

News Release



Santen to Grant Rights to Subscribe for New Shares as Stock Options to Directors as Stock-Linked Remuneration

May 8, 2013, Osaka, Japan – Santen Pharmaceutical Co., Ltd. (the “Company”) announced that its Board of Directors, at a meeting held today, adopted a resolution to make a proposal at the 101st Annual General Meeting of the Shareholders, to be held on June 25, 2013, to obtain the shareholders’ approval to “grant rights to subscribe for new shares as stock options to Directors as stock-linked remuneration” (the “Proposal”), the details of which are described below, pursuant to the provisions of Article 361 of the Companies Act.

Details

1. Purpose

The Company reviewed its remuneration system for the executives, aiming to strengthen its features to reward the executives for the Company’s achievement of the medium-and-long-term goals and the enhancement of shareholder value.

As part of the said review, the Proposal would seek to obtain shareholders’ approval to issue rights to Directors (excluding the Outside Directors) to subscribe for new shares as stock-linked remuneration.

Please be advised that the amount of the right to subscribe for new shares will be established separately from the remuneration of the Directors of the Company, the amount of which is not more than 430 million *yen* per year, and which was resolved at the 98th Annual General Meeting held on June 23, 2010. The number of Directors to be granted the right to subscribe for new shares will be two (2) if the appointment of the Directors to be proposed at the 101st Annual General Meeting of the Shareholders is passed through a resolution.

2. Class and number of shares to be issued for rights to subscribe for new shares

(1) Class of shares to be issued

Common stock of the Company

(2) Number of shares to be issued

100 shares of the common stock of the Company shall be issued per one (1) right to subscribe for new shares. In the event it is necessary to adjust the number of shares to be issued for the rights to subscribe for new shares, including cases where the Company conducts a free share allotment, a splitting of shares or consolidation of shares, the

Company may make the adjustment to the extent it is reasonable.

3. Aggregate number of rights to subscribe for new shares

The maximum number of the rights to subscribe for new shares to be issued within one (1) year starting from the date of the Annual General Meeting of the Shareholders for each fiscal year shall be 600.

4. Value of the property to be contributed upon the exercise of each right to subscribe for new shares

The value of the property to be contributed upon the exercise of each right to subscribe for new shares shall be the amount to be paid (as a result of the said exercise) which is one (1) *yen* per share multiplied by the number of shares to be granted.

5. Period during which rights to subscribe for new shares may be exercised

From the date when three (3) years after the allotment of the right to subscribe for new shares lapses up to the date when ten (10) years after the said allotment lapses.

6. Restriction on the transfer of rights to subscribe for new shares

The transfer of rights to subscribe for new shares shall require the approval of the Board of Directors of the Company.

7. Conditions for exercising rights to subscribe for new shares

- (1) A grantee shall be required to hold the post of Director of the Company during the period for exercising the rights to subscribe for new shares; however, the foregoing shall not apply in the event that the grantee retires due to the expiration of the term of office or if there is any other legitimate reason.
- (2) A partial exercise of one (1) right to subscribe for new shares may only be made if the number of shares to be issued for the right to subscribe for new shares is an integral multiple of the number of shares for one (1) stock trade unit of the Company.
- (3) In the event of the death of a grantee, a successor may exercise the rights to subscribe for new shares.
- (4) Other details relating to the exercise of the rights to subscribe for new shares shall be determined in accordance with the agreement with respect to the granting of rights to subscribe for new shares, which shall be concluded between the Company and the grantees, pursuant to resolutions to be made at the 101st Annual General Meeting of Shareholders and the meeting of the Board of Directors regarding the issuance of rights to subscribe for new shares.

For your reference:

The Company intends to issue identical stock options to the Corporate Officers who do not hold the post of Director in the Company. The maximum number of the rights to

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subscribe for new shares to be issued to the Corporate Officers within one (1) year starting from the date of the Annual General Meeting of the Shareholders for each fiscal year shall be 1,000.