

NOTICE: This is a translation of an announcement in Japanese issued on June 3, 2014 and is made solely for the convenience of foreign shareholders. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

June 3, 2014

Announcement of A Material Subsequent Event

Dear Shareholder:

We hereby announce a material subsequent event (the Signing of Agreement between Merck & Co., Inc. for the Purchase of Assets in Ophthalmology), which occurred on May 13, 2014 as follows:

The Board of Directors of the Company passed a resolution in a meeting held on May 13, 2014 on the entry into an agreement with Merck & Co., Inc. (“Merck”) (Whitehouse Station, NJ, U.S.A., known as MSD outside of the U.S.A. and Canada) on the Company’s acquisition of Merck’s nine items of ophthalmology products (the “Product”) in Japan, Europe, and Asia Pacific as well as a set of titles and the like related thereto (the “Assets”) (that agreement, the “Agreement”); the Company executed the Agreement on the same day.

Under the terms of the Agreement, upon closing, the Company will make an upfront payment of approximately USD 600 million as purchase price, and, there is also a possibility that additional payments based on the prescribed sales milestones may accrue. Further, under the Agreement, the Company will receive supply from Merck, the Products for a period of two to five years. The closing of the purchase of the Assets under the Agreement is subject to certain conditions, including those related to the antitrust laws of Japan and other conditions related to specific markets or regions. The closing of the purchase of the Assets under the Agreement is expected to be effected in a few months.

Grounds for the Execution of the Agreement

The Company is continuing its various efforts to achieve its long term strategic vision of becoming “A Specialized Pharmaceutical Company with a Global Presence” by 2020. The Company aims to contribute even further in meeting patients’ needs for medical care by enhancing, through the purchase of the Assets under the Agreement, the Company’s product lineup of therapeutic agents for glaucoma and for ocular hypertension. In the Japanese market, the Company aims to strengthen its business related to glaucoma by obtaining new products. Also, in Asia and Europe, the Company aims to accelerate the expansion of its overseas business by gaining access to countries and regions where the Company has not yet developed its business. Concurrently, the Company considers that the acquisition of the glaucoma-related products will allow it to bolster the business foundations.

For details of the execution of the Agreement, please refer to “Santen Announces the Signing of Agreement between Merck for the Purchase of Assets in Ophthalmology” dated May 13, 2014, which was publicized on the Company’s website (<http://www.santen.com/en/ir/>).

Yours very truly,

Akira Kurokawa
President & CEO

SANTEN PHARMACEUTICAL CO., LTD.

9-19, Shimoshinjo 3-chome, Higashiyodogawa-ku, Osaka, Japan