Santen Pharmaceutical Co., Ltd.

Investor Meeting on FY2009 Results

Financial Results for the FY2009
Financial Forecast for the FY2010

May 12, 2010
President & CEO
Akira Kurokawa
Financial Results for the FY2009
## Financial Highlights for FY2009

<table>
<thead>
<tr>
<th></th>
<th>FY2008 Actual (JPY billions)</th>
<th>FY2009 Actual (JPY billions)</th>
<th>Var. %</th>
<th>FY2009 Forecast* (JPY billions)</th>
<th>Achievement %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>101.61</td>
<td>110.59</td>
<td>8.8%</td>
<td>113.50</td>
<td>97.4%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>15.49</td>
<td>29.64</td>
<td>91.3%</td>
<td>29.00</td>
<td>102.2%</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>15.93</td>
<td>29.86</td>
<td>87.4%</td>
<td>29.00</td>
<td>103.0%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>10.12</td>
<td>18.72</td>
<td>84.9%</td>
<td>18.00</td>
<td>104.0%</td>
</tr>
</tbody>
</table>

*FY2009 Forecast as of: November 10, 2009*
FY2009 Highlights

**Net sales**

- Japan: Continued growth in Glaucoma and Dry-Eye Treatments
  - Glaucoma: Steady growth in Tapros
  - Dry-Eye: Steady growth in the main product, Hyalein
- Overseas: Growth in Europe and China
  - Europe: Steady growth in Tafluprost
  - China: Smooth take-off with direct sales organization
  - Others: One-time contribution from licensing contract revenues

**Operating Income**

- Increased income from licensing contract revenues
- SG&A: Decreased spending through adequate cost control
- R&D Expense: Underspent due to delay in projects
**FY2009 Net Sales: Variances (vs. FY2008)**

**FY2008**
**Net Sales (Actual)**
¥101.61 billion

+ ¥8.98 billion

**FY2009**
**Net Sales (Actual)**
¥110.59 billion

---

**Japan + ¥0.96 billion**
- Prescription Ophthalmics + ¥0.31 billion
- RA drugs + ¥0.13 billion
- OTC drugs + ¥0.01 billion
- Medical Device + ¥0.34 billion

**Outside Japan + ¥8.01 billion**
- Europe + ¥0.40 billion
  - currency impact: - ¥1.03 billion
- U.S. + ¥5.77 billion
  - currency impact: - ¥0.41 billion
- Asia + ¥1.82 billion
  - currency impact: - ¥0.37 billion
  - China + ¥1.42 billion
    - currency impact: - ¥0.22 billion
  - Korea + ¥0.24 billion
    - currency impact: - ¥0.10 billion

**Prescription Ophthalmics (Japan)**
- Anti-infective - ¥0.92 billion
- Corneal Disease + ¥0.48 billion
- Anti-glaucoma (Tapros:) + ¥3.62 billion
- Anti-allergy - ¥1.19 billion
- Others - ¥0.42 billion

**Europe**
- Prescription Ophthalmics + ¥0.37 billion
  - West Europe + ¥0.40 billion
    - Germany + ¥0.42 billion
  - East Europe + ¥0.04 billion
  - North Europe - ¥0.10 billion
  - Russia + ¥0.03 billion

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**<Currency rate>**

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY2008 Actual</th>
<th>FY2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>¥100.81</td>
<td>¥92.79</td>
</tr>
<tr>
<td>Euro</td>
<td>¥146.71</td>
<td>¥131.12</td>
</tr>
<tr>
<td>RMB</td>
<td>¥14.86</td>
<td>¥13.70</td>
</tr>
</tbody>
</table>
FY2009 Net Sales: Variances (vs. Forecast of FY2009)

Japan - ¥3.26 billion
- Prescription Ophthalmics - ¥2.34 billion
- RA drugs - ¥0.08 billion
- OTC drugs - ¥0.33 billion
- Medical Device - ¥0.37 billion

Outside Japan + ¥0.36 billion
- Europe + ¥0.21 billion
  - currency impact: + ¥0.07 billion
- U.S. + ¥0.32 billion
  - currency impact: - ¥0.06 billion
- Asia - ¥0.16 billion
  China - ¥0.39 billion
  - currency impact: - ¥0.14 billion
  Korea + ¥0.15 billion

Europe
- Prescription Ophthalmics + ¥0.07 billion
  - West Europe + ¥0.40 billion
    (Germany + ¥0.34 billion)
  - East Europe - ¥0.27 billion
  - North Europe + ¥0.01 billion
  - Russia - ¥0.06 billion

Prescription Ophthalmics (Japan)
- Anti-infective - ¥0.46 billion
- Corneal Disease - ¥0.17 billion
- Anti-glaucoma - ¥0.30 billion
  (Tapros: - ¥0.13 billion)
- Anti-allergy - ¥0.66 billion
- Others - ¥0.73 billion

FY2009 Net Sales (Forecast*)
¥113.50 billion

- ¥2.90 billion

FY2009 Net Sales (Actual)
¥110.59 billion

*As of Nov. 10, 2009
## Summary of Changes in Income Statement

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2008 Actual</th>
<th>FY2009 Actual</th>
<th>Variance</th>
<th>Major Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>101.61</td>
<td>110.59</td>
<td>8.98</td>
<td></td>
</tr>
<tr>
<td><strong>Cost of Sales</strong> (% of Net Sales)</td>
<td>35.94</td>
<td>34.71</td>
<td>-1.23</td>
<td>- Change in product mix</td>
</tr>
<tr>
<td>35.4%</td>
<td>31.4%</td>
<td>-4.0pt</td>
<td>- Reduced fixed manufacturing costs</td>
<td></td>
</tr>
<tr>
<td><strong>SG&amp;A Total</strong> (% of Net Sales)</td>
<td>50.17</td>
<td>46.24</td>
<td>-3.93</td>
<td>Increase in SG&amp;A in Asia</td>
</tr>
<tr>
<td>49.4%</td>
<td>41.8%</td>
<td>-7.6pt</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SG&amp;A excluding R&amp;D</strong> (% of Net Sales)</td>
<td>31.71</td>
<td>32.12</td>
<td>0.41</td>
<td></td>
</tr>
<tr>
<td>31.2%</td>
<td>29.0%</td>
<td>-2.2pt</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>R&amp;D Expense</strong> (% of Net Sales)</td>
<td>18.45</td>
<td>14.12</td>
<td>-4.33</td>
<td>FY2008 ¥5.3bil License-in expense related to DE-109</td>
</tr>
<tr>
<td>18.2%</td>
<td>12.8%</td>
<td>-5.4pt</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong> (% of Net Sales)</td>
<td>15.49</td>
<td>29.64</td>
<td>14.15</td>
<td></td>
</tr>
<tr>
<td>15.2%</td>
<td>26.8%</td>
<td>11.6pt</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating Income</strong></td>
<td>1.43</td>
<td>0.84</td>
<td>-0.59</td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating Expense</strong></td>
<td>0.98</td>
<td>0.62</td>
<td>-0.36</td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>15.93</td>
<td>29.86</td>
<td>13.93</td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary Profit</strong></td>
<td>0.01</td>
<td>0.07</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary Loss</strong></td>
<td>0.12</td>
<td>1.32</td>
<td>1.20</td>
<td>Loss due to impairment, etc.</td>
</tr>
<tr>
<td><strong>Net Income before Tax</strong></td>
<td>15.82</td>
<td>28.61</td>
<td>12.79</td>
<td></td>
</tr>
<tr>
<td><strong>Income Tax</strong></td>
<td>5.70</td>
<td>9.88</td>
<td>4.18</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>10.12</td>
<td>18.72</td>
<td>8.60</td>
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</tr>
</tbody>
</table>

### Currency Rate

<table>
<thead>
<tr>
<th>Currency</th>
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</tr>
<tr>
<td>RMB</td>
<td>¥14.86</td>
<td>¥13.70</td>
</tr>
</tbody>
</table>
Financial Forecast for the FY2010
## FY2010 Consolidated Income Outlook

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009 Actual</th>
<th>FY2010 Forecast</th>
<th>Var. %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>110.59</td>
<td>108.50</td>
<td>-1.9%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>29.64</td>
<td>26.30</td>
<td>-11.3%</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>29.86</td>
<td>27.00</td>
<td>-9.6%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>18.72</td>
<td>17.50</td>
<td>-6.5%</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>14.3%</td>
<td>12.3%</td>
<td>-2.0pt</td>
</tr>
</tbody>
</table>
Highlights for FY2010

- Growth by TAPROS and New Products
- Contribution from Overseas Business
- Adequate Cost Controls in COGS and SG&A
FY2010
Net Sales: Variances (vs. FY2009)

FY2009 Net Sales (Actual)
¥110.59 billion
- ¥2.09 billion

FY2010 Net Sales (Forecast)
¥108.50 billion

Japan + ¥1.17 billion
- Prescription Ophthalmics + ¥0.17 billion
- RA Drugs - ¥0.38 billion
- OTC Drugs + ¥0.12 billion
- Medical Device + ¥0.99 billion

Outside Japan - ¥3.26 billion
- Europe + ¥0.60 billion
  - Currency impact: - ¥0.45 billion
- U.S. - ¥5.11 billion
  - Currency impact: - ¥0.05 billion
- Asia + ¥1.23 billion
  - Currency impact: - ¥0.11 billion
  - China + ¥1.23 billion
  - Currency impact: - ¥0.11 billion
  - Korea + ¥0.05 billion
  - Currency impact: - ¥0.02 billion

• Anti-infective - ¥0.51 billion
• Corneal Disease + ¥0.35 billion
• Anti-glaucoma + ¥1.45 billion
  (Tapros + ¥3.54 billion)
• Anti-allergy - ¥0.00 billion
• Others - ¥1.12 billion

Europe
• Prescription Ophthalmics + ¥0.93 billion
  - West Europe + ¥0.58 billion
    (Germany + ¥0.64 billion)
  - East Europe + ¥0.37 billion
  - North Europe - ¥0.02 billion

<Currency rate>

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY2009 actual</th>
<th>FY2010 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>¥92.79</td>
<td>¥90.00</td>
</tr>
<tr>
<td>Euro</td>
<td>¥131.12</td>
<td>¥125.00</td>
</tr>
<tr>
<td>RMB</td>
<td>¥13.70</td>
<td>¥13.30</td>
</tr>
</tbody>
</table>
### Sales/Income Outlook for the FY2010

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009 Actual</th>
<th>FY2010 Forecast</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>110.59</td>
<td>108.50</td>
<td>-2.09</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>34.71</td>
<td>35.00</td>
<td>0.29</td>
</tr>
<tr>
<td>(% of net sales)</td>
<td>31.4%</td>
<td>32.3%</td>
<td>0.9 pt</td>
</tr>
<tr>
<td><strong>SGA Total</strong></td>
<td>46.24</td>
<td>47.20</td>
<td>0.96</td>
</tr>
<tr>
<td>(% of net sales)</td>
<td>41.8%</td>
<td>43.5%</td>
<td>1.7 pt</td>
</tr>
<tr>
<td><strong>SG&amp;A excluding R&amp;D</strong></td>
<td>32.12</td>
<td>33.10</td>
<td>0.98</td>
</tr>
<tr>
<td>(% of net sales)</td>
<td>29.0%</td>
<td>30.5%</td>
<td>1.5 pt</td>
</tr>
<tr>
<td><strong>R&amp;D Expense</strong></td>
<td>14.12</td>
<td>14.10</td>
<td>-0.02</td>
</tr>
<tr>
<td>(% of net sales)</td>
<td>12.8%</td>
<td>13.0%</td>
<td>0.2 pt</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>29.64</td>
<td>26.30</td>
<td>-3.34</td>
</tr>
<tr>
<td>(% of net sales)</td>
<td>26.8%</td>
<td>24.2%</td>
<td>-2.6 pt</td>
</tr>
<tr>
<td><strong>Non-operating Income or Loss</strong></td>
<td>0.22</td>
<td>0.70</td>
<td>0.48</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>29.86</td>
<td>27.00</td>
<td>-2.86</td>
</tr>
<tr>
<td><strong>Extraordinary Income or Loss</strong></td>
<td>-1.25</td>
<td>0.00</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Net Income before Tax</strong></td>
<td>28.61</td>
<td>27.00</td>
<td>-1.61</td>
</tr>
<tr>
<td><strong>Income Taxes</strong></td>
<td>9.88</td>
<td>9.50</td>
<td>-0.38</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>18.72</td>
<td>17.50</td>
<td>-1.22</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>14.3%</td>
<td>12.3%</td>
<td>-2.0 pt</td>
</tr>
</tbody>
</table>

### Currency Rate

<table>
<thead>
<tr>
<th>FY2009 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
</tr>
<tr>
<td>Euro</td>
</tr>
<tr>
<td>RMB</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2010 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
</tr>
<tr>
<td>Euro</td>
</tr>
<tr>
<td>RMB</td>
</tr>
</tbody>
</table>
Reference:
FY2009 Financial Results
## Net Sales by Business Segment / Overseas Sales

### Sales by Business Segment

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic</td>
<td>Overseas</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Var. (%)</td>
</tr>
<tr>
<td>Prescription Pharmaceuticals</td>
<td>82.69</td>
<td>0.5%</td>
</tr>
<tr>
<td>Ophthalmics</td>
<td>72.66</td>
<td>0.4%</td>
</tr>
<tr>
<td>Anti-rheumatics</td>
<td>9.77</td>
<td>1.4%</td>
</tr>
<tr>
<td>Others</td>
<td>0.25</td>
<td>-8.1%</td>
</tr>
<tr>
<td>OTC Drugs</td>
<td>5.23</td>
<td>0.3%</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>0.96</td>
<td>54.8%</td>
</tr>
<tr>
<td>Others</td>
<td>0.69</td>
<td>36.5%</td>
</tr>
<tr>
<td>Total</td>
<td>89.58</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

### Overseas Sales

| (JPY billions) | FY2008 Actual | FY2009 | |
|----------------|---------------|--------|
|                | Actual | Var. | Var. (%) |
| Europe | 8.31 | 8.71 | 0.40 | 4.9% |
| U.S. | 0.93 | 6.71 | 5.77 | 615.9% |
| Asia | 3.74 | 5.57 | 1.82 | 48.8% |
| Others | 0.00 | 0.00 | 0.00 | 67.5% |
| Total | 12.99 | 21.00 | 8.01 | 61.6% |
## Performance by Geographic Segment

### Net Sales

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2008 Actual</th>
<th>FY2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Var.</td>
</tr>
<tr>
<td>Japan</td>
<td>91.40</td>
<td>97.40</td>
</tr>
<tr>
<td>Europe</td>
<td>9.45</td>
<td>9.78</td>
</tr>
<tr>
<td>Others*</td>
<td>0.76</td>
<td>3.39</td>
</tr>
<tr>
<td>Total</td>
<td>101.61</td>
<td>110.59</td>
</tr>
</tbody>
</table>

* "Others" includes U.S., China, Korea and Taiwan.

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

### Operating Income

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2008 Actual</th>
<th>FY2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Var.</td>
</tr>
<tr>
<td>Japan</td>
<td>18.28</td>
<td>30.99</td>
</tr>
<tr>
<td>Europe</td>
<td>0.17</td>
<td>0.75</td>
</tr>
<tr>
<td>Others*</td>
<td>-0.66</td>
<td>0.45</td>
</tr>
<tr>
<td>Elimination</td>
<td>-2.30</td>
<td>-2.56</td>
</tr>
<tr>
<td>Total</td>
<td>15.49</td>
<td>29.64</td>
</tr>
</tbody>
</table>

* "Others" includes U.S., China, Korea and Taiwan.

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

**As of March 31, 2009** vs **As of March 31, 2010**

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>Actual</th>
<th>% of Total</th>
<th>Actual</th>
<th>% of Total</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>101.05</td>
<td>66.9%</td>
<td>118.83</td>
<td>71.2%</td>
<td>17.78</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td>49.95</td>
<td>33.1%</td>
<td>48.04</td>
<td>28.8%</td>
<td>- 1.91</td>
</tr>
<tr>
<td><strong>Deferred Assets</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>151.01</td>
<td>100.0%</td>
<td>166.87</td>
<td>100.0%</td>
<td>15.86</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>22.43</td>
<td>14.9%</td>
<td>25.28</td>
<td>15.2%</td>
<td>2.85</td>
</tr>
<tr>
<td><strong>Non-current Liabilities</strong></td>
<td>3.20</td>
<td>2.1%</td>
<td>3.98</td>
<td>2.4%</td>
<td>0.78</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>25.64</td>
<td>17.0%</td>
<td>29.27</td>
<td>17.5%</td>
<td>3.63</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>125.36</td>
<td>83.0%</td>
<td>137.60</td>
<td>82.5%</td>
<td>12.24</td>
</tr>
<tr>
<td><strong>Total Liabilities Net Assets</strong></td>
<td>151.01</td>
<td>100.0%</td>
<td>166.87</td>
<td>100.0%</td>
<td>15.86</td>
</tr>
</tbody>
</table>

#### Major Changes
- **Current Assets:** Cash and deposits + ¥19.6 billion, Accounts & notes receivable - ¥0.7 billion, Marketable securities - ¥2.4 billion, Finished goods inventories + ¥1.0 billion, Work in process + ¥0.4 billion, Intangible assets - ¥0.3 billion, Investment securities + ¥0.4 billion, and Long-term deferred tax assets + ¥0.3 billion.
- **Fixed Assets:** Building & fixtures - ¥1.2 billion, Machineries & equips. - ¥0.4 billion, Land - ¥0.3 billion, Intangible assets - ¥0.3 billion, Investment securities + ¥0.4 billion, and Long-term deferred tax assets + ¥0.3 billion.
- **Current Liabilities:** Accounts payable - ¥0.4 billion, Accrued liabilities + ¥0.5 billion, and Unpaid corporate tax + ¥2.5 billion.
- **Fixed Liabilities:** Provision for retirement remuneration + ¥0.5 billion.
- **Net Assets:** Retained earnings + ¥11.9 billion, and Revaluation profit from other marketable securities + ¥0.4 billion.
### Summary of Cash Flows

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td>45.95</td>
</tr>
<tr>
<td><strong>Net increase/decrease in cash and cash equivalents</strong></td>
<td>18.39</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>26.11</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>- 0.82</td>
</tr>
<tr>
<td>Cash flows from financial activities</td>
<td>- 6.75</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>- 0.13</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>64.34</td>
</tr>
</tbody>
</table>

Note: “Cash and cash equivalents” include cash equivalents thus differ from “cash and deposits” in the Balance Sheets.
<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2008 Actual</th>
<th>FY2009 Actual</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditures</td>
<td>2.74</td>
<td>1.22</td>
<td>-1.52</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>3.39</td>
<td>3.20</td>
<td>-0.19</td>
</tr>
<tr>
<td>Lease</td>
<td>0.93</td>
<td>0.52</td>
<td>-0.41</td>
</tr>
</tbody>
</table>
Reference:
FY 2010 Financial Forecasts
## Mid-term Consolidated Income Comparison

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2006 Actual</th>
<th>FY2007 Actual</th>
<th>FY2008 Actual</th>
<th>FY2009 Actual</th>
<th>FY2010 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>100.48</td>
<td>103.39</td>
<td>101.61</td>
<td>110.59</td>
<td>108.50</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>20.41</td>
<td>20.37</td>
<td>15.49</td>
<td>29.64</td>
<td>26.30</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>20.84</td>
<td>20.70</td>
<td>15.93</td>
<td>29.86</td>
<td>27.00</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>13.14</td>
<td>12.65</td>
<td>10.12</td>
<td>18.72</td>
<td>17.50</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>10.6%</td>
<td>9.9%</td>
<td>8.0%</td>
<td>14.3%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>
### Sales by Business Segment

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2010</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic</td>
<td>Overseas</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Forecast</td>
<td>Var. (%)</td>
<td>Forecast</td>
<td>Var. (%)</td>
<td>Forecast</td>
<td>Var. (%)</td>
<td></td>
</tr>
<tr>
<td>Prescription Pharmaceuticals</td>
<td>82.49</td>
<td>- 0.2%</td>
<td>16.33</td>
<td>13.8%</td>
<td>98.83</td>
<td>1.9%</td>
<td></td>
</tr>
<tr>
<td>Ophthalmics</td>
<td>72.84</td>
<td>0.2%</td>
<td>16.19</td>
<td>14.0%</td>
<td>89.03</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>Anti-rheumatics</td>
<td>9.39</td>
<td>- 3.9%</td>
<td>0.12</td>
<td>- 7.1%</td>
<td>9.51</td>
<td>- 3.9%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>0.26</td>
<td>2.6%</td>
<td>0.01</td>
<td>- 30.7%</td>
<td>0.27</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>OTC Drugs</td>
<td>5.36</td>
<td>2.4%</td>
<td>0.00</td>
<td>- 53.7%</td>
<td>5.36</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>Medical Devices</td>
<td>1.95</td>
<td>102.6%</td>
<td>-</td>
<td>-</td>
<td>1.95</td>
<td>102.6%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>0.95</td>
<td>37.0%</td>
<td>1.40</td>
<td>- 78.9%</td>
<td>2.35</td>
<td>- 67.8%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>90.75</td>
<td>1.3%</td>
<td>17.74</td>
<td>- 15.5%</td>
<td>108.50</td>
<td>- 1.9%</td>
<td></td>
</tr>
</tbody>
</table>

### Overseas Sales

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009 Actual</th>
<th>FY2010</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forecast</td>
<td>Var.</td>
<td>Var. (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>8.71</td>
<td>9.32</td>
<td>0.60</td>
<td>7.0%</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>6.71</td>
<td>1.60</td>
<td>- 5.11</td>
<td>- 76.2%</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>5.57</td>
<td>6.81</td>
<td>1.23</td>
<td>22.3%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>0.00</td>
<td>0.01</td>
<td>0.01</td>
<td>177.3%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21.00</td>
<td>17.74</td>
<td>- 3.26</td>
<td>- 15.5%</td>
<td></td>
</tr>
</tbody>
</table>
## Forecast by Geographic Segment

### Net Sales

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009 Actual</th>
<th>FY2010 Forecast</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>97.40</td>
<td>92.85</td>
<td>-4.55</td>
</tr>
<tr>
<td>Europe</td>
<td>9.78</td>
<td>10.18</td>
<td>0.40</td>
</tr>
<tr>
<td>Others*</td>
<td>3.39</td>
<td>5.47</td>
<td>2.08</td>
</tr>
<tr>
<td>Total</td>
<td>110.59</td>
<td>108.50</td>
<td>-2.09</td>
</tr>
</tbody>
</table>

* "Others" are U.S., China, Korea and Taiwan.

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

### Operating Income

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009 Actual</th>
<th>FY2010 Forecast</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>30.99</td>
<td>27.31</td>
<td>-3.68</td>
</tr>
<tr>
<td>Europe</td>
<td>0.75</td>
<td>0.73</td>
<td>-0.02</td>
</tr>
<tr>
<td>Others*</td>
<td>0.45</td>
<td>1.16</td>
<td>0.71</td>
</tr>
<tr>
<td>Elimination</td>
<td>-2.56</td>
<td>-2.90</td>
<td>-0.34</td>
</tr>
<tr>
<td>Total</td>
<td>29.64</td>
<td>26.30</td>
<td>-3.34</td>
</tr>
</tbody>
</table>

* "Others" are U.S., China, Korea and Taiwan.

Note: Sales by geographic region differ from overseas sales (i.e. sales by destination).
## Major capital expenditure FY2010

- **Production Related**: 1.47 billion yen
- **R&D Related**: 0.36 billion yen
- **Others**: 0.96 billion yen

### CAPEX / Depreciation & Amortization / Lease Expenses

<table>
<thead>
<tr>
<th>(JPY billions)</th>
<th>FY2009 Actual</th>
<th>FY2010 Forecast</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditures</td>
<td>1.22</td>
<td>2.79</td>
<td>1.57</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>3.20</td>
<td>3.06</td>
<td>-0.14</td>
</tr>
<tr>
<td>Lease</td>
<td>0.52</td>
<td>0.19</td>
<td>-0.33</td>
</tr>
</tbody>
</table>
Reference: Market Overview of Prescription Ophthalmics in Japan
Japan: Trend & Competition by Category - 1

- **Ophthalmology Total**: Market grew by 3.5% YoY in FY09. Despite rapid growth in the retinal segment, Santen maintained market share at 37.3%.
- **Glaucoma**: Santen outperformed the market with the contribution of the Tapros. Santen’s share stands at 23.0%.
- **Corneal**: Market continued to grow at 3.9% YoY. Santen managed to maintain market share at 77.1%.

Market Size:
- Ophthalmology Total: FY09 234,899
- Anti-glaucoma: FY09 88,529
- Corneal: Dry Eye: FY09 31,685

<table>
<thead>
<tr>
<th>Category</th>
<th>FY08</th>
<th>FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>+2.6%</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Santen</td>
<td>+0.3%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>Santen’s Share</td>
<td>38.0%</td>
<td>37.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>FY08</th>
<th>FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ophthalmology Total</td>
<td>+5.7%</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Cornea / Dry Eye</td>
<td>+4.4%</td>
<td>+3.0%</td>
</tr>
</tbody>
</table>

Source: ©2010 IMS Japan
IMS-JPM 2008-10
Santen analysis based on IMS data
• Anti-infection: Market shrunk by 4.4% YoY in FY09. Treatment days/head is in declining trend.
• Anti-allergy: Santen has been underperforming the market. Competitor’s growth continues.

Market Size: millions of yen %: Value Share

<table>
<thead>
<tr>
<th></th>
<th>FY08</th>
<th>FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-infection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santen's Share</td>
<td>70.9%</td>
<td>70.0%</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>30.0%</td>
</tr>
<tr>
<td>Santen</td>
<td></td>
<td>70.0%</td>
</tr>
<tr>
<td>Anti-allergy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santen's Share</td>
<td>19.8%</td>
<td>19.8%</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>80.2%</td>
</tr>
</tbody>
</table>

FY09

- Santen: - Anti-infection: Cravit, Tarivid, etc.
- Anti-allergy: Livostin, Alegysal

Source: ©2010 IMS Japan
IMS-JPM 2008-10
Santen analysis based on IMS data
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 and event were to adversely affect supply capabilities for related final products.