



SANTEN PHARMACEUTICAL CO.,LTD.

# Data Book

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Half Year Ended September 30, 2008

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# Financial highlights

## ■ Consolidated financial summary

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	% Change	3/2009 Forecast	% Change
Net sales	51,380	100,485	51,942	103,394	52,217	0.5	104,000	0.6
Operating income	12,105	20,412	10,668	20,370	5,636	-47.2	15,100	-25.9
Ordinary income	12,247	20,843	10,971	20,702	6,014	-45.2	15,600	-24.6
Net income	7,747	13,147	6,918	12,650	3,724	-46.2	9,800	-22.5
Dividends per share (yen)	30	65	40	80	40	—	80	—
DOE (%)	4.2	4.4	5.3	5.4	5.3	—	—	—

## ■ Consolidated balance sheets summary

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	% Change
Total assets	154,205	159,098	160,797	156,547	154,396	-4.0
Net assets	124,804	128,645	131,827	127,118	127,583	-3.2
Interest-bearing debts	5,530	5,446	5,362	5,278	194	-96.4

## ■ Consolidated financial indexes

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	% Change	3/2009 Forecast	% Change
EPS (yen)	89.34	151.58	79.72	146.15	43.81	-45.0	115.32	-21.1
BPS(yen)	1,438.24	1,481.83	1,517.43	1,494.48	1,498.47	-1.2	—	—
Debt equity ratio (times)	0.04	0.04	0.04	0.04	0.00	—	—	—
PER (times)	16.8	20.0	18.2	15.9	30.5	—	—	—
PBR (times)	2.09	2.04	1.89	1.56	1.78	—	—	—
ROE (%)	12.7	10.6	10.6	9.9	5.9	—	—	—
ROA (%)	10.2	8.5	8.7	8.0	4.8	—	—	—
* Free cash flows (millions of yen)	4,097	11,404	5,152	12,316	4,078	-20.8	—	—
* EBITDA (millions of yen)	14,831	25,890	13,233	25,172	8,288	-37.4	—	—

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

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

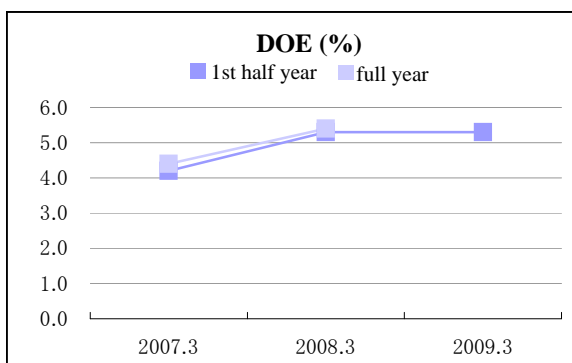
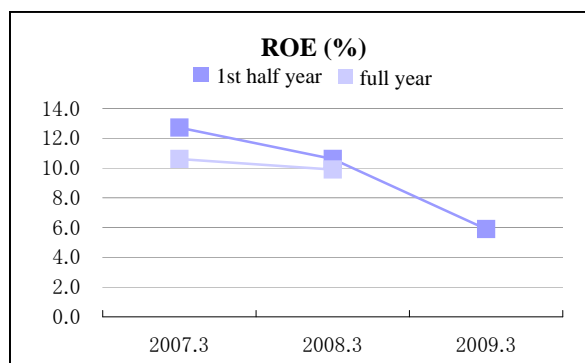
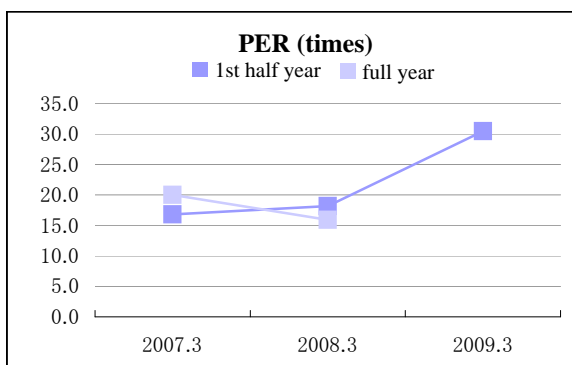
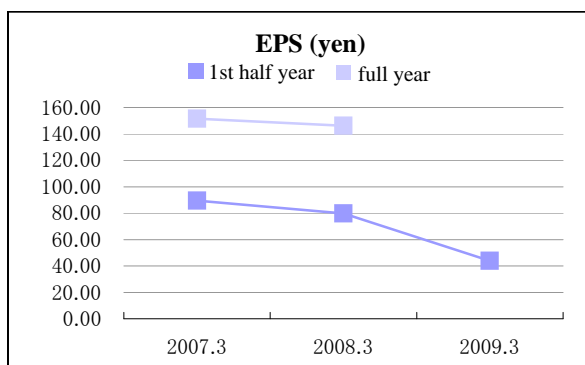
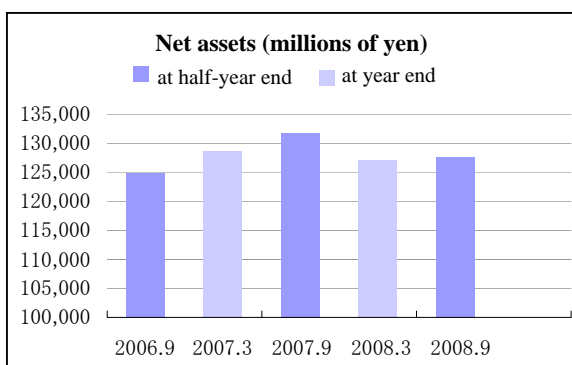
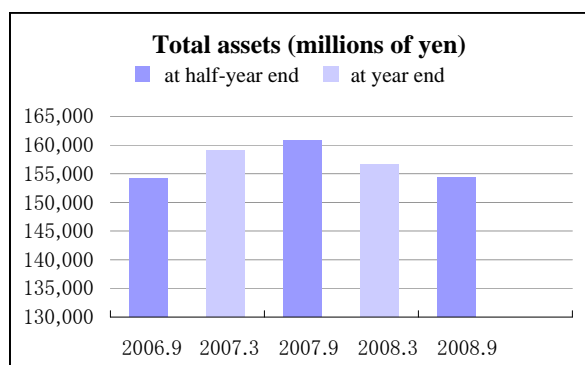
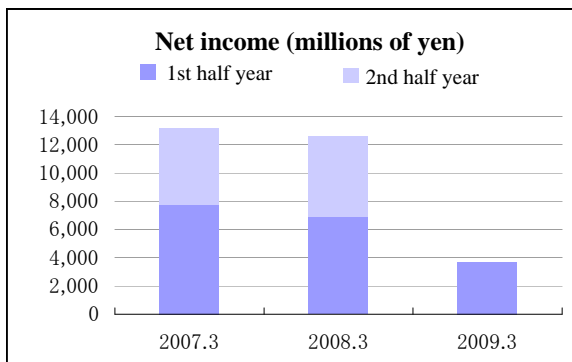
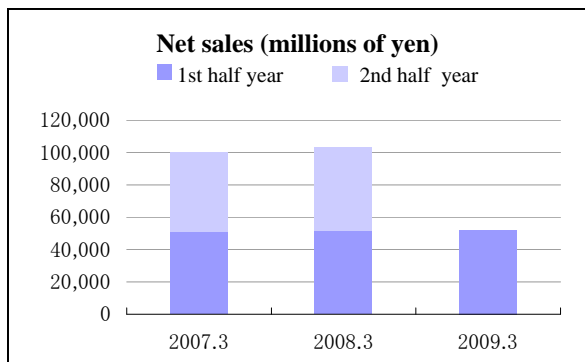
\*EBITDA = (Income before income taxes) + (Interest expense) + (Depreciation and amortization)

## ■ Consolidated other figures

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	% Change	3/2009 Forecast	% Change
R&D expenses (millions of yen)	6,332	13,663	6,355	12,941	11,832	86.2	19,400	49.9
Capital expenditures (millions of yen)	1,558	2,716	1,764	2,758	1,005	-43.0	2,380	-13.7
Depreciation and amortization (millions of yen)	1,545	3,295	1,631	3,353	1,645	0.9	3,700	10.3
Number of employees	2,361	2,409	2,508	2,483	2,552	—	—	—

\*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)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	Change over previous half year (%)
<b>Net sales</b>	<b>51,380</b>	<b>100,485</b>	<b>51,942</b>	<b>103,394</b>	<b>52,217</b>	<b>0.5</b>
Cost of sales	18,080	35,483	18,310	36,513	18,423	0.6
(Percentage of net sales)	35.2%	35.3%	35.2%	35.3%	35.3%	
<b>Gross profit</b>	<b>33,300</b>	<b>65,001</b>	<b>33,632</b>	<b>66,880</b>	<b>33,793</b>	<b>0.5</b>
(Percentage of net sales)	64.8%	64.7%	64.8%	64.7%	64.7%	
Selling, general and administrative expenses	21,194	44,589	22,963	46,510	28,157	22.6
(Percentage of net sales)	41.2%	44.4%	44.3%	45.0%	53.9%	
R&D expenses	6,332	13,663	6,355	12,941	11,832	86.2
(Percentage of net sales)	12.3%	13.6%	12.2%	12.5%	22.7%	
<b>Operating income</b>	<b>12,105</b>	<b>20,412</b>	<b>10,668</b>	<b>20,370</b>	<b>5,636</b>	<b>-47.2</b>
(Percentage of net sales)	23.6%	20.3%	20.5%	19.7%	10.8%	
Non-operating income	453	1,138	590	1,356	782	32.5
Non-operating expenses	311	707	287	1,024	403	40.2
<b>Ordinary income</b>	<b>12,247</b>	<b>20,843</b>	<b>10,971</b>	<b>20,702</b>	<b>6,014</b>	<b>-45.2</b>
(Percentage of net sales)	23.8%	20.7%	21.1%	20.0%	11.5%	
Extraordinary gain	250	250	0	237	18	30,941.5
Extraordinary loss	26	55	50	457	39	-22.0
<b>Income before income taxes</b>	<b>12,471</b>	<b>21,039</b>	<b>10,921</b>	<b>20,482</b>	<b>5,994</b>	<b>-45.1</b>
(Percentage of net sales)	24.3%	20.9%	21.0%	19.8%	11.5%	
Income taxes - current	4,489	7,902	4,114	8,145	4,379	6.5
Income taxes - deferred	234	-10	-111	-313	-2,109	1,798.6
<b>Net income</b>	<b>7,747</b>	<b>13,147</b>	<b>6,918</b>	<b>12,650</b>	<b>3,724</b>	<b>-46.2</b>
(Percentage of net sales)	15.1%	13.1%	13.3%	12.2%	7.1%	

### 【Exchange rates】

(Yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008
Exchange rate: US dollar	115.25	116.86	119.35	114.29	105.75
Euro	144.56	148.99	161.78	161.98	163.13

■ Major Selling, general and administrative expenses

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	Change over previous half year (%)
Personnel expenses	5,733	12,197	6,591	13,220	6,694	1.6
Sales promotion expenses	1,772	3,944	1,993	4,184	2,100	5.4
Royalty expenses	1,186	2,203	1,147	2,211	986	-14.0
Advertising expenses	1,105	1,807	1,249	2,671	991	-20.7
R&D expenses	6,332	13,663	6,355	12,941	11,832	86.2

■ Major Non-operating income and expenses

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	Change over previous half year (%)
Interest and dividend income	200	459	267	606	289	8.3
Interest expense	34	90	44	96	45	1.0
Equity in losses of affiliates	—	—	—	—	282	—

■ Major Extraordinary gain and loss

(Millions of yen)

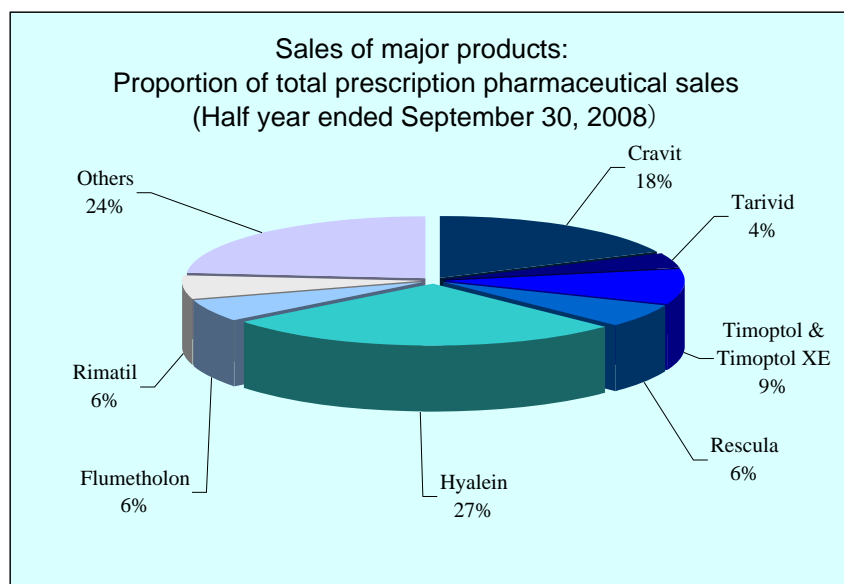
Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008
Gain on sale of fixed assets	250	250	0	0	—
Loss on disposal of fixed assets	10	36	50	66	23

# Sales details

## ■ Sales of major prescription pharmaceuticals

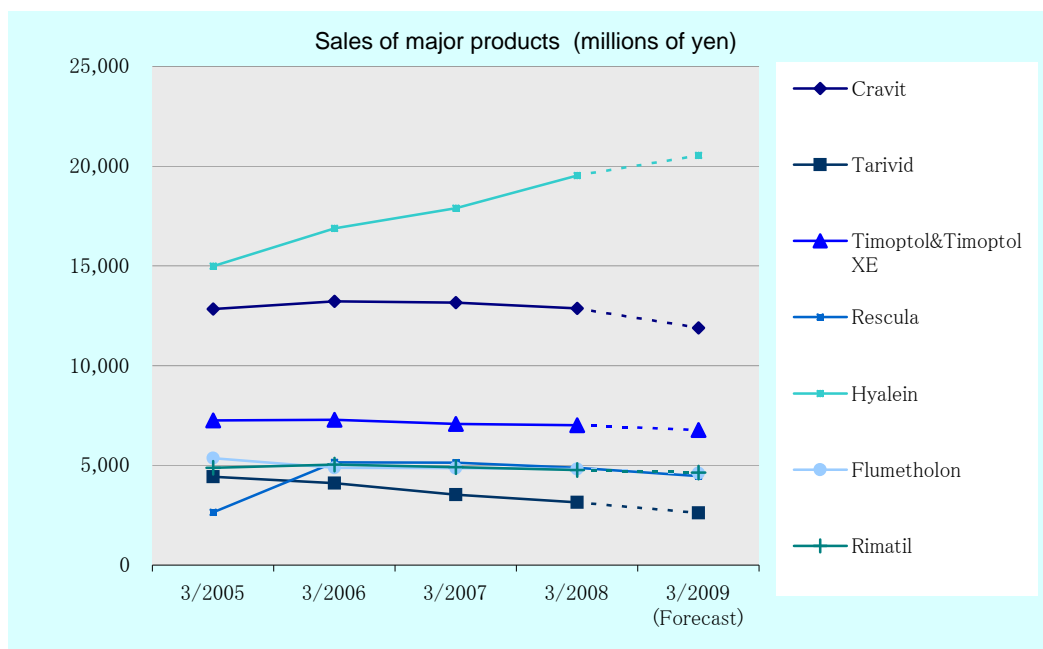
Therapeutic category	Generic name/formulation	Brand name	Region	Launched
Bacterial conjunctivitis	levofloxacin/ophthalmic solution	<b>Cravit</b>	Japan	Apr-00
	ofloxacin/ophthalmic solution	<b>Tarivid</b>	Japan	Sep-87
	timolol maleate/ophthalmic solution	<b>Timoptol</b>	Japan	Sep-81
Glaucoma	timotol maleate/ 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
Vernal keratoconjunctivitis	Ciclosporin/ophthalmic solution	<b>PAPILOCK Mini</b>	Japan	Jan-06
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)

Half year/year to								Brand name
9/2006	3/2007	9/2007	3/2008	9/2008	% Change	3/2009 Forecast	% Change	
7,227	13,155	6,868	12,864	7,008	2.0	11,888	-7.6	<b>Cravit</b>
2,037	3,524	1,828	3,139	1,451	-20.6	2,619	-16.6	<b>Tarivid</b>
1,975	3,816	1,877	3,574	1,741	-7.3	3,163	-11.5	<b>Timoptol</b>
1,615	3,258	1,747	3,432	1,822	4.3	3,606	5.1	<b>Timoptol XE</b>
1,158	2,288	1,194	2,337	1,182	-1.1	2,337	0.0	<b>Detantol</b>
2,590	5,127	2,529	4,880	2,308	-8.7	4,461	-8.6	<b>Rescula</b>
1,656	4,305	1,472	4,341	1,390	-5.5	3,766	-13.2	<b>Livostin</b>
9,022	17,891	9,640	19,521	10,539	9.3	20,536	5.2	<b>Hyalein</b>
2,466	4,854	2,390	4,821	2,303	-3.6	4,606	-4.4	<b>Flumetholon</b>
1,760	3,465	1,878	3,652	1,852	-1.4	3,707	1.5	<b>Kary Uni</b>
63	120	78	153	242	210.5	1,937	1,166.1	<b>PAPILOCK Mini</b>
1,421	2,839	1,632	3,204	1,634	0.2	3,221	0.5	<b>Opegan Hi</b>
658	1,277	649	1,267	638	-1.7	1,196	-5.6	<b>BSS PLUS</b>
2,608	4,912	2,460	4,767	2,339	-4.9	4,633	-2.8	<b>Rimatil</b>
1,957	3,889	2,087	4,121	2,150	3.0	4,254	3.2	<b>Azulfidine EN</b>



\*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)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	% Change	3/2009 Forecast
Prescription pharmaceuticals	47,051	91,849	47,886	95,322	48,606	1.5	96,172
Ophthalmic	42,036	82,152	42,870	85,426	43,469	1.4	86,006
Anti-rheumatic drugs	4,863	9,379	4,883	9,626	4,986	2.1	9,908
Other prescription pharmaceuticals	151	317	132	269	151	14.2	257
OTC pharmaceuticals	2,757	5,307	2,804	5,451	2,722	-2.9	5,615
Medical devices	271	537	232	414	227	-2.1	1,118
Others	1,300	2,791	1,018	2,205	660	-35.2	1,094
Total net sales	51,380	100,485	51,942	103,394	52,217	0.5	104,000

## [Domestic]

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	% Change	3/2009 Forecast
Prescription pharmaceuticals	40,873	80,743	41,076	82,088	41,711	1.5	82,557
Ophthalmic	36,061	71,272	36,133	72,319	36,615	1.3	72,537
Anti-rheumatic drugs	4,692	9,208	4,819	9,519	4,964	3.0	9,801
Other prescription pharmaceuticals	119	263	123	248	131	6.5	218
OTC pharmaceuticals	2,739	5,286	2,793	5,430	2,716	-2.8	5,602
Medical devices	260	515	218	401	227	4.1	1,118
Others	255	605	295	646	242	-17.9	445
Total domestic sales	44,129	87,152	44,384	88,566	44,898	1.2	89,723
(Percentage of total net sales)	85.9%	86.7%	85.4%	85.7%	86.0%	—	86.3%

## [Overseas]

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	% Change	3/2009 Forecast
Prescription pharmaceuticals	6,177	11,105	6,810	13,234	6,895	1.2	13,614
Ophthalmic	5,974	10,880	6,737	13,106	6,854	1.7	13,469
Anti-rheumatic drugs	170	170	64	107	21	-67.1	106
Other prescription pharmaceuticals	32	54	8	20	19	121.0	38
OTC pharmaceuticals	17	20	10	20	5	-47.9	12
Medical devices	10	21	13	13	—	-100.0	—
Others	1,045	2,185	723	1,559	417	-42.2	649
Total overseas sales	7,251	13,333	7,558	14,827	7,318	-3.2	14,276
(Percentage of total net sales)	14.1%	13.3%	14.6%	14.3%	14.0%	—	13.7%

\*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.

# Breakdown by geographic segment



## ■ Breakdown by geographic segment

	Half year/year to	9/2006		3/2007		9/2007		3/2008		9/2008	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Net sales by geographic segment	Japan	46,421	90.3	90,695	90.3	46,467	89.5	92,098	89.1	46,705	89.5
	Europe	4,622	9.0	9,186	9.1	5,101	9.8	10,617	10.3	5,081	9.7
	Others	336	0.7	604	0.6	373	0.7	678	0.6	430	0.8
	Total	51,380	100.0	100,485	100.0	51,942	100.0	103,394	100.0	52,217	100.0
Operating income by geographic segment	Japan	12,458		21,768		11,622		22,633		6,896	
	Europe	600		979		458		554		112	
	Others	-257		-754		-361		-819		-101	
	Total	12,801		21,993		11,719		22,368		6,906	
	Corporate and eliminations	-695		-1,580		-1,050		-1,997		-1,270	
	Consolidated total	12,105		20,412		10,668		20,370		5,636	

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

	Half year/year to	9/2006		3/2007		9/2007		3/2008		9/2008	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Europe		3,379	46.6	6,916	51.9	4,229	56.0	8,532	57.5	4,547	62.1
North America		1,193	16.5	2,128	16.0	820	10.8	1,951	13.2	449	6.2
Asia		—	—	—	—	2,507	33.2	4,326	29.2	2,320	31.7
Others*		2,678	36.9	4,287	32.1	—	—	16	0.1	1	0.0
Total		7,251	100.0	13,333	100.0	7,558	100.0	14,827	100.0	7,318	100.0

Europe: Finland, Russia, Sweden, Germany and Norway

North America: U.S.A.

Asia: Korea, China, Vietnam and Taiwan

\*Others in the 2006 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

At half-year/year end	9/2006		3/2007		9/2007		3/2008		9/2008	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
<b>Current assets</b>	<b>97,913</b>	<b>63.5</b>	<b>100,820</b>	<b>63.4</b>	<b>103,435</b>	<b>64.3</b>	<b>102,754</b>	<b>65.6</b>	<b>99,085</b>	<b>64.2</b>
Cash and deposits	32,777		34,295		37,158		35,483		30,970	
Notes and accounts receivable-trade	37,527		35,034		36,416		35,614		36,727	
Marketable securities	15,206		16,914		15,410		15,868		15,389	
Inventories	8,821		10,357		10,021		11,332		11,131	
Deferred tax assets	1,514		1,625		1,623		1,699		1,692	
Other current assets	2,066		2,593		2,805		2,757		3,175	
Allowance for doubtful receivables	-0		-0		-0		-1		-2	
<b>Fixed assets</b>	<b>56,270</b>	<b>36.5</b>	<b>58,228</b>	<b>36.6</b>	<b>57,213</b>	<b>35.6</b>	<b>53,548</b>	<b>34.2</b>	<b>55,311</b>	<b>35.8</b>
Tangible assets	30,579	19.8	30,485	19.2	30,748	19.1	29,848	19.1	29,601	19.2
Buildings and structures	16,544		16,063		15,596		15,160		16,023	
Machinery, equipment and vehicles	1,958		1,817		2,181		2,656		2,654	
Land	8,839		8,842		8,838		8,558		8,565	
Construction in progress	1,272		1,806		2,311		1,879		859	
Other tangibles	1,964		1,955		1,820		1,594		1,499	
Intangible assets	2,787	1.8	2,771	1.7	2,460	1.5	2,233	1.4	1,720	1.1
Software	943		1,660		1,613		1,602		1,387	
Other intangibles	1,843		1,111		847		630		333	
Investments and other assets	22,903	14.9	24,971	15.7	24,004	15.0	21,466	13.7	23,989	15.5
Investment securities	18,398		21,019		20,425		16,949		17,137	
Deferred tax assets	—		—		203		1,822		4,790	
Other assets	4,504		3,951		3,374		2,694		2,060	
<b>Deferred assets</b>	<b>21</b>	<b>0.0</b>	<b>50</b>	<b>0.0</b>	<b>148</b>	<b>0.1</b>	<b>244</b>	<b>0.2</b>	<b>—</b>	<b>—</b>
<b>Total assets</b>	<b>154,205</b>	<b>100.0</b>	<b>159,098</b>	<b>100.0</b>	<b>160,797</b>	<b>100.0</b>	<b>156,547</b>	<b>100.0</b>	<b>154,396</b>	<b>100.0</b>

■ Liabilities and net assets

Half year/year to	9/2006		3/2007		9/2007		3/2008		9/2008	
	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)	Million yen	Proportion (%)
<b>Current liabilities</b>	<b>21,609</b>	<b>14.0</b>	<b>22,369</b>	<b>14.0</b>	<b>26,124</b>	<b>16.2</b>	<b>26,561</b>	<b>17.0</b>	<b>23,650</b>	<b>15.3</b>
Notes and accounts payable -trade	5,038		6,089		4,906		5,633		5,151	
Current portion of long-term debt	168		168		5,168		5,168		168	
Other payables	8,395		8,572		8,224		7,690		10,268	
Income taxes payable	4,590		3,917		4,217		4,323		4,439	
Reserve for bonuses	2,184		2,477		2,425		2,612		2,473	
Other current liabilities	1,233		1,145		1,181		1,132		1,148	
<b>Noncurrent liabilities</b>	<b>7,791</b>	<b>5.1</b>	<b>8,084</b>	<b>5.1</b>	<b>2,846</b>	<b>1.8</b>	<b>2,867</b>	<b>1.8</b>	<b>3,162</b>	<b>2.1</b>
Long-term debt	5,362		5,278		194		110		26	
Retirement and severance benefits for employee	1,307		1,405		1,632		1,815		2,173	
Retirement and severance benefits for directors and auditors	504		513		478		487		496	
Other liabilities	617		887		541		455		466	
<b>Total liabilities</b>	<b>29,401</b>	<b>19.1</b>	<b>30,453</b>	<b>19.1</b>	<b>28,970</b>	<b>18.0</b>	<b>29,429</b>	<b>18.8</b>	<b>26,813</b>	<b>17.4</b>
<b>Shareholders' equity</b>	<b>122,133</b>	<b>79.2</b>	<b>124,997</b>	<b>78.6</b>	<b>128,909</b>	<b>80.2</b>	<b>126,398</b>	<b>80.7</b>	<b>126,813</b>	<b>82.1</b>
Common stock	6,343	4.1	6,382	4.0	6,401	4.0	6,418	4.1	6,451	4.2
Capital surplus	7,038	4.6	7,077	4.5	7,097	4.4	7,113	4.5	7,146	4.6
Retained earnings	108,846	70.6	111,645	70.2	115,526	71.9	117,786	75.2	118,144	76.5
Treasury stock, at cost	-94	-0.1	-106	-0.1	-115	-0.1	-4,920	-3.1	-4,928	-3.2
<b>Accumulated gains on evaluation and translation</b>	<b>2,611</b>	<b>1.7</b>	<b>3,587</b>	<b>2.3</b>	<b>2,797</b>	<b>1.7</b>	<b>600</b>	<b>0.4</b>	<b>581</b>	<b>0.4</b>
Unrealized gains on securities, net of taxes	4,643	3.0	5,202	3.3	4,470	2.7	2,273	1.5	2,158	1.4
Unrealized gains on hedging derivatives, net of taxes	-1	-0.0	3	0.0	0	0.0	—	—	—	—
Foreign currency translation adjustments	-2,030	-1.3	-1,618	-1.0	-1,674	-1.0	-1,673	-1.1	-1,577	-1.0
<b>Stock subscription rights</b>	<b>59</b>	<b>0.0</b>	<b>59</b>	<b>0.0</b>	<b>119</b>	<b>0.1</b>	<b>119</b>	<b>0.1</b>	<b>188</b>	<b>0.1</b>
<b>Total net assets</b>	<b>124,804</b>	<b>80.9</b>	<b>128,645</b>	<b>80.9</b>	<b>131,827</b>	<b>82.0</b>	<b>127,118</b>	<b>81.2</b>	<b>127,583</b>	<b>82.6</b>
<b>Total liabilities and net assets</b>	<b>154,205</b>	<b>100.0</b>	<b>159,098</b>	<b>100.0</b>	<b>160,797</b>	<b>100.0</b>	<b>156,547</b>	<b>100.0</b>	<b>154,396</b>	<b>100.0</b>

# Consolidated statements of cash flows

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008
<b>I. Cash flows from operating activities:</b>					
Income before income taxes	12,471	21,039	10,921	20,482	5,994
Depreciation and amortization	2,323	4,761	2,267	4,593	2,248
Increase/decrease in retirement and severance benefits	63	160	228	411	314
Interest and dividend income	-200	-459	-267	-606	-289
Interest expense	34	90	44	96	45
Equity in losses of affiliates	—	—	—	—	282
Increase/decrease in trade receivables	-2,904	-414	-1,387	-586	-1,110
Increase/decrease in inventories	1,125	-356	335	-1,005	223
Increase/decrease in trade accounts payable	-629	400	-1,199	-430	-467
Other, net	-1,746	-1,717	-208	-244	2,085
Subtotal	10,537	23,504	10,734	22,710	9,326
Interest and dividend income received	199	460	271	610	289
Interest expense paid	-34	-91	-44	-94	-45
Income taxes paid	-4,835	-8,914	-3,834	-7,758	-4,276
Net cash provided by operating activities	5,866	14,959	7,125	15,468	5,294
<b>II. Cash flows from investing activities:</b>					
Increase in fixed deposits	-263	-1,223	-506	-1,518	-2,824
Decrease in fixed deposits	107	553	1,159	2,160	2,768
Proceeds from sale of marketable securities	—	—	1,000	1,000	—
Payments for acquisition of fixed assets	-1,768	-3,555	-1,972	-3,151	-1,215
Proceeds from sale of fixed assets	599	600	6	5	—
Purchase of investment securities	-596	-2,208	-1,008	-3,266	-854
Proceeds from sale of investment securities	—	—	382	2,660	—
Payments for loans	-11	-13	-0	-0	-300
Proceeds from loans	—	—	—	—	311
Other, net	0	—	1	28	0
Net cash provided by investing activities	-1,932	-5,845	-938	-2,083	-2,114
<b>III. Cash flows from financing activities:</b>					
Repayment of long-term debt	-84	-168	-84	-168	-5,084
Purchase of treasury stock	-5	-16	-9	-4,815	-8
Dividends paid	-3,031	-5,632	-3,036	-6,505	-3,397
Other, net	48	126	40	73	66
Net cash provided by financing activities	-3,072	-5,691	-3,089	-11,415	-8,423
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>176</b>	<b>313</b>	<b>-59</b>	<b>-140</b>	<b>192</b>
<b>V. Net increase/decrease in cash and cash equivalents</b>	<b>1,037</b>	<b>3,736</b>	<b>3,037</b>	<b>1,828</b>	<b>-5,051</b>
<b>VI. Cash and cash equivalent at beginning of year</b>	<b>46,104</b>	<b>46,104</b>	<b>49,841</b>	<b>49,841</b>	<b>51,669</b>
<b>VII. Cash and cash equivalent at end of year</b>	<b>47,142</b>	<b>49,841</b>	<b>52,878</b>	<b>51,669</b>	<b>46,618</b>

# Capital expenditures and number of employees



## ■ Capital expenditures

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	3/2009 Forecast
Consolidated	1,558	2,716	1,764	2,758	1,005	2,380

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

## ■ Depreciation and amortization

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	3/2009 Forecast
Manufacturing cost	716	1,494	789	1,635	898	2,010
Selling, general and administrative expenses	284	576	334	626	323	590
R&D expenses	538	1,212	507	1,091	423	1,100
Others	6	12	—	—	—	—
Consolidated total	1,545	3,295	1,631	3,353	1,645	3,700

**Note:** Excludes amortization of long-term prepaid expense.

Amortization of long-term prepaid expense is 603 million yen from April 2008 to September 2008.

## ■ Lease expenses

(Millions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008	3/2009 Forecast
Consolidated	530	1,064	525	1,042	485	950
Manufacturing cost	468	936	465	925	431	830

## ■ Number of employees

At half-year/year end	9/2006	3/2007	9/2007	3/2008	9/2008
Consolidated	2,361	2,409	2,508	2,483	2,552
Sales division	822	853	914	907	938
Production division	752	754	800	798	818
R&D division	528	533	520	519	526
Corporate or back-office division	259	269	274	259	270

\*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

### ■ 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 (1.5%)	DE-108	Bacterial conjunctivitis	Daiichi Sankyo	Japan						
Characteristics: Fluoroquinolone antibacterial agent. A high-concentration product for control of drug resistance.										
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						Oct-08
				Europe						Jun-08
				USA						
				Asia*						Nov-07
Characteristics: Prostaglandin derivative for treatment of glaucoma and ocular hypertension. In Japan, approved in Oct, 2008. In Europe, In April 2008, the first national approval was granted in Denmark. In Jun. 2008, launched in Germany. In the US, we will decide our future development plan based on study results and marketability. In Korea, NDA filed in Nov, 2007. In China, Phase III study is ongoing. (*: excluding Japan)										

Generic name	Dev. code	Indication	Original/licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
Diquafosol sodium	DE-089	Corneal and conjunctival epithelial disorder associated with dry eye, etc.	Inspire Pharm.	Japan						May-08
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. A comparative Phase III study cleared the initial objective and we filed for manufacturing and marketing approval for corneal and conjunctival epithelial disorder associated with dry eye, etc.										

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		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	Schering-Plough*	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.										

\* Nippon Organon was merged in Schering-Plough.

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						
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.										

Generic name (USA)	Dev. code	Indication	Original/in-licensor	Region	Ph I	Ph II	Ph III	NDA Filed	Approved	Launched
(Undetermined)	DE-105	Persistent corneal epithelial defects	Original	USA						
Characteristics: DE-105 accelerate corneal epithelial migration and is expected to be highly safe and effective with intractable persistent corneal epithelial defects with existing therapy.										

## Reference information

# Research & development

### ■ 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.

Generic name	Dev. Code	Indication	Original/in-licensor
Sirolimus	DE-109	wet age related macular degeneration(wet AMD)/diabetic macular edema(DME)	MacuSight (USA)

Characteristics: Subconjunctival or intravitreal injection having immunosuppressive effect, anti-angiogenic effect, etc. Phase I clinical trials in patients with wet AMD and DME have shown patients who participated in these studies exhibited improvements in visual acuity that were consistent with morphological changes following a single administration of sirolimus. Santen made a research and development collaboration and license agreement with MacuSight for the Japanese and Asian development and commercialization of sirolimus for the treatment of ocular diseases and conditions including wet AMD and DME .

### ■ License out

Dev. code	Indication	Licensee	Status	in-licensor
DE-098 (Anti-APO-1)	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 August 4, 2008

[Progress]

Dev. code	Indication	Status change	Clinical trial, NDA filing, Launch Region
DE-108	Bacterial conjunctivitis	Phase I	Japan
DE-085	Glaucoma/ Ocular hypertension	NDA Filed → Approved	Japan
		NDA Filed	Asia *
		Launched	Europe**

\*: NDA Filed in Korea, Phase III in China.

\*\* : Launched in Germany and Denmark. (Country underlined was added from 1Q of fiscal 2008.)



# 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%)

■ Market shares

(Billions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008
Prescription ophthalmics	40.9% 105.7	39.7% 214.4	39.9% 107.5	38.9% 221.0	39.1% 110.2
Anti-rheumatic drugs	46.3% 11.7	46.3% 23.2	46.3% 12.0	46.1% 24.1	45.5% 12.4

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 - prescription ophthalmics

(Billions of yen)

Half year/year to	9/2006	3/2007	9/2007	3/2008	9/2008
Anti-glaucoma	22.3% 39.9	22.1% 79.9	21.3% 41.3	20.8% 83.1	19.7% 42.3
Anti-infective	76.7% 13.7	76.1% 25.9	74.0% 13.4	73.5% 25.6	72.3% 13.3
Anti-allergy	27.8% 9.7	24.3% 24.7	25.0% 9.4	22.7% 25.4	23.9% 10.0
Agents for surgeries	42.9% 7.1	42.8% 14.1	43.2% 7.5	43.0% 15.1	42.7% 7.6
Corneal disease treatments	79.5% 13.1	79.3% 26.4	78.9% 14.0	78.7% 28.8	77.9% 15.2
Anti-cataract	61.9% 3.2	62.6% 6.3	65.4% 3.1	66.2% 6.1	68.0% 3.0
Corticosteroids	51.6% 5.5	51.4% 10.8	51.5% 5.2	51.3% 10.6	50.6% 5.2

Notes: - On an NHI drug price basis.  
 - Lower figures indicate market size.

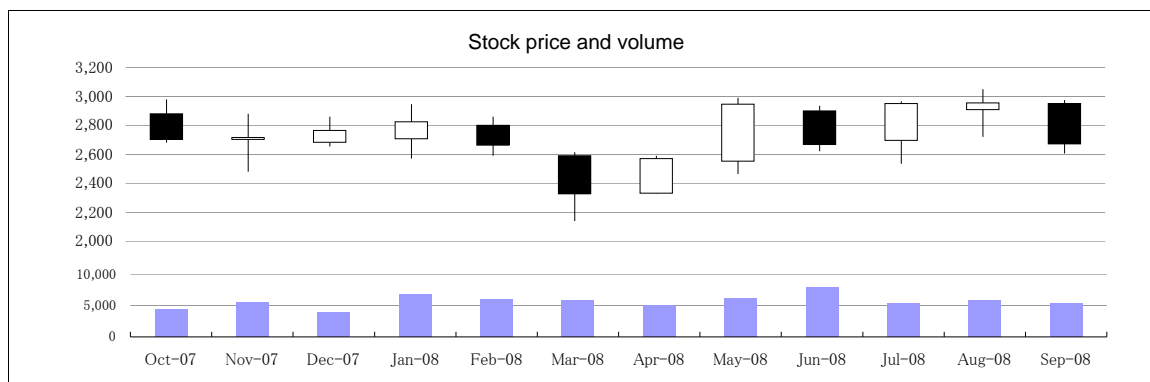
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# Stock information

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

(Yen and thousand shares)

	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Stock price:												
Open	2,880	2,700	2,680	2,705	2,800	2,590	2,330	2,550	2,900	2,695	2,905	2,950
High	2,980	2,880	2,860	2,945	2,860	2,615	2,590	2,990	2,935	2,965	3,050	2,975
Low	2,680	2,480	2,655	2,570	2,590	2,140	2,325	2,465	2,620	2,535	2,720	2,605
End of month	2,700	2,715	2,765	2,825	2,660	2,325	2,570	2,945	2,665	2,950	2,955	2,670
Volume	4,339	5,471	3,827	6,859	6,027	5,805	4,952	6,183	7,886	5,282	5,877	5,414



## ■ Major shareholders

As of September 30, 2008

Name	Number of shares held	Percentage of investment
	Thousand shares	%
Japan Trustee Service Bank, Ltd.	11,461	13.2
Mita Sangyo Co., Ltd.	4,756	5.5
Japan master Trust and Banking Co., Ltd.	4,398	5.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,241	4.9
Nippon Life Insurance Company	3,043	3.5
Trust & Custody Services Bank, Ltd.	2,871	3.3
The Tokio Marine and Nichido Fire Insurance Co., Ltd.	2,668	3.1
The Silchester International Investors International Value Equity Trust	2,636	3.0
DAIICHI SANKYO COMPANY, LIMITED	1,642	1.9
Northern Trust CO. AVFC Re U.S. tax exempted Pension Funds	1,573	1.8

Note: Santen Pharmaceutical Co., Ltd has held the treasury stock (1,891 thousand shares), but it is excluded from the major shareholders.

## ■ Stock option

At half-year/year end	3/2004	3/2005	3/2006	3/2007	3/2008	9/2008
Stock option balance (thousand shares)	472.6	504.3	541	569.6	627.5	747.7
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	37
Granted in June 2000 - 60 thousand shares at 2,705 yen/share	60	60	58	48.2	46.2	45.2
Granted in June 2001 - 55 thousand shares at 2,299 yen/share	55	55	42.6	38.6	38.6	34
Granted in June 2002 - 92 thousand shares at 1,326 yen/share	92	72.5	53.7	32.1	30.9	27.4
Granted in June 2003 - 137.6 thousand shares at 1,176 yen/share	137.6	137.6	95	72.9	55.2	48.6
Granted in June 2004 - 78.2 thousand shares at 1,743 yen/share	—	78.2	78.2	73.9	66.1	64.3
Granted in June 2005 - 129.2 thousand shares at 2,480 yen/share	—	—	129.2	129.2	127.5	127.5
Granted in June 2006 - 102.7 thousand shares at 2,715 yen/share	—	—	—	102.7	102.7	102.7
Granted in June 2007 - 99.3 thousand shares at 3,050 yen/share	—	—	—	—	99.3	99.3
Granted in June 2008 - 161.7 thousand shares at 2,734 yen/share	—	—	—	—	—	161.7

## ■ Purchase of Treasury stock

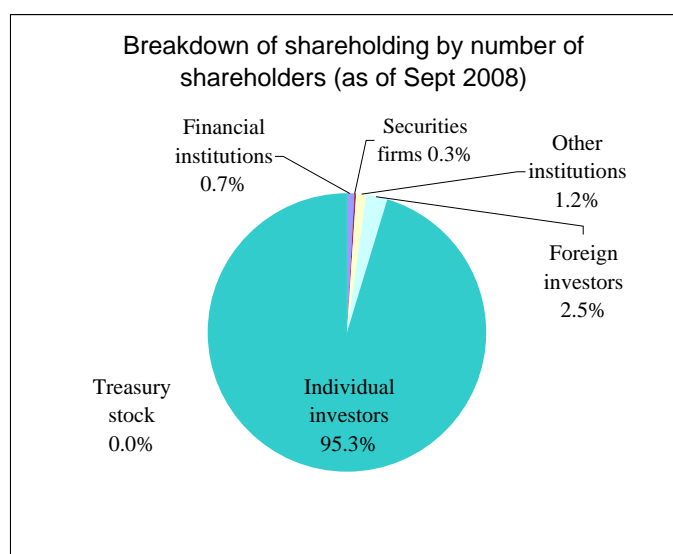
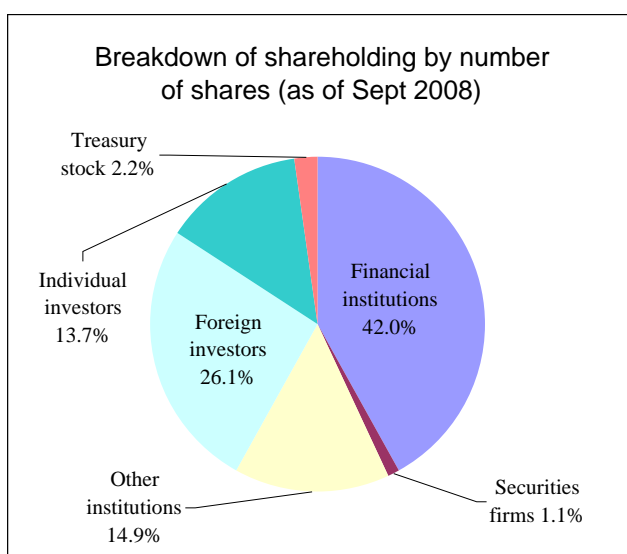
	3/2004	3/2005	3/2006	3/2007	3/2008	9/2008
A purchased amount of money (millions of yen)	—	2,569	—	—	4,800	—
The number of the purchased stocks (thousand shares)	—	1,351	—	—	1,833	—

■ Breakdown of shareholding by number of shares

At half-year/year end	9/2006		3/2007		9/2007		3/2008		9/2008	
	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)	Thousand shares	Proportion (%)
Financial institutions	31,242	36.0	30,366	35.0	31,159	35.9	33,186	38.2	36,474	42.0
City & regional banks	4,646	5.3	4,628	5.3	4,702	5.4	4,907	5.6	4,873	5.6
Trust banks (concerned in trust works)	18,561	21.4	17,049	19.6	17,068	19.7	19,133	22.0	22,428	25.8
Life and non-life insurance	7,898	9.1	8,470	9.8	9,111	10.5	8,924	10.3	8,718	10.1
Other financial institutions	135	0.2	217	0.3	278	0.3	221	0.3	455	0.5
Securities firms	1,129	1.3	1,486	1.7	488	0.6	585	0.7	924	1.1
Other institutions	11,989	13.8	12,375	14.2	12,851	14.8	13,014	15.0	13,003	14.9
Foreign investors	30,085	34.7	31,024	35.7	29,514	34.0	25,227	29.0	22,712	26.1
Individual investors	12,286	14.1	11,521	13.3	12,784	14.7	12,963	14.9	11,904	13.7
Treasury Stock	46	0.1	50	0.1	53	0.0	1,888	2.2	1,891	2.2
<b>Total</b>	<b>86,781</b>	<b>100.0</b>	<b>86,825</b>	<b>100.0</b>	<b>86,849</b>	<b>100.0</b>	<b>86,866</b>	<b>100.0</b>	<b>86,908</b>	<b>100.0</b>

■ Breakdown of shareholding by number of shareholders

At half-year/year end	9/2006		3/2007		9/2007		3/2008		9/2008	
	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)	Number of shareholders	Proportion (%)
Financial institutions	97	0.8	88	0.9	97	0.7	88	0.6	87	0.7
City & regional banks	8	0.1	7	0.1	10	0.1	14	0.1	11	0.1
Trust banks	49	0.4	44	0.4	37	0.3	30	0.2	29	0.2
Life and non-life insurance	27	0.2	26	0.3	34	0.2	29	0.2	34	0.3
Other financial institutions	13	0.1	11	0.1	16	0.1	15	0.1	13	0.1
Securities firms	27	0.2	37	0.4	42	0.3	38	0.3	34	0.3
Other institutions	214	1.8	133	1.3	172	1.4	150	1.2	137	1.2
Foreign investors	276	2.3	306	3.0	287	2.3	268	2.1	285	2.5
Individual investors	11,348	94.9	9,451	94.4	12,042	95.3	12,568	95.8	10,946	95.3
Treasury stock	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
<b>Total</b>	<b>11,963</b>	<b>100.0</b>	<b>10,016</b>	<b>100.0</b>	<b>12,641</b>	<b>100.0</b>	<b>13,113</b>	<b>100.0</b>	<b>11,490</b>	<b>100.0</b>



# 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.

## News releases during April 2008-September 2008

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

- | (Date)        | (Summary)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2008</b>   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>7-May</b>  | <b>Santen Oy Receives Marketing Authorization for its Glaucoma and Ocular Hypertension Treatment, TAFLOTAN™ in Denmark</b><br>Santen Oy, a wholly owned subsidiary in Finland, Tampere, received the marketing authorization for its new glaucoma and ocular hypertension treatment drug TAFLOTAN (development code: DE-085, generic name: Tafluprost) in Denmark on April 30, 2008.                                                                                                                                                                                                                                                |
| <b>23-May</b> | <b>Santen to Issue Stock Acquisition Rights to the Directors for the Purpose of Granting Stock Options</b><br><b>Santen to Issue Stock Acquisition Rights to the Corporate Officers for the Purpose of Granting Stock Options</b><br>Santen's Board of Directors on May 20, 2008 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 96th Annual General Meeting held on June 25, 2008.                                                                                                          |
| <b>2-Jun</b>  | <b>Santen Files Manufacturing and Marketing Approval for Corneal and Conjunctival Epithelial Disorder Treatment DE-089 (JAN: Diquafosol sodium)</b><br>Santen Pharmaceutical Co., Ltd. filed manufacturing and marketing approval for its corneal and conjunctival epithelial disorder treatment DE-089 (JAN: Diquafosol sodium) to the Japanese Ministry of Health, Labour and Welfare on May 30, 2008.                                                                                                                                                                                                                            |
| <b>2-Jun</b>  | <b>Santen and Macusight Announce Collaboration and License Agreement for Sirolimus in Ocular Diseases and Conditions</b><br>Santen Pharmaceutical Co., Ltd. and MacuSight, Inc. entered into a research and development collaboration and license agreement for the Japanese and Asian development and commercialization of sirolimus for the treatment of ocular diseases and conditions including wet age related macular degeneration (wet AMD) and diabetic macular edema (DME). Sirolimus, ordinaly known as rapamycin, is a highly-potent, broad-acting compuond that has demonstrated the ability to combat a broad range of |
| <b>10-Jun</b> | <b>Revision of Performance Forecast</b><br>Santen Pharmaceutical Co., Ltd. revised its performance forecasts for the first half and full year of fiscal 2008, which were announced on May 8, 2008.                                                                                                                                                                                                                                                                                                                                                                                                                                  |

