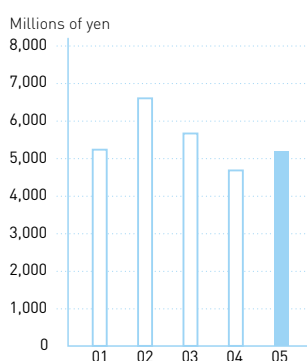


## Over-The-Counter Pharmaceuticals



Sales of Over-The-Counter Pharmaceuticals



In the area of over-the-counter (OTC) pharmaceuticals, Santen focuses on the marketing of eye drop products including *Sante FX Neo*, a leading brand in Japan, and *Sante 40*, which provides effective relief from blurred vision. Santen's strength in the OTC pharmaceuticals market is due to the high-quality sales support capabilities and the communication skills of its sales and marketing staff. The Company also benefits from a product lineup designed to help people maintain and improve their ophthalmic health based on its advanced technology in eye drop development and formulation.

In the year ended March 31, 2005, the OTC eye drops market expanded year-on-year, invigorated by the introduction of new products in the contact lens and cooling effects segments, with the added contribution from an increase in the ocular allergy segment caused by the high airborne pollen count.

During the year under review, we continued working on sales promotions mainly related to eye drops for eye strain, blurred vision and cooling effects. Growth in eye drops for allergies due to the high pollen count and the culmination of our continued efforts at achieving appropriate levels of trade inventory resulted in sales of ¥5,277 million, up 13.0% year-on-year.

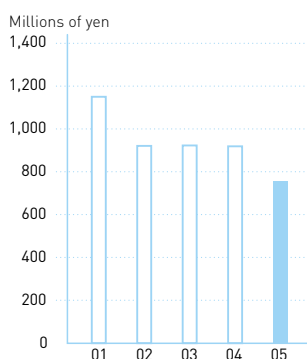
Amid continuing price competition in this field, Santen will consistently develop high value-added products that enjoy strong consumer demand. In the current year ending March 31, 2006, we will tackle business reforms to improve future profitability, including the advancement of marketing efficiency and reinforcement of planning capabilities of the head office.



▲ TV commercial for *Sante FX Neo* aired beginning April 2005

## Medical Devices

Sales of Medical Devices



Santen's medical device business specializes in the field of cataract surgery centered on intraocular lenses (IOLs). With the goal of being the best partner for surgeons, our surgical representatives with expertise in cataract surgery provide information to over 3,000 surgical institutions in Japan in cooperation with our 400 pharmaceutical MRs.

*ClariFlex*, a foldable IOL launched in March 2003 that can potentially reduce the incidence of secondary cataract, demonstrated strong sales, increasing 20.5% year-on-year. However, sales of other IOLs and our phacoemulsification machines showed a decline, and we discontinued the sale of surgical instruments in December 2004. As a result, sales of medical devices for the year ended March 31, 2005 were ¥754 million, down 17.5% from the previous year.

In recent years, demand has concentrated on foldable IOLs that can be inserted through a small incision. Advanced Vision Science, Inc. (AVS), our U.S. subsidiary, is currently developing a unique new foldable IOL (development code: MD-14). In August 2004, Santen applied for approval of this lens in Japan, and we are currently conducting clinical trials in the United States.

Note: All graphs in this section are based on fiscal years ended March 31.