



Santen Pharmaceutical Co., Ltd.

Investor Meeting on 2Q of FY2008 Results

**Financial Results for the 2Q of FY2008;
Financial Forecast for the FY2008;**

November 7, 2008

President & CEO

Akira Kurokawa



Financial Results for the 2Q FY2008



Performance Overview of 2Q FY2008

(billions of yen)

	FY2007 1st Half Actual	FY2008 1st Half Actual	Var %	FY2008 1st Half Forecast*	Var %
Net Sales	51.9	52.2	0.5%	52.0	0.4%
Operating Income	10.6	5.6	- 47.2%	4.2	34.2%
Ordinary Income	10.9	6.0	- 45.2%	4.7	28.0%
Net Income	6.9	3.7	- 46.2%	3.1	20.1%

*As of August 4, 2008

Summary of FY2008 1st Half

1. Strengthened pipeline in retinal category by obtaining the license of DE-109 (Sirolimus).

- R&D expense increased by ¥5.3 billion, and revised the forecast* on June 10.
 - Forecasted operating income: Original ¥9.5 billion → Revised ¥4.2 billion → Actual ¥5.6 billion
 - Forecasted net income: Original ¥6.3 billion → Revised ¥3.1 billion → Actual ¥3.7 billion

2. Other than the new licensing, overall achieved the announced forecasts*.

- Sales: Achieved in-line with forecasts except for Papilock Mini
- SGA: Reduced the percentage of SGA excl. R&D in net sales to 31.3% (cf. 32.0% in FY2007 1st half), by flexible control on sales promotion expense.
- Cost of Sales: Reduced to 35.3% (cf. 1Q FY2008: 35.9%), due to the change of the product mix.

3. TAFLUPROST obtained approvals, and launched in several countries.

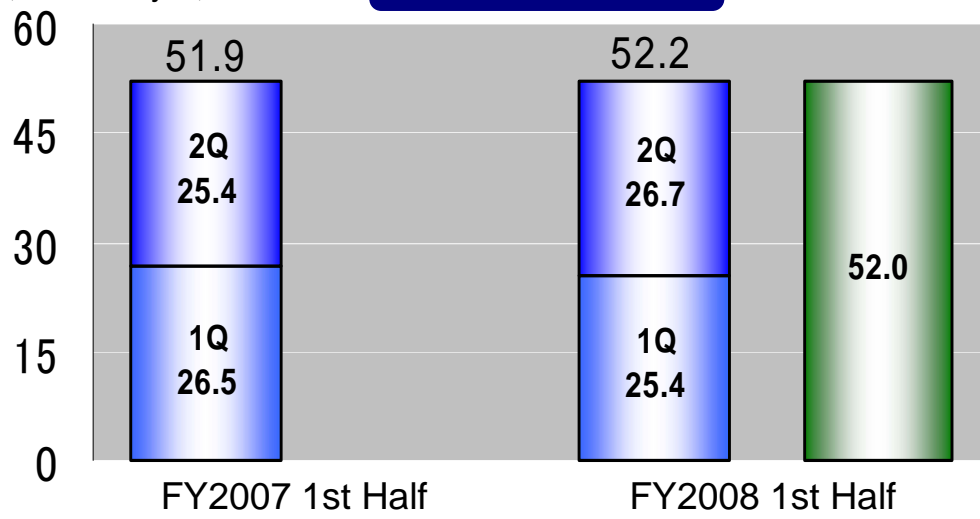
- Approved: Denmark, Germany, Finland, Austria, Czech, Sweden, Japan, etc.
- Launched: Germany, Denmark
- To be launched soon: Japan



Performance Overview of 2Q FY2008

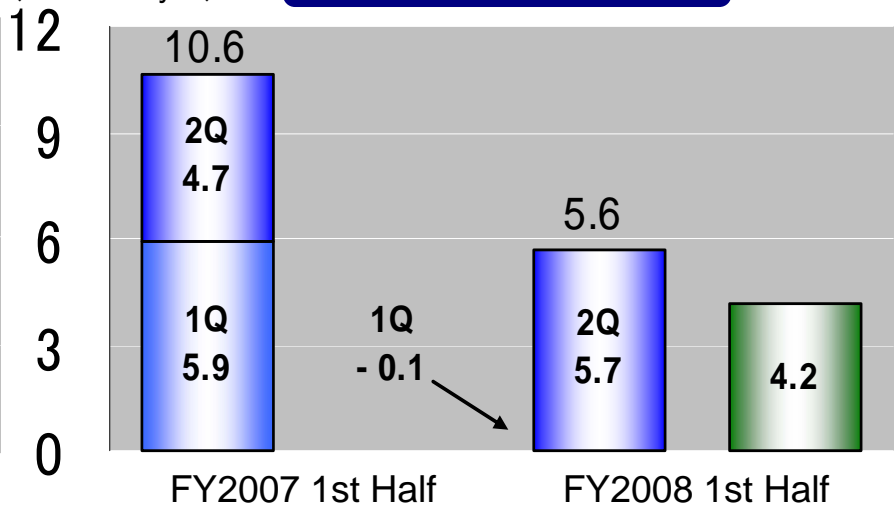
Net Sales

(billions of yen)



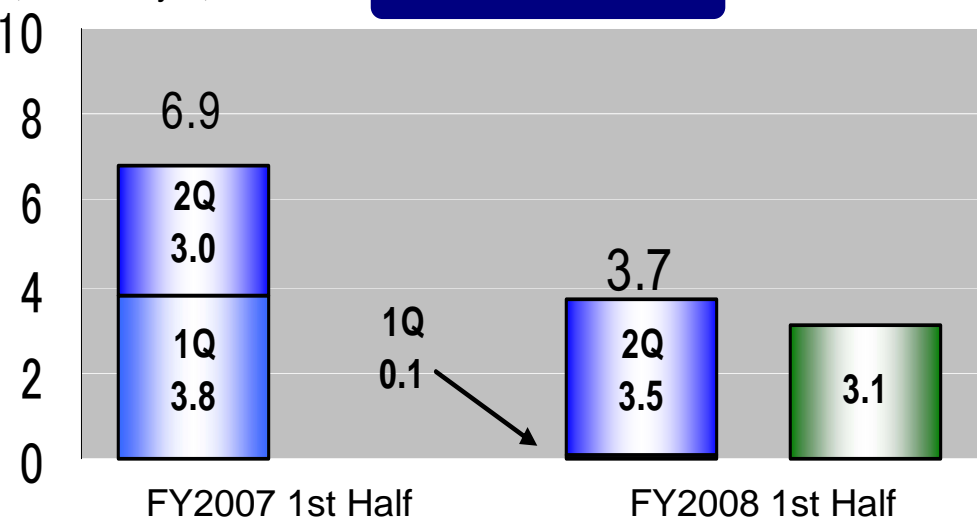
Operating Income

(billions of yen)



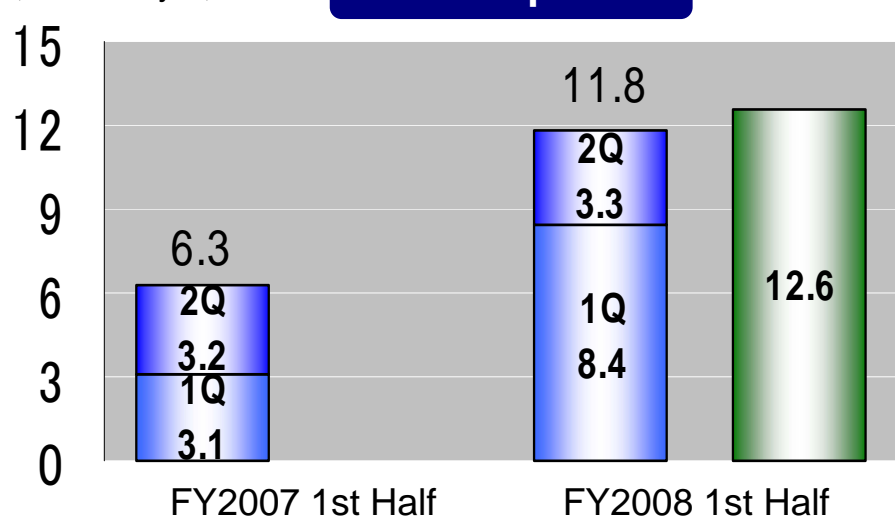
Net Income

(billions of yen)



R&D Expense

(billions of yen)



*As of August 4, 2008



Net Sales: Variances (vs. 2Q FY2007)

**FY2007
1st Half**

**Net Sales
(Actual)**

¥51.94 billion

**+ ¥0.27
billion**



**FY2008
1st Half**

**Net Sales
(Actual)**

¥52.21 billion

Japan +¥0.51 billion

- Prescription Ophthalmics + ¥0.48 billion
- RA drugs + ¥0.14 billion
- OTC drugs - ¥0.07 billion
- Others - ¥0.05 billion

Outside Japan - ¥0.24 billion

- Europe + ¥0.32 billion
- exchange impact: + ¥0.03 billion
- U.S. - ¥0.38 billion
- exchange impact: ±¥0.00 billion
- Asia - ¥0.18 billion

Prescription Ophthalmics (Japan)

- Anti-infective - ¥0.05 billion
- Corneal Disease + ¥0.88 billion
- Anti-glaucoma - ¥0.31 billion
- Anti-allergy + ¥0.09 billion
(Papilock Mini: + ¥0.16 billion)
- Others - ¥0.11 billion

Europe

- Prescription Ophthalmics + ¥0.27 billion
- East Europe + ¥0.14 billion
- North Europe + ¥0.07 billion
- Germany + ¥0.03 billion
- Russia + ¥0.01 billion
- Contract Manufacturing, etc. + ¥0.04 billion

United States

- Prescription Ophthalmics - ¥0.02 billion
- Contract Manufacturing, etc. - ¥0.34 billion



Net Sales: Variances (vs. August Announcement)

**FY2008
1st Half**

**Net Sales
(Forecast*)**

¥52.00 billion

**+ ¥0.21
billion**



**FY2008
1st Half**

**Net Sales
(Actual)**

¥52.21 billion

Japan - ¥0.08 billion

- Prescription Ophthalmics + ¥0.08 billion
- Medical Devices + ¥0.02 billion
- OTC Drugs - ¥0.06 billion

Outside Japan + ¥0.29 billion

- Europe + ¥0.10 billion
- exchange impact: + ¥0.22 billion
- U.S. + ¥0.06 billion
- exchange impact: + ¥0.02 billion
- Asia + ¥0.13 billion

Prescription Ophthalmics (Japan)

- Anti-infective + ¥0.86 billion
- Corneal Disease + ¥0.21 billion
- Anti-glaucoma + ¥0.21 billion
- Anti-allergy - ¥1.17 billion
(Papilock Mini: - ¥0.91 billion)

Europe

- Prescription Ophthalmics + ¥0.03 billion
 - East Europe - ¥0.05 billion
 - North Europe + ¥0.05 billion
 - Germany - ¥0.03 billion
 - Russia ±¥0.00 billion
 - West Europe + ¥0.04 billion
- Contract Manufacturing, etc. + ¥0.06 billion

United States

- Prescription Ophthalmics + ¥0.03 billion
- Contract Manufacturing, etc. + ¥0.02 billion

*As of August 4, 2008



Summary of Changes in Income Statement

(billions of yen)

	FY2007 1st Half Actual	FY2008 1st Half		Major Changes
		Actual	Var	
Net Sales	51.9	52.2	0.3	(Stated in other pages)
Cost of Sales (% of net sales)	18.3 35.2%	18.4 35.3%	0.1 0.1 pt	
SGA Total (% of net sales)	22.9 44.3%	28.1 53.9%	5.2 9.6 pt	
SGA excluding R&D (% of net sales)	16.6 32.0%	16.3 31.3%	-0.3 -0.7 pt	- Japan: SGA expense decrease (- ¥0.3 billion) - Asia: SGA expense increase (+ ¥0.1 billion)
R&D Expense (% of net sales)	6.3 12.2%	11.8 22.7%	5.5 10.5 pt	- Expense increase in Retina/Cornea, etc. (+ ¥5.5 billion)
Operating Income (% of net sales)	10.6 20.5%	5.6 10.8%	-5.0 -9.7 pt	
Non-operating Income of Loss	0.3	0.3	0.0	
Non-operating Income	0.5	0.7	0.2	
Non-operating Expense	0.2	0.4	0.2	
Ordinary Income	10.9	6.0	-4.9	
Extraordinary Gain or Loss	0.0	0.0	0.0	
Extraordinary Gain	0.0	0.0	0.0	
Extraordinary Loss	0.0	0.0	0.0	
Net Income before Tax	10.9	5.9	-5.0	
Income Taxes	4.0	2.2	-1.8	Tax rate: 36.7% (FY07 1st Half) 37.9% (FY08 1st Half)
Net Income	6.9	3.7	-3.2	



Financial Forecast for the FY2008

Smooth Market Introduction of TAPROS

Accelerate the market growth of dry eye
by continuing disease awareness campaign

Control SGA with clear prioritization of sales
promotion

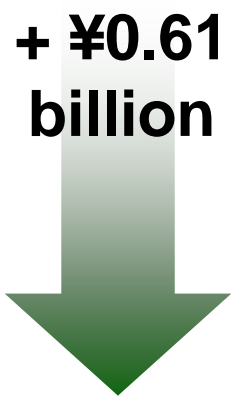
Fully execute R&D activities as planned



Net Sales: Variances (vs. FY2007)

FY2007
Net Sales
(Actual)
¥103.39 billion

+ ¥0.61
billion



FY2008
Net Sales
(Forecast)
¥104.00 billion

Japan +¥1.16 billion

- Prescription Ophthalmics + ¥0.22 billion
- RA Drugs + ¥0.29 billion
- Medical Devices + ¥0.71 billion

Outside Japan - ¥0.55 billion

- Europe + ¥0.47 billion
 - Currency Exchange Impact: - ¥0.40 billion
- U.S. - ¥0.94 billion
 - Currency Exchange Impact: - ¥0.05 billion
- Asia - ¥0.10 billion

Prescription Ophthalmics (Japan)

- Anti-infective - ¥1.62 billion
- Corneal Disease + ¥1.05 billion
- Anti-glaucoma - ¥0.04 billion
- Anti-allergy + ¥1.15 billion
- Viscoelastics + ¥0.02 billion
- Others - ¥0.32 billion

Europe

- Prescription Ophthalmics + ¥0.60 billion
 - East Europe + ¥0.41 billion
 - North Europe - ¥0.06 billion
 - Germany + ¥0.16 billion
 - Russia - ¥0.01 billion
- Contract Manufacturing, etc. - ¥0.13 billion

United States

- Prescription Ophthalmics - ¥0.15 billion
- Contract Manufacturing, etc. - ¥0.78 billion



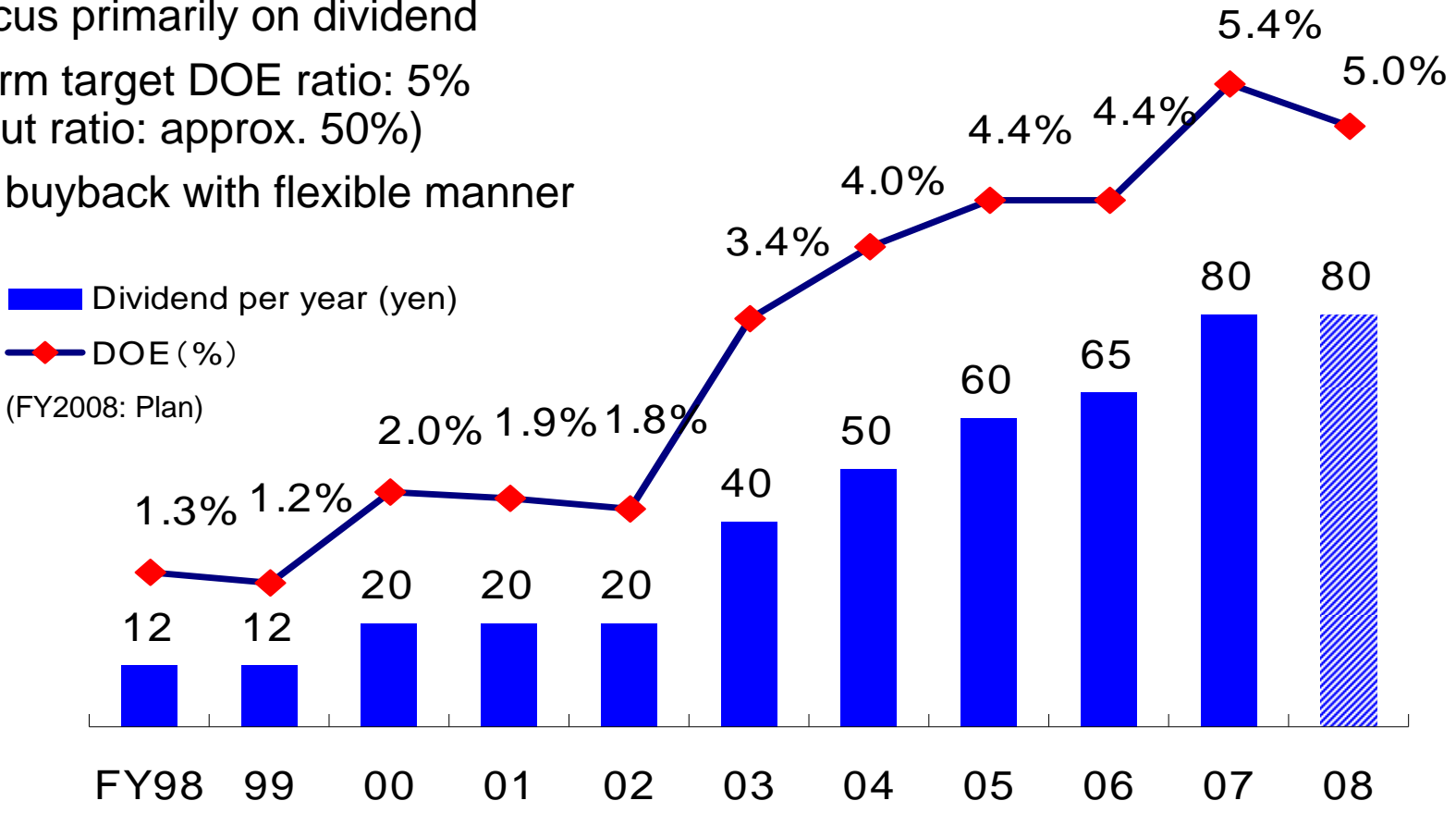
Sales/Income Outlook for the FY2008

(billions of yen)

	FY2007 Actual	FY2008	
		Forecast	Var
Net Sales	103.3	104.0	0.7
Cost of Sales	36.5	36.3	- 0.2
(% of net sales)	35.3 %	34.9 %	- 0.4 pt
SGA Total	46.5	52.6	6.1
(% of net sales)	45.0 %	50.6 %	5.6 pt
SGA excluding R&D	33.5	33.2	- 0.3
(% of net sales)	32.5 %	31.9 %	- 0.6 pt
R&D Expense	12.9	19.4	6.5
(% of net sales)	12.5 %	18.7 %	6.2 pt
Operating Income	20.3	15.1	- 5.2
(% of net sales)	19.7 %	14.5 %	- 5.2 pt
Non-operating Income or Loss	0.3	0.5	0.2
Ordinary Income	20.7	15.6	- 5.1
Extraordinary Income or Loss	- 0.2	0.0	0.2
Net Income before Tax	20.4	15.6	- 4.8
Income Taxes	7.8	5.8	- 2.0
Net Income	12.6	9.8	- 2.8
ROE	9.9%	7.6%	- 2.3 pt

S Enhancing Return to Shareholders

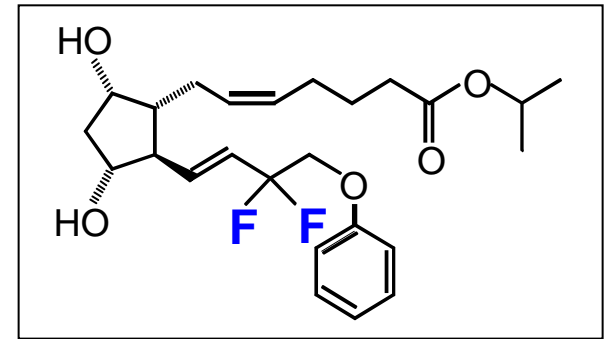
- Firstly, we consider the cash demand and financial forecast for R&D expense, investment for future growth
- Return to shareholders:
 - Focus primarily on dividend
- Mid-term target DOE ratio: 5% (pay-out ratio: approx. 50%)
- Share buyback with flexible manner



Pay out ratio(%)	14.1	14.4	24.6	34.9	21.4	55.8	39.7	39.9	42.9	54.7	69.4
Sum of share buyback (billions of yen)	0	0	51	32	32	0	26	0	0	48	-
Total return ratio (%)	14.1	14.4	92.0	96.4	59.5	55.8	63.3	39.9	42.9	85.8	-

TAPROS[®] Ophthalmic Solution (Japan) (TAFLOTAN[®] in Europe)

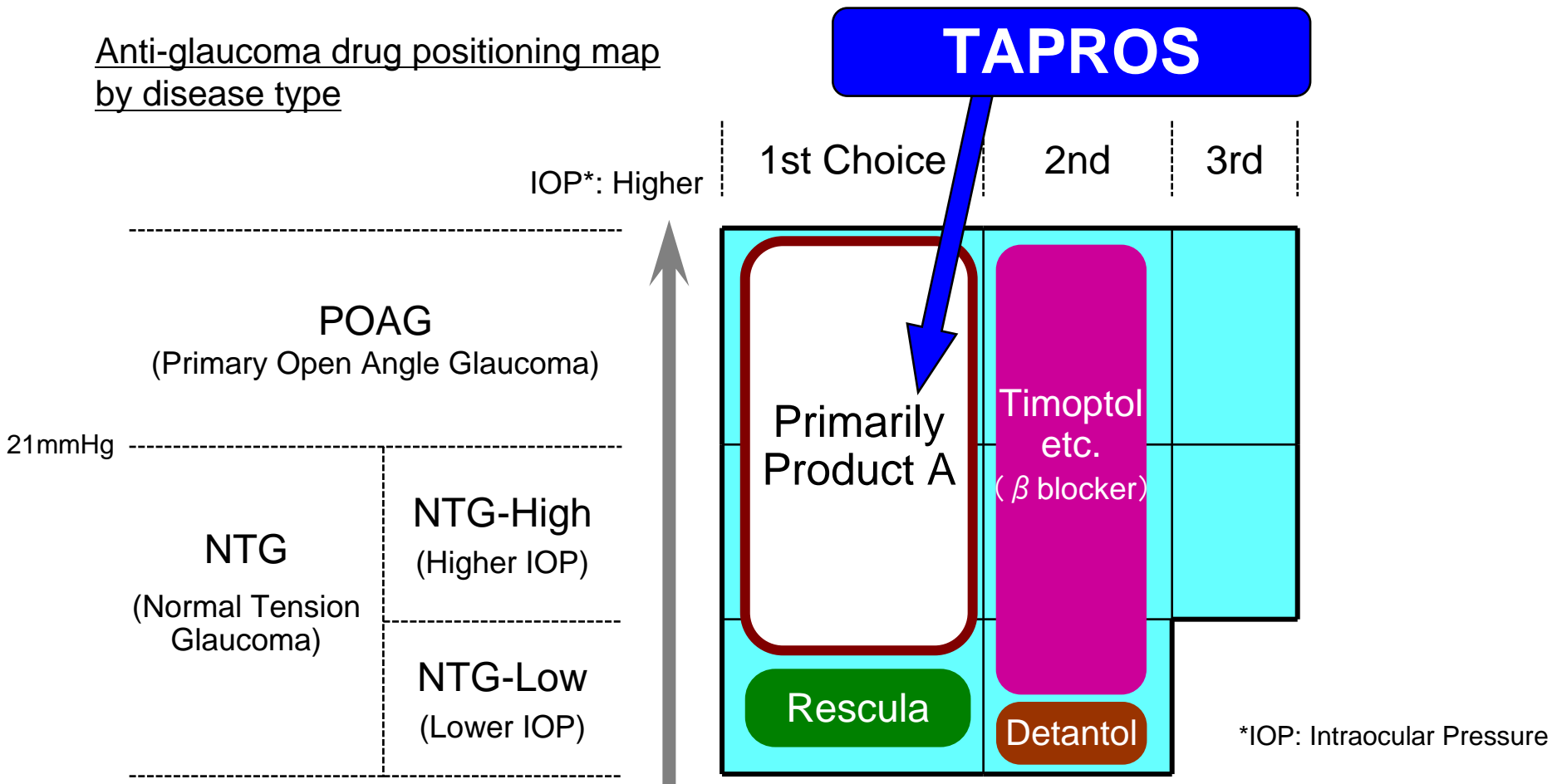
- ➔ **Generic Name: Tafluprost**
- ➔ **Indication: Glaucoma, Ocular Hypertension**
- ➔ **Developer: Co-developed by Asahi Glass, Santen**
- ➔ **Category: Prostaglandin F_{2α} analogue**
- ➔ **Characteristics:**
 - **Potent and stable IOP-lowering effect.**
 - **The first drug in which the submission package includes the data of prospective and randomized clinical trial to evaluate efficacy in normal tension glaucoma patients .**
 - **Increase retinal arterial blood flow around the optic disk, as well as increasing the blood flow in the retinal tissue.**
 - **The formulation remains stable under room temperature for 3 years.**



S TAPROS: Product Positioning (Japan)

- Santen does not have the product for the primary 1st choice of glaucoma.
- TAPROS enables us to expand our business to the biggest part of glaucoma, i.e., majority of the 1st choice where currently Xalatan owns.

Anti-glaucoma drug positioning map by disease type

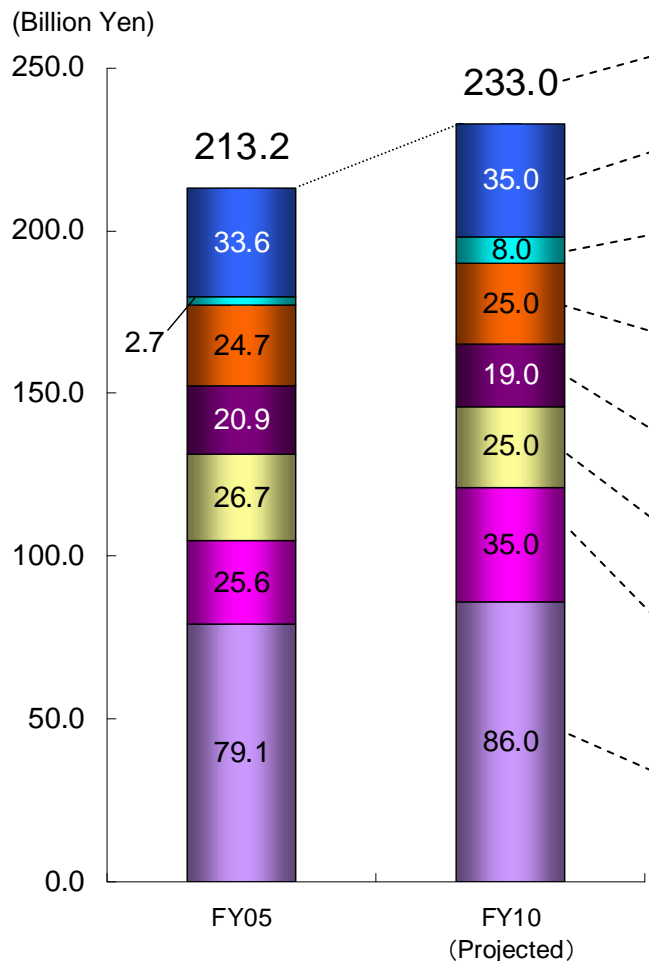




Reference: Focusing in High Potential Growth Area

- Focusing our resources in area with a prospectively strong growth outlook and are looking to achieve above-average growth.

Ophthalmic Market in Japan



	CAGR (FY05-10)	Santen Products (in market)	Santen Share (FY08 1st Half)	Pipeline
Ophthalmics Total	approx. +2%		39.1%	
Others	approx. +1%	Opegan HI Kary Uni	43.5%	
Retina (AMD/DME)	approx. +24%		—	DE-109 DE-102
Anti-Allergy	approx. +0.5%	Livostin	23.9%	DE-103
Inflammatory	approx. -1%	Flumetholon	35.0%	
Infection	approx. -1%	Cravit Tarivid	71.1%	DE-108
Corneal Disease (Dry Eye)	approx. +6%	Hyalein	77.9%	DE-089 DE-101 DE-105
Glaucoma	approx. +3%	Timoptol/XE Rescula Detantol	19.7%	DE-085 DE-104 DE-092 DE-090

- All numbers are NHI price base



References



**Reference:
Financial Results for the
2Q FY2008**



Net Sales by Business Segment / Overseas Sales

■ Sales by Business Segment

(billions of yen)

	FY2008 1st Half					
	Domestic		Overseas		Total	
	Actual	Var	Actual	Var	Actual	Var
Prescription Pharmaceuticals	41.71	1.5 %	6.89	1.2 %	48.60	1.5 %
Ophthalmics	36.61	1.3 %	6.85	1.7 %	43.46	1.4 %
Anti-rheumatics	4.96	3.0 %	0.02	- 67.1 %	4.98	2.1 %
Others	0.13	6.5 %	0.01	121.0 %	0.15	14.2 %
OTC Drugs	2.71	- 2.8 %	0.00	- 47.9 %	2.72	- 2.9 %
Medical Devices	0.22	4.1 %	—	—	0.22	- 2.1 %
Others	0.24	- 17.9 %	0.41	- 42.2 %	0.66	- 35.2 %
Total	44.89	1.2 %	7.31	- 3.2 %	52.21	0.5 %

■ Overseas Sales

(billions of yen)

	FY2007 1st Half Actual	FY2008 1st Half		
		Actual	Var	Var
Europe	4.22	4.54	0.32	7.5 %
U.S.	0.82	0.44	- 0.38	- 45.2 %
Asia	2.50	2.32	- 0.18	- 7.5 %
Others	0.00	0.00	0.00	—
Total	7.55	7.31	- 0.24	- 3.2 %

Performance by Geographic Segment

■ Net Sales

(billions of yen)

	FY2007 1st Half Actual	FY2008 1st Half	
		Actual	Var
Japan	46.4	46.7	0.3
Europe & U.S.	5.1	5.0	- 0.1
Europe	4.2	4.6	0.4
U.S.	0.8	0.4	- 0.4
Others*	0.3	0.4	0.1
Total	51.9	52.2	0.3

■ Operating Income

(billions of yen)

	FY2007 1st Half Actual	FY2008 1st Half	
		Actual	Var
Japan	11.6	6.8	- 4.8
Europe & U.S.	0.4	0.1	- 0.3
Europe	0.0	0.0	0.0
U.S.	0.3	0.0	- 0.3
Others*	- 0.3	- 0.1	0.2
Elimination	- 1.0	- 1.2	- 0.2
Total	10.6	5.6	- 5.0

* "Others" are U.S. Korea and Taiwan. Details of major sales and expenses of "Others" are noted below.

- Sales: Prescription pharmaceuticals in Korea and Taiwan

- Expenses: R&D expenses for medical devices in the U.S.

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).

Balance Sheet

(billions of yen)

	As of End-March, 2008		As of End-September, 2008		
	Actual	% of Total	Actual	% of Total	Var
Current Assets	102.7	65.6 %	99.0	64.2 %	- 3.7
Fixed Assets	53.5	34.2 %	55.3	35.8 %	1.8
Deferred Assets	0.2	0.2 %	-	-	- 0.2
Total Assets	156.5	100.0 %	154.3	100.0 %	- 2.2
Current Liabilities	26.5	17.0 %	23.6	15.3 %	- 2.9
Non-current Liabilities	2.8	1.8 %	3.1	2.1 %	0.3
Total Liabilities	29.4	18.8 %	26.8	17.4 %	- 2.6
Total Net Assets	127.1	81.2 %	127.5	82.6 %	0.4
Total Liabilities Net Assets	156.5	100.0 %	154.3	100.0 %	- 2.2

Major Changes

- Current Assets: Cash and deposits - ¥4.5 billion, notes and accounts receivable-trade +¥1.1 billion
- Current Liabilities: Other payable + ¥2.5 billion, Current portion of long-term debt -¥5.0billion
- Net Assets: [Increase] Net income + ¥3.7 billion
[Decrease] Cash dividends - ¥3.3 billion



Summary of Cash Flows

(billions of yen)

	FY2008 1st Half Actual
Cash and cash equivalents at the beginning of the year	51.6
Net increase/decrease in cash and cash equivalents	- 5.0
Cash flows from operating activities	5.2
Cash flows from investing activities	- 2.1
Cash flows from financial activities	- 8.4
Effect of exchange rate changes on cash and cash equivalents	0.1
Cash and cash equivalents at the end of the year	46.6

Note: "Cash and cash equivalents" include cash equivalents thus differ from "cash and deposits" in the Balance Sheets.



Capital Expenditures / Depreciation & Amortization / Lease Expenses

(billions of yen)

	FY2007 1st Half Actual	FY2008 1st Half	
		Actual	Var
Capital Expenditures	1.7	1.0	- 0.7
Depreciation and Amortization	1.6	1.6	±0.0
Lease	0.5	0.4	- 0.1

Major Capital Expenditures for FY2008 1st Half

- Plant construction in China: ¥0.3 billion
- Remodeling of existing production facilities and replacing of machinery for R&D: ¥0.2 billion



**Reference:
Financial Forecasts for the
FY2008**



Sales Forecast by Business Segment / Overseas Sales

■ Sales by Business Segment

(billions of yen)

	FY2008					
	Domestic		Overseas		Total	
	Forecast	Var	Forecast	Var	Forecast	Var
Prescription Pharmaceuticals	82.55	0.6 %	13.61	2.9 %	96.17	0.9 %
Ophthalmics	72.53	0.3 %	13.46	2.8 %	86.00	0.7 %
Anti-rheumatics	9.80	3.0 %	0.10	- 0.7 %	9.90	2.9 %
Others	0.21	- 12.3 %	0.03	92.6 %	0.25	- 4.4 %
OTC Drugs	5.60	3.2 %	0.01	- 39.0 %	5.61	3.0 %
Medical Devices	1.11	178.6 %	0.00	- 100.0 %	1.11	169.5 %
Others	0.44	- 31.1 %	0.64	- 58.3 %	1.09	- 50.4 %
Total	89.72	1.3 %	14.27	- 3.7 %	104.00	0.6 %

■ Overseas Sales

(billions of yen)

	FY2007 Actual	FY2008		
		Forecast	Var	Var
Europe	8.53	9.00	0.47	5.5 %
U.S.	1.95	1.01	- 0.94	- 48.1 %
Asia	4.32	4.22	- 0.10	- 2.2 %
Others	0.01	0.03	0.02	82.8 %
Total	14.82	14.27	- 0.55	- 3.7 %

Forecast by Geographic Segment

■ Net Sales

(billions of yen)

	FY2007 Actual	FY2008	
		Forecast	Var
Japan	92.0	92.7	0.7
Europe & U.S.	10.6	10.2	- 0.4
Europe	8.6	9.1	0.5
U.S.	1.9	1.0	- 0.9
Others*	0.6	1.0	0.4
Total	103.3	104.0	0.7

■ Operating Income

(billions of yen)

	FY2007 Actual	FY2008	
		Forecast	Var
Japan	22.6	17.8	- 4.8
Europe & U.S.	0.5	0.3	- 0.2
Europe	- 0.2	0.3	0.5
U.S.	0.7	0.0	- 0.7
Others*	- 0.8	- 0.4	0.4
Elimination	- 1.9	- 2.7	- 0.8
Total	20.3	15.1	- 5.2

* "Others" are U.S. Korea and Taiwan. Details of major sales and expenses of "Others" are noted below.

- Sales: Prescription pharmaceuticals in Korea and Taiwan

- Expenses: R&D expenses for medical devices in the U.S.

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).



Capital Expenditures / Depreciation & Amortization / Lease Expenses

(billions of yen)

	FY2007 Actual	FY2008	
		Forecast	Var
Capital Expenditures	2.7	2.3	- 0.4
Depreciation and Amortization	3.3	3.7	0.4
Lease	1.0	0.9	- 0.1

Major capital expenditure FY2008

- Construction expense for the extension of Nara R&D center
(Pharmaceutical development building and an Ancillary building)



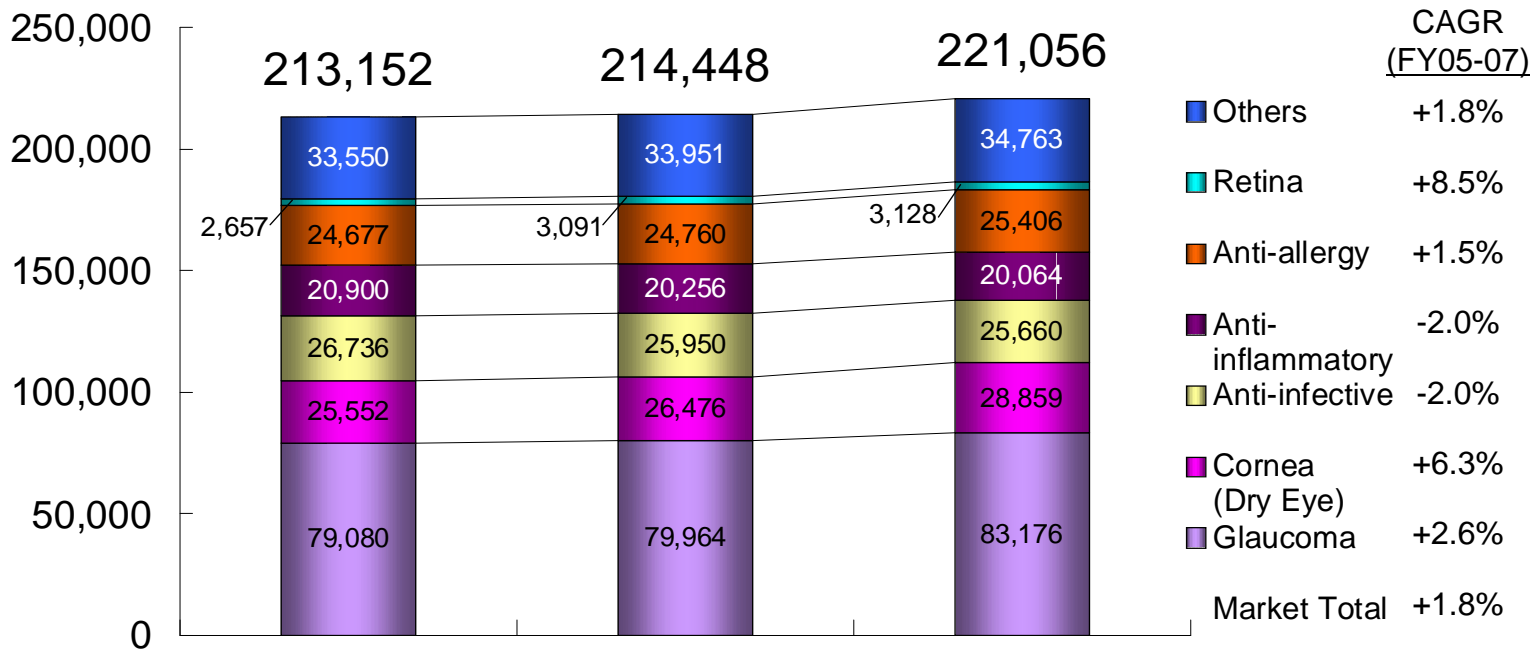
Reference:
Market Overview of
Prescription Pharmaceuticals in Japan
(Ophthalmics / Anti-rheumatics)



Growth Trend & Category Structure in Ophthalmics

- Ophthalmic market has been growing approximately by 2% in value base.
- By category, Glaucoma and Corneal disease (Dry Eye) consist of half size of the market, and these two categories also drive the total market growth of ophthalmics.

(NHI price base: millions of yen)



Growth Rate (vs. year-ago)		FY05	FY06	FY07	FY08 1st Half
Market	Value	+2.6%	+0.6%	+3.1%	+2.6%
	Volume	-1.0%	+2.1%	+0.2%	+2.9%

*Anti-infective: Solutions + Ointments

*Anti-inflammatory: Corticosteroids + NSAIDs + Immunosuppressive agents

*Others: Viscoelastics, Anti-cataract, etc.

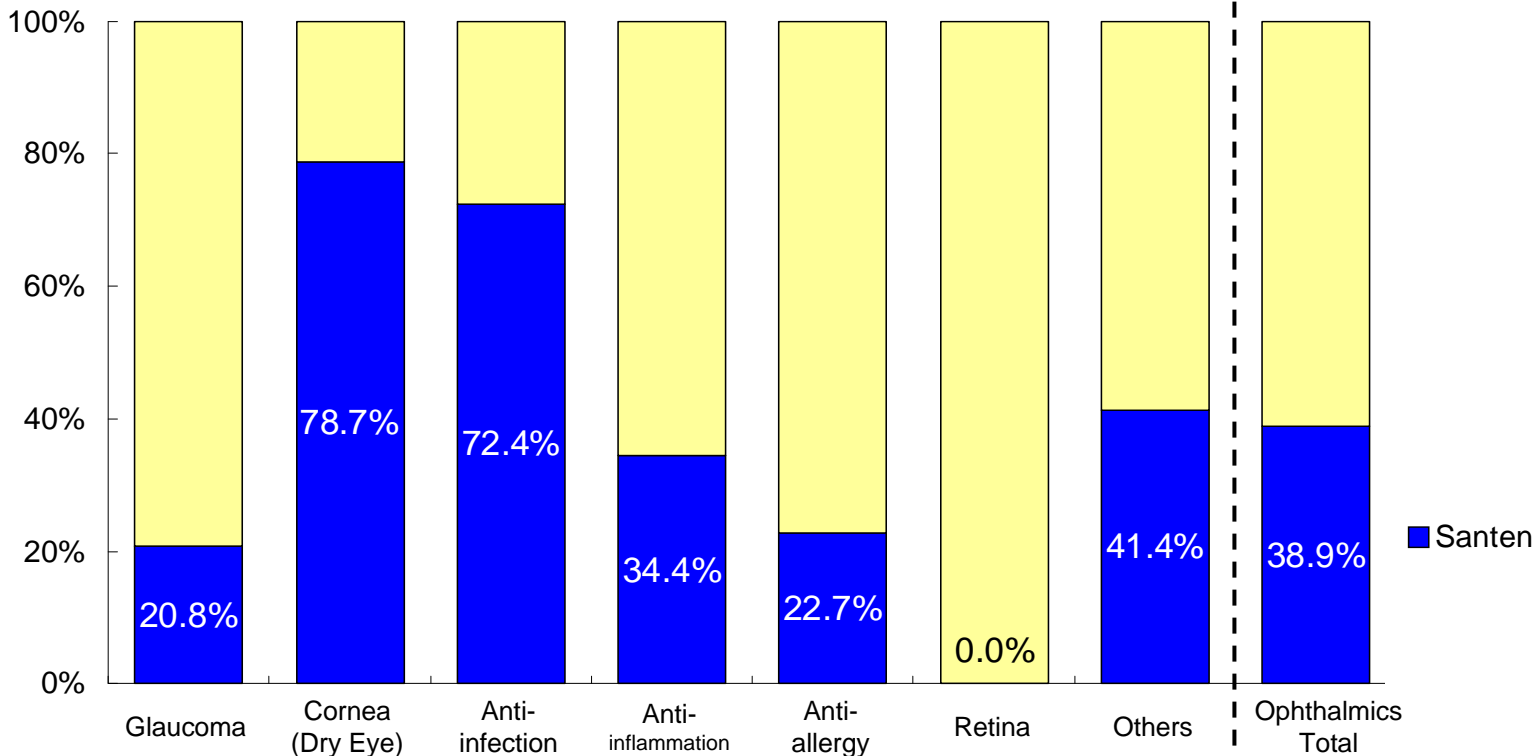


Santen's Share in Ophthalmics by Category (FY07)

- Santen has strong market share especially in the categories of Cornea (Dry Eye) and Anti-infection.
- We have rooms for further share growth in Glaucoma and Retina, which are the largest and the fastest growing categories in Japanese ophthalmic market, respectively.

(NHI price base: millions of yen)

Value Share by Category (FY07)



Market Size (million yen)	83,176	28,859	25,660	20,064	25,406	3,128	34,763	221,056
CAGR (FY05-07)	+2.6%	+6.3%	-2.0%	-2.0%	+1.5%	+8.5%	+1.8%	+1.8%

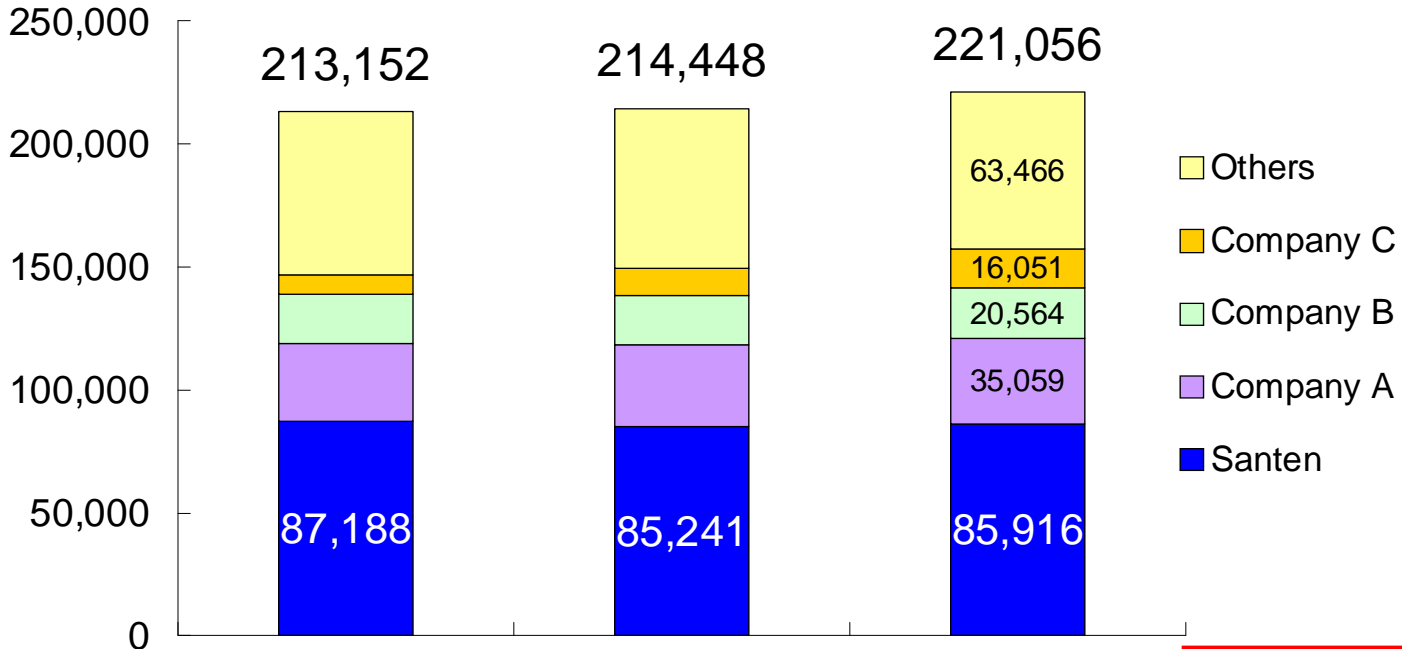
Source: IMS-JPM
IMS Japan 2005-08



Trend & Competition by Category (Ophthalmics Total)

- Santen owns number one position with around 40% value share.
- Santen's business size exceeds twice larger than the second largest player.

(NHI price base: millions of yen)



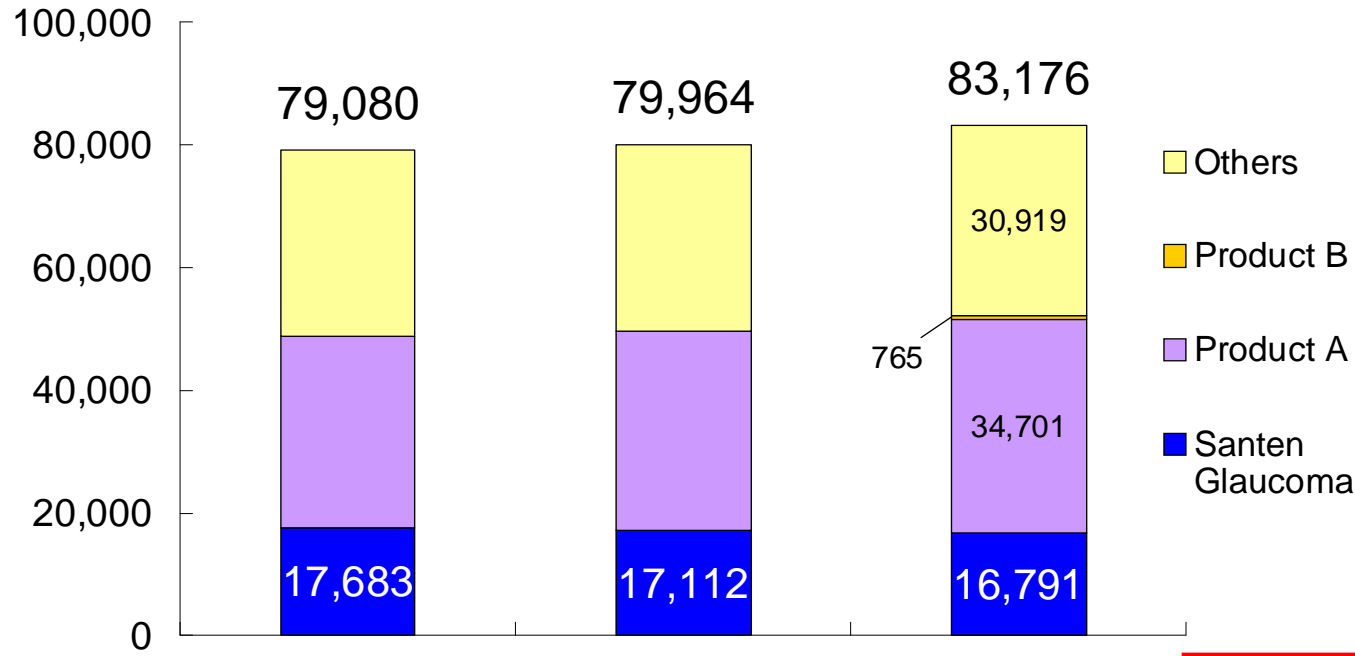
Source: IMS-JPM
IMS Japan 2005-08

Growth Rate (vs. year-ago)		FY05	FY06	FY07	FY08 1st Half
Market	Value	+2.6%	+0.6%	+3.1%	+2.6%
	Volume	-1.0%	+2.1%	+0.2%	+2.9%
Santen Value		+6.1%	-2.2%	+0.8%	+0.5%
Santen Value Share		40.9%	39.7%	38.9%	39.1%

S Trend & Competition by Category (Glaucoma)

- Glaucoma is the largest category in ophthalmics, together with 4% value growth in FY07.
- While Santen is currently the second largest, we will target the number one position with TAPROS.

(NHI price base: millions of yen)



*Santen Glaucoma: Timoptol, Timoptol XE, Rescula, Detantol (excl. minor products)

Source: IMS-JPM
IMS Japan 2005-08

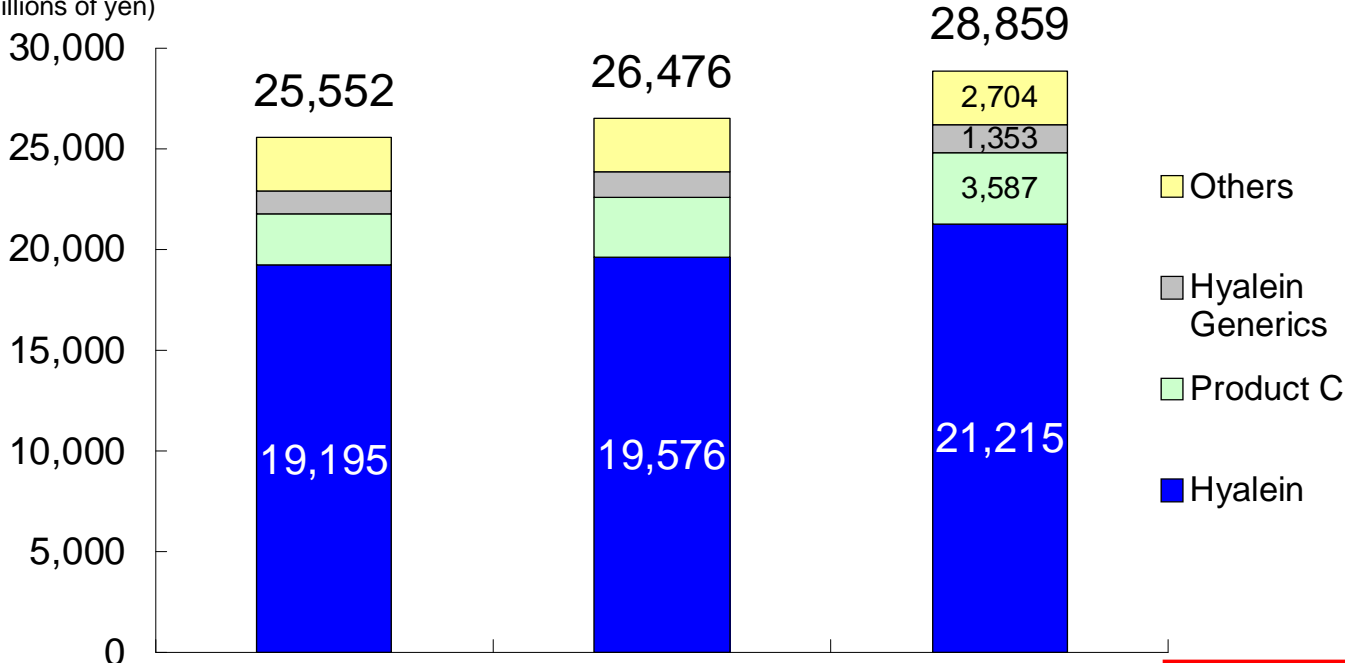
Growth Rate (vs. year-ago)		FY05	FY06	FY07	FY08 1st Half
Market	Value	+5.5%	+1.1%	+4.0%	+2.3%
	Volume	+2.2%	+4.4%	+1.2%	+3.1%
Santen Value		+22.0%	-3.6%	-2.1%	-5.5%
Santen Value Share		23.2%	22.1%	20.8%	19.7%



Trend & Competition by Category (Cornea: Dry Eye)

- Dry eye is one of the highest potential category by ¥30 billion market size with 9% annual growth.
- For Santen, it is the strongest category in competition, maintaining value share at over 75% level.

(NHI price base: millions of yen)



*Santen also has several minor products in this category.

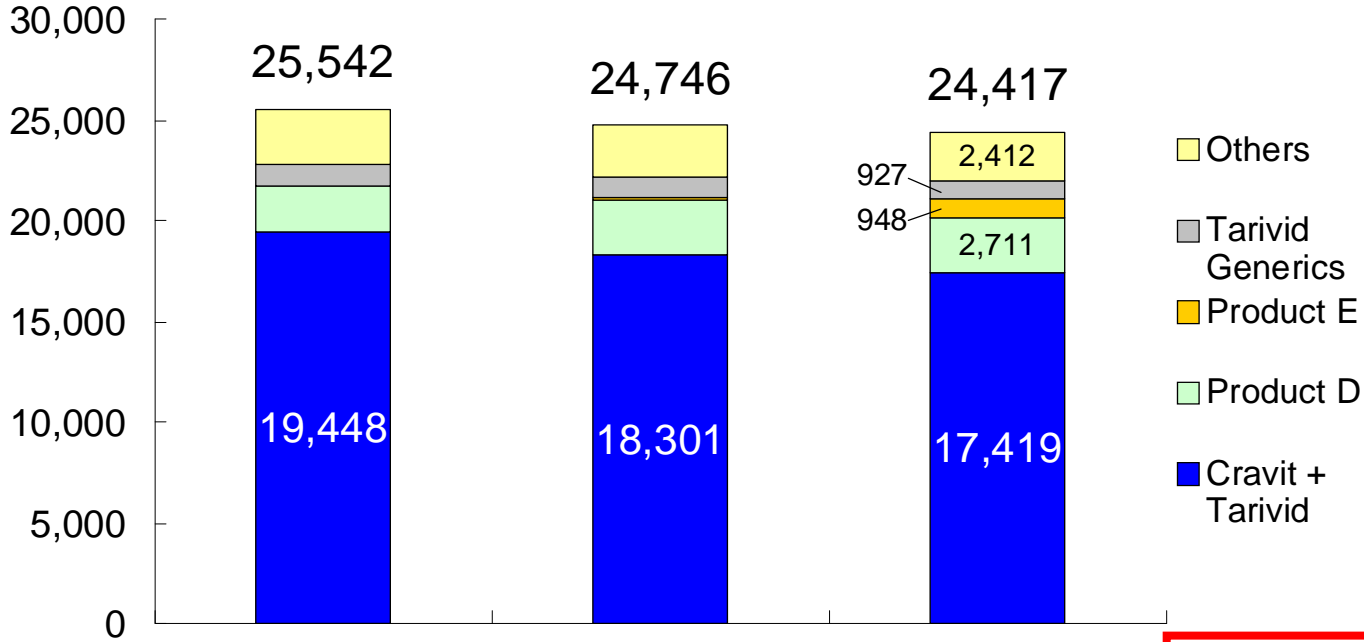
Source: IMS-JPM
IMS Japan 2005-08

Growth Rate (vs. year-ago)		FY05	FY06	FY07	FY08 1st Half
Market	Value	+10.7%	+3.6%	+9.0%	+8.6%
	Volume	+8.4%	+6.8%	+7.2%	+10.4%
Santen Value		+10.3%	+1.9%	+8.1%	+7.2%
Santen Value Share		80.7%	79.3%	78.7%	77.9%

S Trend & Competition by Category (Anti-infection)

- Market size is around ¥25 billion. Value growth in FY2007 is slightly in declining trend by -1.3%.
- For Santen, it is another strongest category in competition, with over 70% market share.

(NHI price base: millions of yen)



*Santen also has several minor products in this category.

Source: IMS-JPM
IMS Japan 2005-08

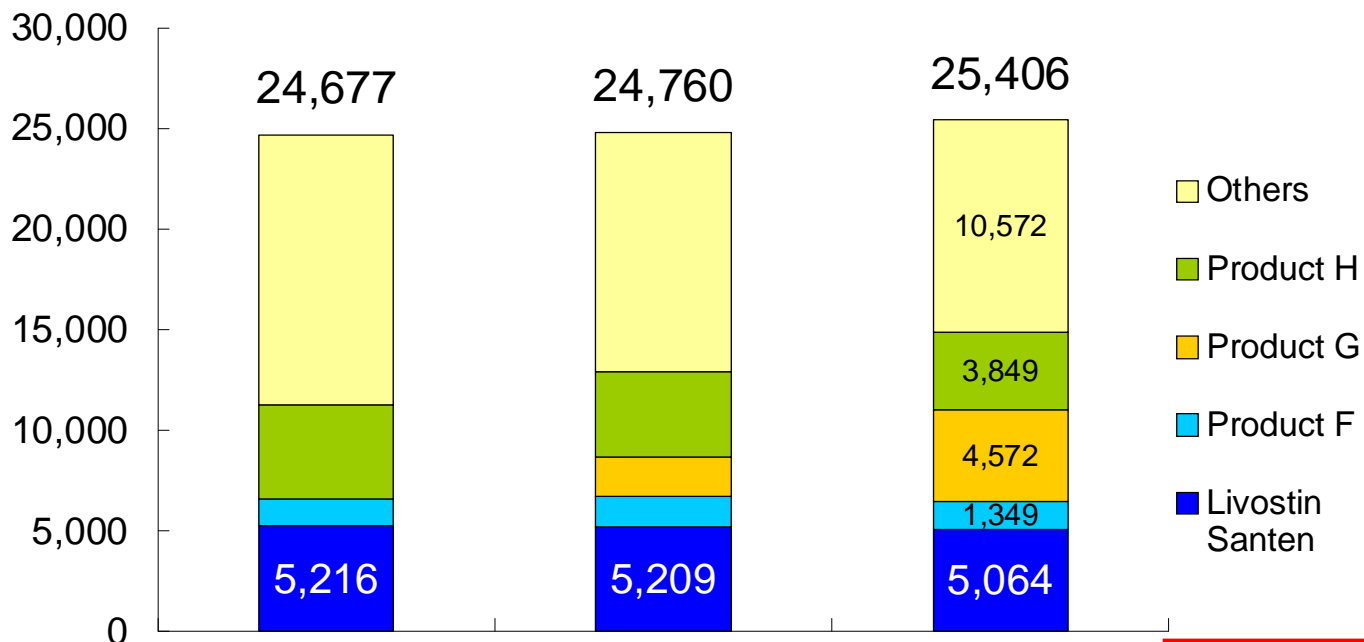
Growth Rate (vs. year-ago)		FY05	FY06	FY07	FY08 1st Half
Market	Value	+0.5%	-3.1%	-1.3%	-0.7%
	Volume	-1.2%	+0.9%	-3.3%	+1.8%
Santen Value		-2.5%	-6.0%	-4.9%	-3.2%
Santen Value Share		77.4%	75.1%	72.4%	71.1%



Trend & Competition by Category (Anti-allergy)

- Market size is ¥25 billion. Annual value growth in FY2007 was +2.6%, while it tends to fluctuate depending on the heaviness of the pollen count in every spring.
- Santen maintains the strongest position while the competition with new products is getting tougher.

(NHI price base: millions of yen)



*Santen also has several minor products in this category.

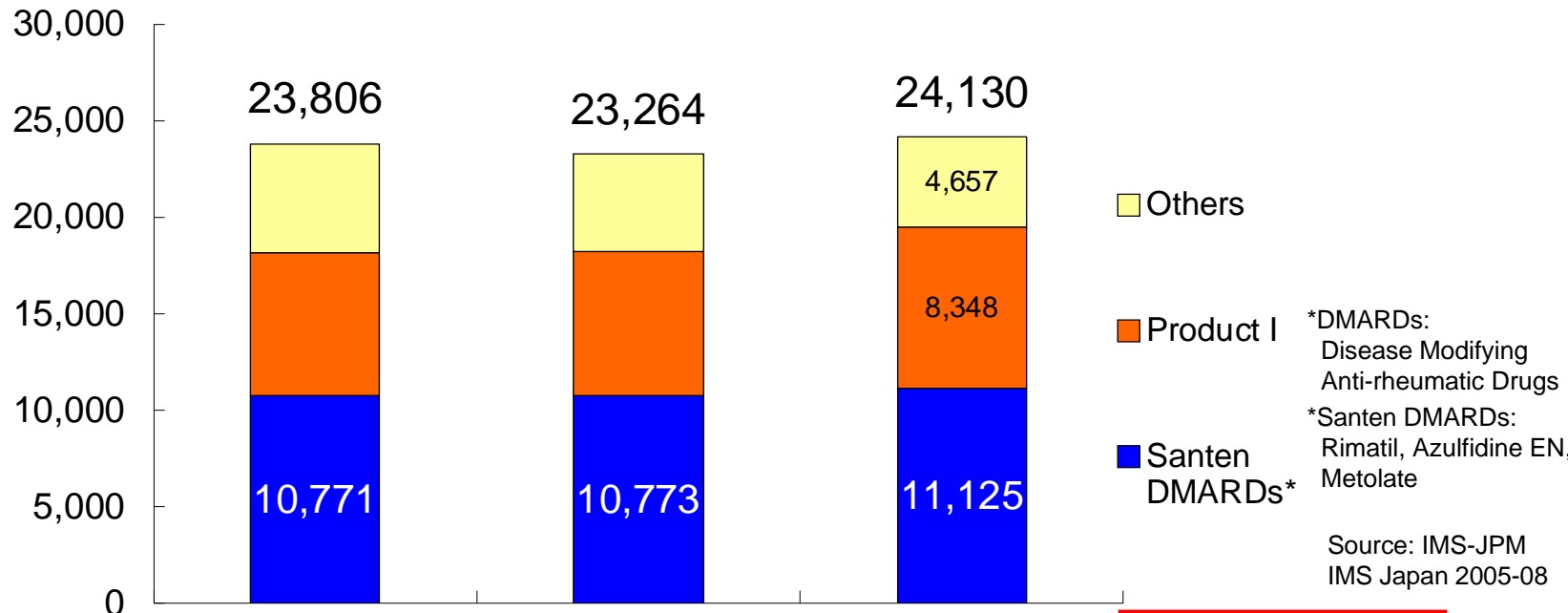
Source: IMS-JPM
IMS Japan 2005-08

Growth Rate (vs. year-ago)		FY05	FY06	FY07	FY08 1st Half
Market	Value	-13.2%	+0.3%	+2.6%	+6.6%
	Volume	-12.9%	+6.5%	+1.0%	+10.3%
Santen Value		-3.9%	-1.7%	-4.0%	+1.9%
Santen Value Share		24.8%	24.3%	22.7%	23.9%

S Trend & Competition by Category (RA: DMARDs)

- Market size of DMARDs, one of the most common drugs in anti-RA market, is ¥24 billion with +4% growth in FY2007.
- Santen is the strongest with 50% value share, led by the three products which all have the “recommended level A” authorized by the guideline of RA society.

(NHI price base: millions of yen)



*DMARDs: Disease Modifying Anti-rheumatic Drugs
 *Santen DMARDs: Rimatil, Azulfidine EN, Metolate

Source: IMS-JPM
 IMS Japan 2005-08

Growth Rate (vs. year-ago)		FY05	FY06	FY07	FY08 1st Half
Market	Value	+2.0%	-2.3%	+3.7%	+3.3%
	Volume	+0.8%	+3.7%	+0.4%	+4.8%
Santen Value		+7.6%	0.0%	+3.3%	+1.6%
Santen Value Share		45.2%	46.3%	46.1%	45.5%



Santen Pharmaceutical Co., Ltd.

Investor Meeting on 2Q of FY2008 Results

Status of Clinical Development

November 7, 2008

Senior Corporate Officer

Head of Research and Development Division

Toshiaki Nishihata, Ph.D.



Major Clinical Pipeline List (Red Letters: Progressed product from 1Q)

Global strategic Product

Global Product

Japan (Asia) Product

Category	Phase I	Phase II	Phase III	NDA Filed	Approved
Glaucoma		DE-104 ROCK inhibitor	China	DE-085 Tafluprost Korea	Japan Europe
		DE-092 Olmesartan			
Corneal Disease (Dry Eye)	DE-105 Combination of peptide	DE-101 Rivoglitazone		DE-089 Diquafosol sodium	
Retinal Disease		DE-109 Sirolimus			
		DE-102 Steroid DDS			
Others Inflammation, Allergy, RA, OA	DE-108 Levofloxacin	DE-103 PDE4 inhibitor			
		DE-098 Apoptosis inducer			

Status of Major Pipeline (Ophthalmics)

- DE-085 (Glaucoma, Ocular hypertension)

Region	Development Stage		Remarks
	As of Nov. 7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	Approved	The First Committee on New Drugs by the Pharmaceutical Affairs and Food Sanitation Council (July 25)	Applied in July 2006
Europe	Launched* (June 2008 -)	Launched (June 2008 -)	Approved (April 2008~)
Asia	Korea: Applied China: Preparing P3	—	Korea: Applied in Nov.2007

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

U.S.	Deciding the possibility of NDA filing after detailed study of its marketability
------	--



Status of Major Pipeline (Ophthalmics)

- **DE-089** (Corneal and conjunctival epithelial disorders associated with dry eye)

Region	Development Stage		Remarks
	As of Nov. 7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	Applied for manufacturing and marketing approval	Applied for manufacturing and marketing approval	Generic name: Diquafosol sodium Applied in May 2008



Status of Major Pipeline

-Glaucoma, Ocular hypertension-

- DE-092

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Europe	P2 pilot study	P2 pilot study	Generic name: Olmesartan

- DE-090

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	P2	P2	Generic name: Lomerizine HCl

- DE-104

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
U.S.	P2	P2	ROCK inhibitor
Japan	P2	P2	



Status of Major Pipeline

-Corneal and conjunctival epithelial disorders including dry eye-

- **DE-101** (Corneal and conjunctival epithelial disorders associated with dry eye)

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
U.S.	P2	P2	Generic name: Rivoglitazone
Japan	P2	P2	

- **DE-105** (Persistent corneal epithelial defects)

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	P1	P1	Combination of peptides

- **DE-102** (Diabetes Macular Edema)

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	P1 / 2a	P1 / 2a	Steroid DDS

- **DE-109*** (wet age related macular degeneration (wet AMD), diabetic macular edema (DME))

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	Preparing P1 / 2a	Preparing P1 / 2a	Generic name: 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 .



Status of Major Pipeline -Rheumatoid Arthritis-

- **DE-103** (Allergic conjunctivitis)

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	P2	P2	PDE4 inhibitor

- **DE-108** (Bacterial conjunctivitis)

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	Preparing P3	—	higher-concentration Levofloxacin

- **DE-098*** (Rheumatoid arthritis)

Region	Development Stage		Remarks
	As of Nov.7, 2008	As of Aug. 4, 2008 (Previous announcement)	
Japan	P1 / 2a	P1 / 2a	Anti-APO-1 antibody
Europe	P1 / 2a	P1 / 2a	

* Domestic development rights was licensed to Argenes, Inc.

Santen holds the marketing rights in Japan and development and marketing rights in overseas.



Forward-Looking Statements

- Information given in this announcement and accompanying documentation contains certain forward-looking statements concerning forecasts, projections and plans whose realization is subject to risk and uncertainty from a variety of sources. Actual results may differ significantly from forecasts.
- Business performance and financial condition are subject to the effects of medical regulatory changes made by the governments of Japan and other nations concerning medical insurance, drug pricing and other systems, and to fluctuations in market variables such as interest rates and foreign exchange rates.
- The process of drug research and development from discovery to final approval and sales is long, complex and uncertain. Individual compounds are subject to a multitude of uncertainties, including the termination of clinical development at various stages and the non-approval of products after a regulatory filing has been submitted. Forecasts and projections concerning new products take into account assumptions concerning the development pipelines of other companies and any co-promotion agreements, existing or planned. The success or failure of such agreements could affect business performance and financial condition significantly.
- Business performance and financial conditions could be affected significantly by a substantial drop in sales of a major drug, either currently marketed or expected to be launched, due to termination of sales as a result of factors such as patent expiry and complications, product defects or unforeseen side effects. Santen Pharmaceutical also sells numerous products under sales and/or manufacturing license from other companies. Business performance could be affected significantly by changes in the terms and conditions of agreements and/or the non-renewal of agreements.
- Santen Pharmaceutical is reliant on specific companies for supplies of certain raw materials used in production. Business performance could be affected significantly by the suspension or termination of supplies of such raw materials if such an event were to adversely affect supply capabilities for related final products.