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May 12, 2015

To whom it may concern:

Company Name: Santen Pharmaceutical Co., Ltd.

Name of Representative: Akira Kurokawa, President and Chief Executive Officer

(Code: 4536; First Section of the Tokyo Stock Exchange)

Contact: Takashi Hibi, General Manager, Corporate Communication Group

(Tel: +81-6-4802-9360)

## **Santen Announces Assignment of its Anti-Rheumatic Pharmaceuticals Business to Hyperion Pharma Co., Ltd.**

Santen Pharmaceutical Co., Ltd. (“Santen”) announced today that it has resolved at its board of directors meeting held on May 12, 2015 to enter an agreement with Showa Yakuhin Kakou Co., Ltd. (“Showa Yakuhin”) and Hyperion Pharma Co., Ltd. (“Hyperion”) to assign its anti-rheumatic pharmaceuticals business to Hyperion, under a simplified company-split method under the Company Act of Japan (“Assignment”). On the same date, Santen, Hyperion, and Showa have entered into the agreement on the Assignment.

Showa Yakuhin is a pharmaceutical company, which is under an investment fund, being advised by Unison Capital, Inc. (“Unison”). After the completion of the Assignment, Showa Yakuhin intends to merge its pharmaceutical business with the anti-rheumatic pharmaceuticals business succeeded by Hyperion.

Hyperion is a wholly owned special purpose company of an investment fund which Unison advises, which was established to succeed the subject anti-rheumatic pharmaceuticals business from Santen.

The details are set out in the Exhibit.

End

### **Santen forward-looking statements**

Information provided in this press release contains so-called “forward-looking statements.” The realization of these forecasts is subject to risk and uncertainty from various sources. Therefore, please note that the actual results may differ significantly from the forecasts. Business performance and financial conditions are subject to the effects of change in regulations made by the respective 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.

May 12, 2015

To whom it may concern:

Company Name: Santen Pharmaceutical Co., Ltd.

Name of Representative: Akira Kurokawa, President and Chief Executive Officer

Company Name: Showa Yakuhin Kako Co., Ltd.

Name of Representative: Hikaru Ouchi, President and Chief Executive Officer

Company Name: Unison Capital, Inc.

Name of Representative: Nobuyoshi Ehara, Representative Director

**Announcement of Santen's Assignment of its Anti-Rheumatic Pharmaceuticals Business to Hyperion Pharma (SPC) through Simplified Company Split Method**

Santen Pharmaceutical Co., Ltd. ("Santen"), Showa Yakuhin Kako Co., Ltd. ("Showa"), and Unison Capital, Inc. ("Unison") hereby announce that on May 12, 2015, Santen, Hyperion Pharma Co., Ltd. ("Hyperion"), and Showa have entered into an agreement under which Santen assigns and Hyperion succeeds to Santen's anti-rheumatic pharmaceuticals business (the "Anti-Rheumatic Pharmaceuticals Business"; this succession of business, the "Transaction") through simplified company split method.

Both Hyperion and Showa are controlled by funds for which Unison acts as an advisor. Hyperion is a company newly incorporated for the purpose of the Transaction and will change its trade name before completion of the Transaction.

**1. Purpose of the Transaction**

Santen is working to realize its long-term strategic vision through 2020, which is to become a "specialized pharmaceutical company with a global presence." Santen employs a variety of measures particularly in the field of ophthalmology, such as providing products and services that reflect feedback from clinical practice worldwide and strengthening global R&D capabilities, in order to become a company trusted and recognized by patients around the world. As a result of the Transaction, Santen will focus completely on the ophthalmic pharmaceutical business and become much more specialized to meet patients' needs for advanced medical care, and by doing so, Santen is aiming to become one of the top three ophthalmic pharmaceutical companies in the world by 2020. At the same time, Santen has established a strong presence in the field of the Anti-Rheumatic Pharmaceuticals Business by gaining the largest share in the market in Japan for disease-modifying anti-rheumatic drugs (DMARDs). Santen believes that the Transaction, through which Santen's Anti-Rheumatic Pharmaceuticals Business is succeeded to by Hyperion, which aims to become a pharmaceutical company specializing in orthopedics and rheumatism, will make a further contribution to the improvement of patients' quality of life.

On the other hand, based on its management policy, the "Thorough Pursuit of 'Niche,' 'Uniqueness,' and 'High Added Value,'" Showa has concentrated its management resources on niche markets in the

pharmaceutical and dental drug business. In particular, the antipyretic analgesic “Calonal,” which is Showa’s core product in the pharmaceutical business, has gained a high degree of trust from medical professionals, including doctors and pharmacists, and holds the top share of approximately 80% of the acetaminophen drug market.

After the Transaction, Showa plans to integrate its pharmaceutical business to Hyperion. Hyperion, the newly integrated company, will start operation as a company specialized in orthopedics and rheumatism. Hyperion will take on Santen’s expertise in rheumatism as well as the activities carried out by Showa in the field of analgesics as Hyperion’s two core businesses and work toward further growth. In the future, Hyperion will expand its business into osteoporosis and osteoarthritis and establish an “open platform in orthopedics and rheumatism,” while keeping in mind development of its biological products business.

## 2. Method of the Transaction

In the Transaction, the rights and obligations relating to Santen’s Anti-Rheumatic Pharmaceuticals Business will be succeeded to by Hyperion through an absorption-type company split (the “Company Split”). However, approvals for manufacture and sales, inventories, contractual statuses under certain relevant agreements, and the like held by Santen in relation to the Anti-Rheumatic Pharmaceuticals Business will be separately transferred to Hyperion after Hyperion establishes structures for manufacture and distribution of each product and will not be transferred through the method of a company split.

On and after the effective date of the Company Split, Hyperion will provide information about the products to medical professionals and distribute the products succeeded to by Hyperion from Santen through the Transaction. Santen and Hyperion will cooperate with each other so that, as promptly as possible after the effective date of the Company Split, Hyperion can succeed to the approvals for manufacture and sales of certain products that are currently held by Santen. After completion of procedures for succession of approvals for manufacture and sales, Hyperion will manufacture and distribute the products and provide information about the products.

## 3. Summary of the Company Split

### (1) Schedule for the Company Split

Date of approval of the absorption-type company split by Santen’s board of directors	May 12, 2015
Execution date of agreement for absorption-type company split	May 12, 2015
Scheduled date for absorption-type company split (effective date)	August 3, 2015 (scheduled)

(Note) Note that a shareholders meeting of Santen for approval of an absorption-type company split will not be held due to the Company Split constituting a simplified absorption-type company split as provided for in Article 784(2) of the Companies Act.

### (2) Method of the Company Split

The Company Split will be an absorption-type company split (simplified absorption-type company split) in which Santen is the splitting company and Hyperion is the succeeding company.

(3) Allotment pertaining to the Company Split

As consideration for succession of rights and obligations regarding the Anti-Rheumatic Pharmaceuticals Business Santen, the splitting company, Santen will receive 45 billion yen in cash from Hyperion, the successor company.

(4) Handling related to stock acquisition rights or bonds with stock acquisition rights pursuant to the Company Split

Not applicable.

(5) Increase or decrease in stated capital due to the Company Split

There will be no increase or decrease in the stated capital of Santen.

(6) Rights and obligations succeeded to by the succeeding company

Of the assets, employees, contractual statuses under relevant agreements, and the incidental rights and obligations relating to the Santen's Anti-Rheumatic Pharmaceuticals Business as of the effective date, the succeeding company will succeed to those provided for in the absorption-type company split agreement.

(7) Prospects of performance of payment obligations

Santen does not believe there will be any problems in the prospects of the performance by Hyperion of the payment obligations to be borne by Hyperion on and after the effective date of the Company Split, taking into consideration the prospective earnings and cash flow of Hyperion after the effective date, because the obligations to be succeeded to by Hyperion are only obligations under the agreements to be succeeded to by Hyperion through the Company Split, and amounts of the liabilities to be succeeded to by Hyperion through the Company Split will be zero yen.

#### **4. Basis of and Reason for Allotment**

(1) Basis of and reason for allotment

Because the purpose of the Company Split is the succession to Santen's Anti-Rheumatic Pharmaceuticals Business by Hyperion, the newly-incorporated company controlled by a fund for which Unison acts as an advisor, Santen and Hyperion have determined as a result of discussions between them that it is reasonable to pay money as consideration for the Company Split.

In deliberating the amount of money to be received by Santen as a result of the Company Split, Santen retained GCA Savvian Corporation ("GCAS") as its financial advisor and obtained advice from GCAS regarding methods of valuation for the Anti-Rheumatic Pharmaceuticals Business to be succeeded to as a result of the Company Split, based on the prospective operating income to be gained through the life cycles of the products. GCAS does not constitute a related party of either Santen or Hyperion and does not have any material conflicts of interest with respect to the Company Split. Santen took into consideration the advice and, as a result of discussion between Santen and Hyperion, they have agreed on the amount of consideration for the Company Split, which is set out in "3.(3) Allotment pertaining to the Company Split."

(2) Matters related to valuation

Upon the Company Split, Santen has not obtained any valuation report from any appraiser.

(3) Prospect of being delisted and reasons for such delisting  
Not applicable.

## 5. Company profiles of parties to the Company Split

	Splitting company	Succeeding company
(1) Name	Santen Pharmaceutical Co., Ltd.	Hyperion Pharma Co., Ltd.
(2) Location	Grand Front Osaka Tower A, 4-20 Ofuka-cho, Kita-ku, Osaka-shi, Osaka	4-12-15 Ginza, Chuo-ku, Tokyo
(3) Name and title of representative	Akira Kurokawa, President and Chief Executive Officer	Tatsuya Hayashi, Representative Director
(4) Business activities	Research and development, production, and marketing of pharmaceuticals and medical devices	Production and marketing of pharmaceuticals
(5) Stated capital	7,383 million yen	500,000 yen
(6) Date of establishment	August 6, 1925	January 16, 2015
(7) Number of issued shares	82,653,103 shares	100,000 shares
(8) Fiscal year end	March	April
(9) Number of employees	1,899 (non-consolidated)	1 (secondee) (non-consolidated)
(10) Main trading partners	Suzuken Co., Ltd. Mediceo Corporation	–
(11) Main banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.
(12) Major shareholders and their shareholding ratios	State Street Bank and Trust Company 6.90% Japan Trustee Service Bank, Ltd. (Trust Account) 6.75%	Funds for which Unison Capital, Inc. acts as an advisor 100%

	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.15%				
	Development Bank of Japan Inc.	4.00%				
	Nippon Life Insurance Company	2.57%				
(13) Relationships between parties						
Capital relationship	Not applicable.					
Personnel relationship	Not applicable.					
Business relationship	Not applicable.					
Status as a related party	Not applicable.					
(14) Operating results and financial position in the last three fiscal years						
Fiscal year end	Santen (consolidated) (*1)			Hyperion (consolidated)		
	Mar 2013	Mar 2014	Mar 2015	–	–	At incorporation (*2)
Consolidated net assets	165,132	181,209	211,779	–	–	1
Consolidated total assets	199,640	231,105	304,200	–	–	1
Consolidated net assets per share (yen) (*3)	1,998.44	2,189.50	511.14	–	–	10
Consolidated sales	119,066	148,663	161,831	–	–	–
Consolidated operating profit	24,681	27,414	35,374	–	–	–
Consolidated ordinary income	25,602	27,924	-	–	–	–
Consolidated net income for the year	16,520	17,109	24,032	–	–	–
Consolidated earnings per share (yen) (*3)	195.51	206.65	58.18	–	–	–
Dividends per share (yen)	100.00	100.00	110.00			

(Based on information as of March 31, 2015; figures are in millions of yen, except where indicated otherwise)

- (\*1) The figures for business results and financial position in the fiscal years ending March 2013 and March 2014 are based on the Japanese generally accepted accounting principles (“JGAAP”), whereas the figures in the fiscal year ending March 2015 are based on IFRS. The “net assets,” “total assets,” “sales,” and “net income for the year” under JGAAP correspond to the “equity attributable to owners of parent,” “assets,” “revenue,” and “profit for the year,” respectively, under IFRS. There is no item corresponding to “ordinary income” under IFRS.
- (\*2) Because Hyperion is a company newly incorporated in January 2015, the figures stated above are those as of Hyperion’s incorporation. The figures are subject to change in the future.
- (\*3) Santen conducted a 5-for-1 stock split on April 1, 2015. The figures including number of shares, earnings per share and dividends per share are calculated on a pre-split basis.

## 6. Outline of Business Division to be Split off or Succeeded to

- (1) Business activities of the division to be split off or succeeded to

Business relating to distribution, marketing, research, and development of anti-rheumatic pharmaceuticals

- (2) Operating results of the division to be split off or succeeded to

	Result of division in FY ending March 2015
Revenue	9,629 million yen
Operating profit	4,979 million yen

- (3) Assets and liabilities to be split off or succeeded to, and their book value (as of March 31, 2015)

Most of the assets to be split off from Santen through the Transaction are intangible assets and The book values of these assets and liabilities to be split off from Santen through the Transaction are insignificant. The book values of liabilities to be split off through the Transaction will be zero yen.

## 7. Status after the Company Split

After the Company Split, the name, name and title of representative, business activities, stated capital, and fiscal year end of the splitting company Santen will not change. The consolidated net assets and consolidated total assets will be announced as soon as they are fixed.

On the other hand, the name, location, name and title of representative, stated capital, and fiscal year end of the succeeding company Hyperion will change after the Company Split.

## 8. Future Outlook

For details of the Transaction’s impact on Santen’s projected performance for the current period, please refer to “3. Consolidated Forecasts of results for the year ending March 31, 2016” in the Flash Report of Santen to be disclosed separately.

Reference: Projected consolidated performance in the current period (published on May 12, 2015) and consolidated performance in the previous period (Unit: million yen)

	Consolidated revenue	Consolidated operating profit	Consolidated profit before tax	Consolidated profit for the year
Projected consolidated performance in the current period (FY ending March 2016)	186,500	78,000	78,500	52,500
Consolidated performance in the previous period (FY ended March 2015)	161,831	35,374	35,863	24,032

#### **About Showa (Showa Yakuhin Kako Co., Ltd.)**

Showa Yakuhin Kako Co., Ltd. operates two businesses: one is a pharmaceutical business, whose core product is “Calonal,” an antipyretic analgesic holding the top share of approximately 80% of the acetaminophen drug market; and the other is a dental pharmaceutical business based on products such as “ORA Injection Cartridges,” which holds the top share in the topical dental anesthetics market, and “Periofeel,” a drug for periodontal disease treatment. Showa is striving to enhance its presence in the field of orthopedics, in anticipation of the aging of society in the future.

Name:	Showa Yakuhin Kako Co., Ltd.
Location:	19th Floor, Kabuki-za Tower, 4-12-15 Ginza, Chuo-ku, Tokyo
Representative:	Hikaru Ouchi
Business activities:	Import, export, manufacture, and sales of drugs, non-pharmaceutical supplies, medical equipment, etc.
Stated capital:	6,600 million yen (as of December 31, 2014)
Year of business foundation	1948
Year of incorporation:	2012
Net assets and total assets:	Net assets: 17,469 million yen (as of December 31, 2014) Total assets: 47,687 million yen (as of December 31, 2014)
Relationship with Santen:	There are no details that need to be specifically noted.
Website:	<a href="http://www.showayakuhinkako.co.jp/">http://www.showayakuhinkako.co.jp/</a>



### **About Unison (Unison Capital, Inc.)**

Unison Capital, Inc. is an independent private equity firm established in 1998. As a pioneering buyout investor in Japan, since its foundation Unison has contributed to improvement in the corporate value of small and medium-sized Japanese enterprises. Unison has established four funds so far, all of which specialize in investment in Japanese companies, and has made 21 investments, the total corporate value of which is approximately 600 billion yen.

Name:	Unison Capital, Inc.
Location:	9th Floor, The New Otani Garden Court, 4-1 Kioicho, Chiyoda-ku, Tokyo
Representative:	Nobuyoshi Ehara
Business activities:	Type II financial instruments business and investment advisory and agency services in relation to private equity funds, specially permitted business activity for qualified institutional investors, etc., and advisory services for M&As and corporate alliances
Stated capital:	100 million yen
Year of business foundation	1998
Year of incorporation:	2008
Net assets of the funds for which Unison acts as an advisor:	98.8 billion yen (as of April 30, 2015)
Relationship with Santen:	There are no details that need to be specifically noted.
Website:	<a href="http://www.unisoncap.com">www.unisoncap.com</a>

### **About Santen**

As a specialty company dedicated to the ophthalmic and related fields, Santen carries out research, development, sales, and marketing of pharmaceuticals. The company has bases in about 20 countries and delivers products in more than 70 countries. In Japan, Santen holds the No. 1 share in the prescription ophthalmic pharmaceutical market. As a leading company in the field of ophthalmology, Santen aims to contribute to society by supplying valuable products and services to satisfy unmet medical needs. For more details, please see Santen's website ([www.santen.co.jp](http://www.santen.co.jp)).

### **Santen forward-looking statements**

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and to fluctuations in market variables, such as interest rates and foreign exchange rates.