

Notice on the Disposal of Treasury Shares Under Restricted Stock-Linked Remuneration Program

June 25, 2019---Santen Pharmaceutical Co., Ltd. (Head Office: Osaka; Director of the Board, Chairman, CEO: Akira Kurokawa; hereinafter, the “Company”) announced that its Board of Directors, at a meeting held today, decided to dispose of treasury shares (hereinafter, the “disposal of shares” or the “disposal”), details of which are provided below.

Details

1. Outline of the disposal

(1)	Disposal date	July 24, 2019
(2)	Type and number of shares to be disposed of	71,378 common shares
(3)	Disposal price	1,710 yen per share
(4)	Total amount of share disposal	122,056,380 yen
(5)	Recipients of allotment of shares to be disposed of, number thereof, and number of shares allotted to be disposed of	3 Directors (excluding outside directors): 29,806 shares 9 Corporate Officers: 41,572 shares
(6)	Other	The disposal of shares will be conditional on the validity of the securities registration statement filed pursuant to the Financial Instruments and Exchange Act.

2. Purpose of and reasons for the disposal

At a meeting of its Board of Directors held on May 9, 2018, the Company decided to introduce a restricted stock-linked remuneration program (hereinafter, the “Program”) as part of a new stock-linked remuneration program for the purpose of providing the Company’s Directors excluding Outside Directors (hereinafter, the “Target Directors”) and Corporate Officers (hereinafter, with the Target Directors referred to collectively as the “Target Directors etc.”) with medium- to long-term incentives and promoting the sharing of value with shareholders. Furthermore, the introduction of the Program was approved at the 106th annual general meeting of shareholders, which was held today.

An overview of the restricted stock allotment agreement that will be concluded between the Company and each Target Director, etc. in conjunction with the disposal of shares (hereinafter, the “allotment agreement”) is provided in 3. below.

3. Overview of the allotment agreement

(1) Transfer restriction period: July 24, 2019 – July 23, 2022

(2) Conditions for lifting of transfer restrictions

The restriction on transfer shall be lifted for all the common shares of the Company (hereinafter, the “Company Shares”) at the time the restriction period expires, on condition that the Target Director etc. holds

the position of Director, Corporate Officer, Corporate Auditor, employee or equivalent thereof continuously during the transfer restriction period.

(3) Treatment in case of departure of a Target Director etc. during the transfer restriction period due to completion of term of office, reaching mandatory retirement age, or other justifiable reason

(i) Timing of lifting of transfer restrictions

If a Target Director etc. has departed or retired from a position as Director, Corporate Officer, Corporate Auditor, employee or equivalent thereof of the Company or a subsidiary of the Company due to completion of term of office, reaching mandatory retirement age, or other justifiable reason, the restriction of transfer shall be lifted immediately after the departure or retirement of the Target Director etc. concerned. In the case of departure or retirement as a result of death, the restriction on transfer shall be lifted at a time determined separately by the Board of Directors following the death of Target Director etc. concerned.

(ii) Number of shares subject to the lifting of restrictions on transfer

This shall be the number of Company Shares held at the time of departure or retirement specified in (i) above.

(4) Acquisition by the Company without consideration

The Company shall automatically acquire without consideration Company Shares for which the restriction on transfer has not been lifted when the transfer restriction period expires or at the time of the lifting of the restriction on transfer specified in (3) above.

(5) Management of shares

To prevent the Company Shares being transferred, pledged as collateral, or otherwise disposed of during the transfer restriction period, they shall be managed during the transfer restriction period in a dedicated account that the Target Director etc. has opened with Nomura Securities Co., Ltd. To ensure the effectiveness of the restriction on transfer etc., each Target Director etc. shall conclude a contract with Nomura Securities Co., Ltd. concerning the management of the account for the Company Shares held by the Target Director etc. concerned. Furthermore, the Target Director etc. shall consent to the details concerning the management of the account.

(6) Treatment in the event of reorganization etc.

If, during the transfer restriction period, a resolution is adopted at a general meeting of shareholders of the Company (or by the Board of Directors of the Company if the reorganization etc. does not require approval at a general meeting of shareholders) to approve a merger agreement that will result in the extinction of the Company, a share exchange agreement or share transfer plan that will make the Company a wholly-owned subsidiary, or other form of reorganization etc., the Board of Directors shall pass a resolution to the effect that the restriction on transfer will be lifted immediately before the business day prior to the date the reorganization etc. takes effect with respect to the number of Company Shares held at the time of the resolution. Furthermore, immediately after the restriction on transfer has been lifted, all the Company Shares for which the restriction on transfer has not been lifted shall be automatically acquired without consideration by the Company.

4. Basis for calculation of the contribution amount and specific details thereof

The disposal of shares to the parties to be recipients of allotment shall be performed by way of contribution as investments in kind of the monetary remuneration claims granted as restricted stock-linked remuneration for the 107th business year based on the Program. To prevent the price applied to the disposal of shares being determined arbitrarily, it will be 1,710 yen, the closing price of common shares in the Company on the First Section of the Tokyo Stock Exchange on June 24, 2019 (the business day prior to the day of the resolution by the Company's Board of Directors). This is the market price immediately prior to the resolution by the Company's Board of Directors, and therefore regarded as a reasonable and not particularly advantageous amount.

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As a specialized company dedicated to ophthalmology, Santen carries out research, development, marketing, and sales of pharmaceuticals, over-the-counter products, and medical devices. Santen is the market leader for prescription ophthalmic pharmaceuticals in Japan and its products now reach patients in over 60 countries. With scientific knowledge and organizational capabilities nurtured over a nearly 130-year history, Santen provides products and services to contribute to the well-being of patients, their loved ones and consequently to society. For more information, please visit Santen's website (www.santen.com).