	-5,845	-2,083
<b>III. Cash flows from financing activities:</b>					
Proceeds from long-term debt	10,000	—	—	—	—
Repayment of long-term debt	-416	-5,804	-1,268	-168	-168
Redemption of convertible bonds	-19,945	—	—	—	—
Purchase of treasury stock	-3	-2,582	-15	-16	-4,815
Dividends paid	-1,758	-4,393	-4,759	-5,632	-6,505
Other, net	—	68	143	126	73
Net cash provided by financing activities	-12,122	-12,711	-5,900	-5,691	-11,415
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>49</b>	<b>-42</b>	<b>75</b>	<b>313</b>	<b>-140</b>
<b>V. Net increase/decrease in cash and cash equivalents</b>	<b>16,369</b>	<b>-9,042</b>	<b>13,723</b>	<b>3,736</b>	<b>1,828</b>
<b>VI. Cash and cash equivalents at beginning of year</b>	<b>25,053</b>	<b>41,422</b>	<b>32,380</b>	<b>46,104</b>	<b>49,841</b>
<b>VII. Cash and cash equivalents at end of year</b>	<b>41,422</b>	<b>32,380</b>	<b>46,104</b>	<b>49,841</b>	<b>51,669</b>

# Capital expenditures and number of employees

## ■ Capital expenditures

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	2009 Forecast
Consolidated	2,871	1,674	1,420	2,716	2,758	2,380

**Note:** Includes investment in facilities spent on a lease contract basis.

### 【Major items】

- Plant construction in Santen Pharmaceutical (China) Co., Ltd.
- Replacing of production facilities
- Extension of Nara Research and Development Center

## ■ Depreciation and amortization

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	2009 Forecast
Manufacturing cost	1,626	1,613	1,546	1,494	1,635	2,010
Selling, general and administrative expenses	746	740	626	576	626	590
R&D expenses	1,499	1,312	1,157	1,212	1,091	1,100
Others	40	30	12	12	0	0
Consolidated	3,914	3,696	3,343	3,295	3,353	3,700

## ■ Lease expenses

(Millions of yen)

Year ended March 31	2004	2005	2006	2007	2008	2009 Forecast
Consolidated	784	1,012	1,104	1,064	1,042	950
Manufacturing cost	656	891	994	936	925	830

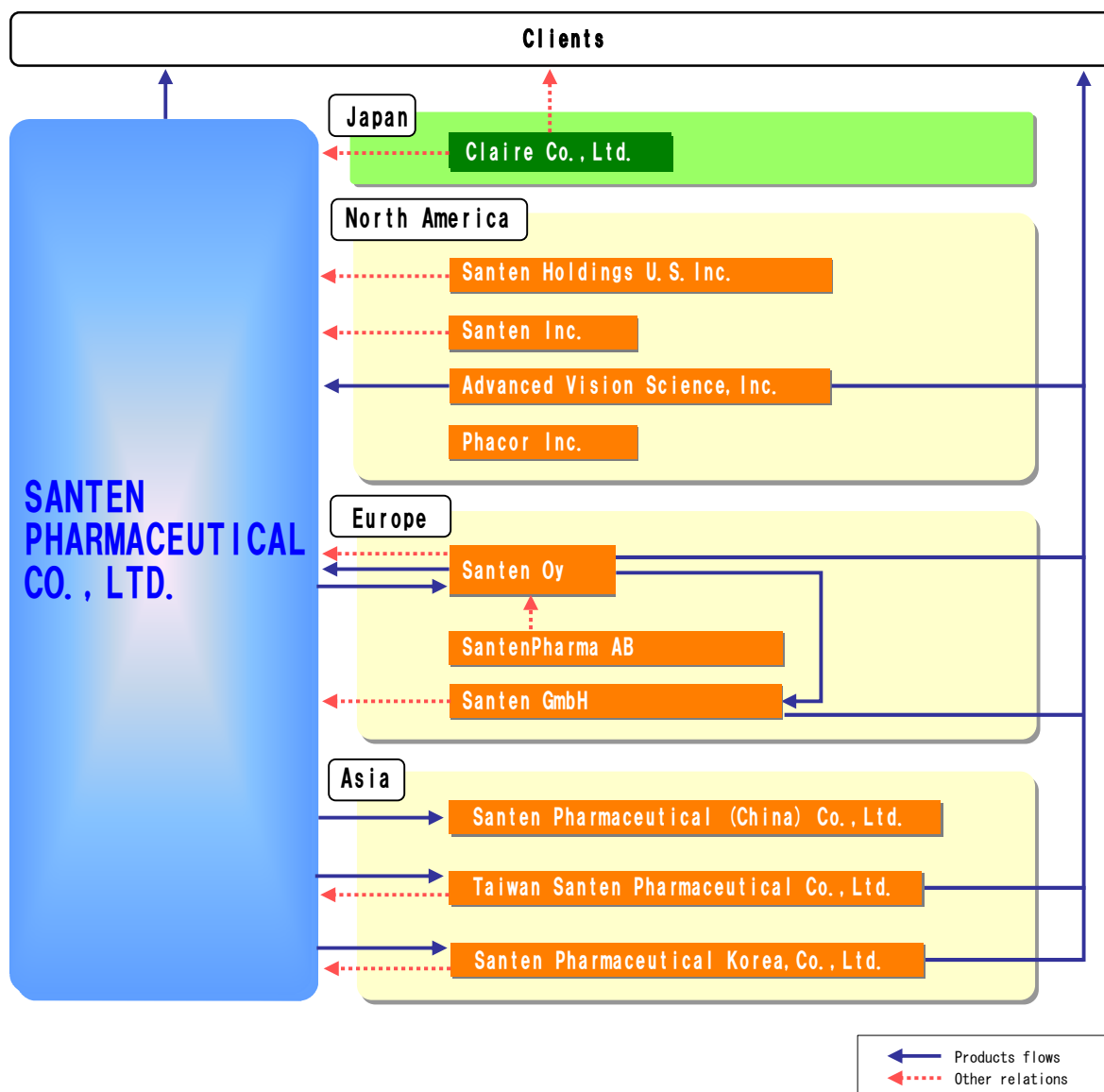
## ■ Number of employees

Year ended March 31	2004	2005	2006	2007	2008
Consolidated	2,335	2,308	2,312	2,409	2,483
Sales division	771	790	785	853	907
Production division	883	827	787	754	798
R&D division	455	460	483	533	519
Corporate or back-office division	226	231	257	269	259

\*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

# Affiliated companies

## ■ Santen group



## ■ 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	—				
Location	Suzhou, China	Paid-in capital	2,300 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.

## 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	Bacterial conjunctivitis	Daiichi Sankyo	Japan						Apr-00
	Quixin			USA						Nov-00
	Oftaquix			Europe						May-02
Levofloxacin + prednisolone A	DE-094	Infectious keratitis	Daiichi Sankyo	USA						

Characteristics: Fluoroquinolone antibacterial agent. Levofloxacin + prednisolone A is a combination treatment with steroids.

Generic name	Dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Tafluprost	DE-085	Glaucoma/ Ocular hypertension	Co-development with Asahi Glass	Japan				Jul-06		
				Europe					Apr-08	
				USA						

Characteristics: Prostaglandin derivative treatment for glaucoma and ocular hypertension. In Japan, a comparison study demonstrated its non-inferiority to latanoprost and we filed for manufacturing and marketing approval for glaucoma and ocular hypertension. In Europe, applied for approval in April, 2007 based on the results of 1) the sub-analysis of the comparison study demonstrated its non-inferiority to latanoprost although it did not demonstrate its non-inferiority to latanoprost for the primary analysis, and 2) another comparison study demonstrated non-inferiority to timolol maleate ophthalmic solution. In April 2008, the first national approval was granted in Denmark. In the USA, we will decide our future development plan based on the study results and marketability.

Generic name	Dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol tetrasodium	DE-089	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Inspire Pharm.	Japan						

Characteristics: A treatment for corneal and conjunctival epithelial disorder mostly associated with dry eye, etc. that stimulates the ocular surface to secrete tear fluid and components. Expected to be used in combination with existing treatments.

Generic name	Dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Olmesartan	DE-092	Glaucoma/ Ocular hypertension	Daiichi Sankyo	Japan						
				USA/Europe		pilot study				

Characteristics: The angiotensin II receptor antagonist. In Japan, Europe and the USA, the Phase II studies did not demonstrate clear dose-response, and therefore we decided to suspend clinical studies. We are now conducting the phase II pilot study in Europe with different formulation.

Generic 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 development as a glaucoma treatment. Compared with NMDA receptor antagonists, fewer systemic side effects are expected, thus having excellent safety. Marketed by Nippon Organon as a migraine treatment.

Generic name (USA)	Dev. code	Indication	Original/in-licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Rivoglitazone	DE-101	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Daiichi Sankyo	USA						

Characteristics: It is expected to show a potent effect on corneal and conjunctival epithelial disorder mostly associated with dry eye, etc. by directly acting on the corneal and conjunctival epithelial cells. It has an action mechanism which differs from any other existing treatment or drug candidate in development. The compound is currently under development by Daiichi Sankyo as an oral anti-diabetic drug in the USA.

Generic name (USA)	Dev. code	Indication	Original/in-licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-102	Diabetic Macular Edema	Co-development with Oakwood (USA)	Japan		(Phase I / IIa)				

Characteristics: A steroid microsphere product for a sustained release injection. Animal studies demonstrated sustained efficacy when injected around the injected area. In order to produce sterile microsphere in commercial scale, we collaborate with Oakwood Laboratories (USA).

Generic name (USA)	Dev. code	Indication	Original/in-licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-103	Allergic conjunctivitis	Ono Pharmaceutical	Japan						

Characteristics: A PDE4 (Phosphodiesterase type 4) inhibitor for allergic conjunctivitis which has a different action mechanism from the existing drugs. Expected to be effective for allergic conjunctivitis through its inhibitory effect against PDE4.

Generic name (USA)	Dev. code	Indication	Original/in-licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-104	Glaucoma/ Ocular hypertension	Co-development with Ube Industries	USA						
				Japan						

Characteristics: A ROCK inhibitor co-development with Ube Industries for treatment of glaucoma and ocular hypertension which has a different action mechanism from other existing drugs. It is expected to show a strong IOP-reduction by promoting aqueous humor outflow by acting directly on trabecular meshwork cells.

\*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

## Reference information

# Research & development

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### ■ Pipeline of prescription pharmaceuticals (In preparation for clinical trials)

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

### ■ License out

Dev. code	Indication	Licensee	Status	in-licensor
DE-098 (Anti-APO-1 antibody)	Rheumatoid arthritis	Argenes	Phase I / IIa	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. Santen granted the domestic development rights to Argenes, Inc. 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.				

### ■ Changes from November 2, 2007

[Progress]

Dev. code	Indication	Status change	Clinical trial, NDA filing, Launch Region
DE-103	Allergic conjunctivitis	Phase I to Phase II	Japan
DE-104	Glaucoma/ Ocular hypertension	Phase I to Phase II	USA and Japan

[Discontinued study]

Dev. code	Indication	Clinical trial Region	Status before cancellation
DE-099	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Japan	Phase II
Discontinued due to the unexpected need for large-scale clinical trials in the next phase, which would not be cost-effective.			

\*Forecasts in this report are based on the currently available information. Actual results may differ materially depending on a number of factors including adverse economic conditions etc.

# Pharmaceutical market in Japan

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

(%)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Industry average	-6.8	-4.4	-9.7	—	-7.0	—	-6.3	—	-4.2	—	-6.7	—	early -5%
Ophthalmic drugs	-3.5	-1.8	-7.5	—	-6.2	—	-6.0	—	-2.7	—	-5.5	—	late -3%
Santen	-2.6	-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

	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)

Year ended March 31	2004	2005	2006	2007	2008
Prescription ophthalmics	39.0%	39.6%	40.9%	39.7%	38.9%
	194.7	207.7	213.1	214.4	221.0
Anti-rheumatic drugs	42.5%	42.9%	45.2%	46.3%	46.1%
	22.2	23.3	23.8	23.2	24.1

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: 2003.4-2008.3; Unauthorized copy prohibited

## ■ Market shares by therapeutic area - prescription ophthalmics

(Billions of yen)

Year ended March 31	2004	2005	2006	2007	2008
Anti-glaucoma	16.7%	20.0%	23.2%	22.1%	20.8%
	71.7	74.9	79.0	79.9	83.1
Anti-infective	81.0%	80.3%	78.3%	76.1%	73.5%
	26.9	26.5	26.7	25.9	25.6
Anti-allergy	20.7%	22.4%	24.8%	24.3%	22.7%
	20.8	28.4	24.6	24.7	25.4
Agents for surgeries	39.1%	41.0%	42.6%	42.8%	43.0%
	14.5	13.6	14.4	14.1	15.1
Corneal disease treatments	82.4%	81.0%	80.7%	79.3%	78.7%
	21.0	23.0	25.5	26.4	28.8
Anti-cataract	55.4%	57.4%	60.3%	62.6%	66.2%
	7.1	6.8	6.5	6.3	6.1
Corticosteroids	51.6%	52.8%	52.6%	51.4%	51.3%
	10.9	11.5	11.2	10.8	10.6

Notes: - On an NHI drug price basis.

- Lower figures indicate market size.

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Source: Santen analysis based on IMS data(JPM)

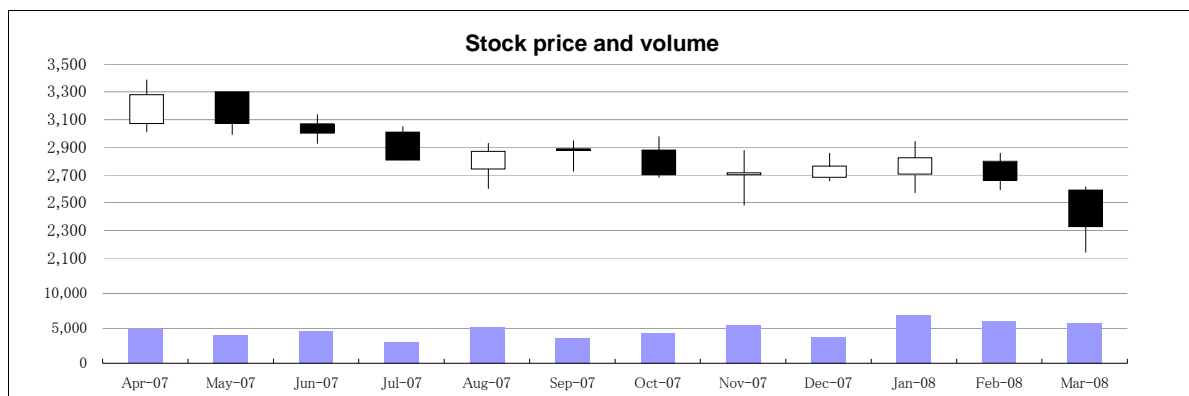
Period: 2003.4-2008.3; Unauthorized copy prohibited

# Stock information

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

(Yen and thousand shares)

	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Stock price:												
Open	3,070	3,300	3,070	3,010	2,740	2,890	2,880	2,700	2,680	2,705	2,800	2,590
High	3,390	3,300	3,140	3,050	2,930	2,950	2,980	2,880	2,860	2,945	2,860	2,615
Low	3,010	2,990	2,925	2,805	2,600	2,725	2,680	2,480	2,655	2,570	2,590	2,140
End of month	3,280	3,070	3,000	2,805	2,870	2,875	2,700	2,715	2,765	2,825	2,660	2,325
Volume	4,855	4,081	4,567	3,135	5,161	3,621	4,339	5,471	3,827	6,859	6,027	5,805



## ■ Major shareholders

As of March 31, 2008

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Services Bank, Ltd.	7,027	8.1
Mita Sangyo Co., Ltd.	4,756	5.5
The Master Trust Bank of Japan, Ltd.	4,420	5.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,241	4.9
Northern Trust CO. (AVFC) Sub-account American Clients	3,972	4.6
Nippon Life Insurance Company	3,151	3.6
Trust & Custody Services Bank, Ltd.	3,002	3.5
The Silchester International Investors International Value Equity Trust	2,736	3.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,668	3.1
Mitsubishi UFJ Trust and Banking Corporation	1,907	2.2

## ■ Stock option

Year ended March 31	2004	2005	2006	2007	2008
Stock option balance (thousand shares)	472.6	504.3	541	569.6	627.5
Granted in June 1998 - 106 thousand shares at 1,540 yen/share	62	35	27	24	24
Granted in June 1999 - 66 thousand shares at 2,480 yen/share	66	66	57.3	48	37
Granted in June 2000 - 60 thousand shares at 2,705 yen/share	60	60	58	48.2	46.2
Granted in June 2001 - 55 thousand shares at 2,299 yen/share	55	55	42.6	38.6	38.6
Granted in June 2002 - 92 thousand shares at 1,326 yen/share	92	72.5	53.7	32.1	30.9
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	137.6	137.6	95	72.9	55.2
Granted in June 2004 - 78.2 thousand shares at 1,743 yen/share	—	78.2	78.2	73.9	66.1
Granted in June 2005 - 129.2 thousand shares at 2,480 yen/share	—	—	129.2	129.2	127.5
Granted in June 2006 - 102.7 thousand shares at 2,715 yen/share	—	—	—	102.7	102.7
Granted in June 2007 - 99.3 thousand shares at 3,050 yen/share	—	—	—	—	99.3

## ■ Purchase of Treasury stock

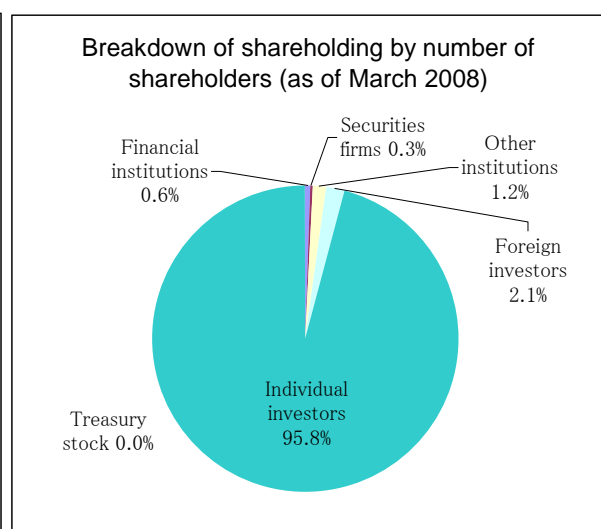
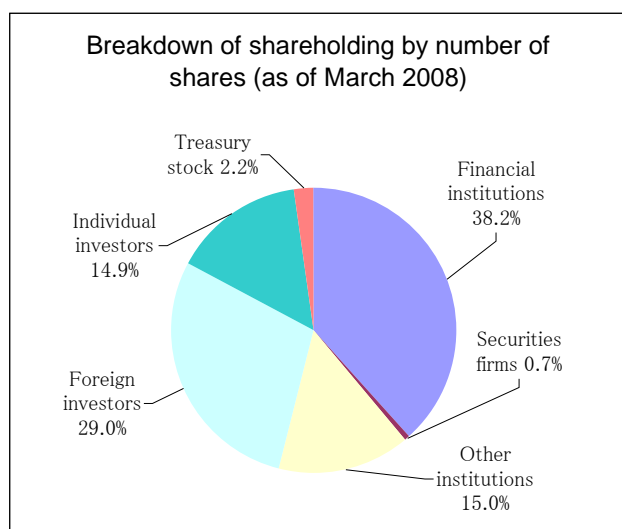
	2004	2005	2006	2007	2008
A purchased amount of money (millions of yen)	—	2,569	—	—	4,800
The number of the purchased stocks (thousand shares)	—	1,351	—	—	1,833

### ■ Breakdown of shareholding by number of shares

Year ended March 31	2004		2005		2006		2007		2008	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	30,740	34.9	28,423	32.8	29,514	34.0	30,366	35.0	33,186	38.2
City & regional banks	5,428	6.2	4,636	5.3	4,659	5.4	4,628	5.3	4,907	5.6
Trust banks	16,201	18.4	15,768	18.2	16,577	19.1	17,049	19.6	19,133	22.0
(concerned in trust works)	13,422		13,022		14,039		14,538		16,680	
Life and non-life insurance	9,007	10.2	7,973	9.2	8,004	9.2	8,470	9.8	8,924	10.3
Other financial institutions	103	0.1	45	0.1	274	0.3	217	0.3	221	0.3
Securities firms	368	0.4	346	0.4	865	1.0	1,486	1.7	585	0.7
Other institutions	10,512	12.0	11,788	13.6	11,823	13.6	12,375	14.2	13,014	15.0
Foreign investors	31,306	35.6	32,874	38.0	31,519	36.3	31,024	35.7	25,227	29.0
Individual investors	15,001	17.1	13,187	15.2	12,985	15.0	11,521	13.3	12,963	14.9
Treasury stock	33	0.0	39	0.0	45	0.1	50	0.1	1,888	2.2
Total	87,963	100.0	86,658	100.0	86,751	100.0	86,825	100.0	86,866	100.0

### ■ Breakdown of shareholding by number of shareholders

Year ended March 31	2004		2005		2006		2007		2008	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	83	1.0	91	1.1	107	0.8	88	0.9	88	0.6
City & regional banks	7	0.1	9	0.1	10	0.1	7	0.1	14	0.1
Trust banks	46	0.6	47	0.6	52	0.4	44	0.4	30	0.2
Life and non-life insurance	27	0.3	31	0.4	32	0.2	26	0.3	29	0.2
Other financial institutions	3	0.0	4	0.0	13	0.1	11	0.1	15	0.1
Securities firms	28	0.4	28	0.3	31	0.2	37	0.4	38	0.3
Other institutions	130	1.7	128	1.5	236	1.7	133	1.3	150	1.2
Foreign investors	122	1.5	172	2.0	255	1.9	306	3.0	268	2.1
Individual investors	7,498	95.4	8,089	95.1	12,927	95.4	9,451	94.4	12,568	95.8
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Total	7,862	100.0	8,509	100.0	13,557	100.0	10,016	100.0	13,113	100.0



# News releases

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## News releases during April 2007-March 2008

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

- | (Date)        | (Summary)  |
|---------------|--|
| <b>2007</b>   |  |
| <b>2-Apr</b>  | <b>Santen to open its Shenyang Representative Office</b><br>Santen opened its Shenyang Representative Office in China on April 1, 2007. The new Shenyang office will serve the Northeastern China centering on Shenyang, enabling Santen to distribute its drug information and gather information on the medical needs accurately and timely in this region.  |
| <b>3-Apr</b>  | <b>Santen Oy submits Marketing Approval for Glaucoma and Ocular Hypertension Drug Candidate DE-085 (INN: Tafluprost)</b><br>Santen Oy, a wholly owned subsidiary in Finland, Tampere, submitted the marketing authorization application for glaucoma and ocular hypertension treatment DE-085 (INN: Tafluprost) to 13 countries in Europe on April 2, 2007 (Europe time). DE-085 is a prostaglandin drug candidate being studied for the reduction of intraocular pressure in primary open angle glaucoma and ocular hypertension. |
| <b>9-Apr</b>  | <b>Santen to launch OTC Eye Drop Sante Uruoi Contact a</b><br>Santen launched an artificial tear type OTC eye drop Sante Uruoi Contact a on April 9, 2007. Sante Uruoi Contact a moistens your contact lenses and relieves dryness and discomfort caused by contact lenses. Both increasing the moistness of the eyes, and being mild to the eyes are high needs among users.  |
| <b>8-May</b>  | <b>Introduction of Countermeasures to Large-scale Purchases of the Corporation's Shares (Takeover Defense Measures)</b><br>Santen's Board of Directors on May 8, 2007 determined the specific content of the Countermeasures to Large-scale Purchases of the Corporation's Shares (Takeover Defense Measures). The content was approved at the 95th Annual General Meeting of Shareholders held on June 26, 2007.  |
| <b>10-May</b> | <b>Santen to Issue Stock Acquisition Rights to the Directors</b><br><b>Santen to Issue Stock Acquisition Rights to the Corporate Officers</b><br>Santen's Board of Directors on May 8, 2007 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 95th Annual General Meeting of Shareholders held on June 26, 2007.  |
| <b>22-May</b> | <b>Extension of Nara Research and Development Center</b><br>Santen's Board of Directors on May 22, 2007 determined that Santen would invest more in its laboratories at the Nara Research and Development Center (Ikoma City, Nara). Through the additional investment in R&D center, a Pharmaceutical development building and an Ancillary building will be constructed in order to integrate non-clinical functions and to secure space for R&D staff increase. This will enhance the changes to generate new drug candidates.  |



(Date)	(Summary)
<b>2007</b>	
<b>2-Oct</b>	<b>Santen to Redesign Sante de U Plus E Alfa Package</b> Santen launched an over-the-counter eye drop Sante de U plus E alfa with a new package design on October 10, 2007. Sante de U plus E alfa relieves eyestrain and improves blurred vision and focus adjustment by facilitating the flow of blood and supporting nutrition. Sante de U plus E alfa is also effective in itchy eye and inflammation.
<b>2-Nov</b>	<b>Agreement Concerning Glaucoma and Ocular Hypertension Treatment RESCULA® Eye Drops</b> R-Tech Ueno, Ltd. (Chiyoda-ku, Tokyo, Japan) and Santen Pharmaceutical Co., Ltd. (Osaka, Japan) have reached a basic agreement to extend the exclusive marketing rights in Japan for RESCULA® Eye Drops (generic name: isopropyl unoprostone). Since the current contract is to expire in September, 2008, the companies were pursuing negotiations on the contract renewal and reached the basic agreement today. Accordingly, Santen continues to hold the exclusive marketing rights in Japan for RESCULA® beyond October 2008.
<b>2008</b>	
<b>11-Jan</b>	<b>Santen to Launch Nutritional Supplement Sante Lutax</b> Santen Pharmaceutical Co., Ltd. launched nutritional supplement Sante Lutax 20 and Sante Lutax 15 plus vitamin & mineral for the Japanese market. Sante Lutax is developed based on the research of Japanese dietary life and it aims to support doctor's dietary instruction to their patients.
<b>30-Jan</b>	<b>Santen to Purchase Own Shares</b> Santen's Board of Directors on January 30, 2008 adopted a resolution to purchase own shares up to 1,850,000 shares and 5,000,000,000 yen.
<b>25-Feb</b>	<b>Santen to Lift Condition for Approval of PAPILOCK Mini Ophthalmic Solution 0.1%</b> Santen Pharmaceutical Co., Ltd. have announced that the conditions for the approval of vernal keratoconjunctivitis treatment PAPILOCK Mini ophthalmic solution 0.1% (generic name: ciclosporin) has been lifted. This was reported by the First Committee on New Drugs, the Pharmaceutical Affairs and Food Sanitation Council, the Ministry of Health, and Labor & Welfare on February 22, 2008.
<b>26-Mar</b>	<b>Notice Regarding the Completion of Purchase of the Company's Own Shares in the Market</b> The stock acquisition, decided at the Board of Directors meeting held on January 30, 2008, has been completed through the buy back of 1,833,800 shares and its cost of 4,800,509,500 yen.

