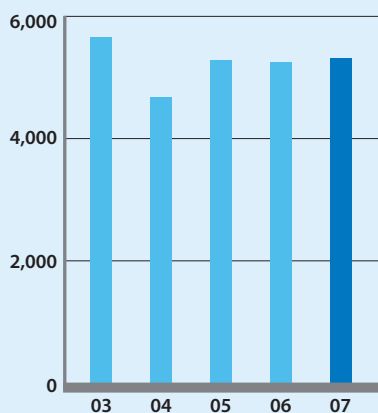


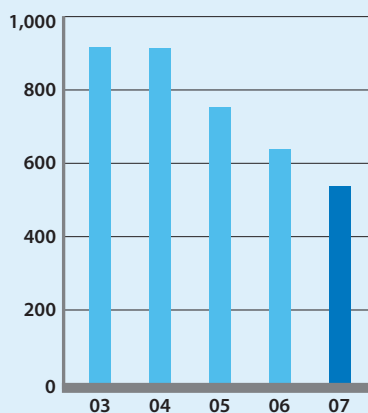
Over-the-Counter Pharmaceuticals

Sales of OTC Pharmaceuticals
(Millions of yen)



Medical Devices

Sales of Medical Devices
(Millions of yen)



Santen has developed its over-the-counter (OTC) pharmaceutical business in Japan by concentrating on a broad range of eye drops. Its OTC brands include the top-selling *Sante FX Neo* and the *Sante 40* series, which is effective for relieving blurred vision.

The Japanese OTC eye drop market was virtually flat in the year ended March 31, 2007, while market competition intensified. In this severe business environment, Santen continued to focus sales promotion mainly on eye drops for eye fatigue, blurred vision or cool relief for fatigued eyes, including our new product, *Sante Medical 10*, which was launched in October 2006. As a result, sales of OTC pharmaceuticals increased 1.1% year over year to ¥5,308 million.

Going forward, we will continue to maintain our current market share while focusing on sales promotion of new products.

Santen's medical device business specializes mainly in intraocular lenses (IOLs) used in cataract surgery.

The number of cataract procedures performed in Japan increased slightly in the year ended March 31, 2007. However, given the intensifying market competition, sales of IOLs declined and total sales of medical devices fell 15.9% to ¥537 million.

In recent years, demand in the IOL market has shifted toward foldable lenses that can be inserted through a small incision. Advanced Vision Science, Inc., a U.S.-based Santen subsidiary, is developing a new foldable IOL (development code: MD-14) that uses a new high-refractive index optical material. Santen obtained the regulatory approval to manufacture and market this lens in Japan in October 2006, and is preparing for the product launch in the year ending March 31, 2008. A regulatory filing in the United States is pending.