

2003-2005 Medium-term Management Plan

To lay the groundwork for significant advances in the year ending March 31, 2007 and beyond, Santen will devote the next three years to thoroughly overhauling its earnings structure and bolstering its R&D capabilities. By doing so, Santen aims to evolve into a company that makes R&D - in the fields of ophthalmic and rheumatic/osteoarthritic treatments - the source of growth, in addition to its existing strength in sales and marketing.

I. Basic Objectives

1. Restoration of Profitability
2. Strengthening of R&D
3. Reinforcement of Organizational Strength

II. Financial Targets

Billions of yen, except ROE

	Year ending March 2006	←	Year ended March 2003
Net sales	93.0		90.2
Operating income	18.0		12.6
Net income	10.0		8.5
Return on equity (ROE)	10.0%		8.8%

III. Key Issues

1. Restoration of Profitability

- Early profitability of U.S. operations
- Reduction of expenses
- Maintenance and improvement of domestic earnings base

2. Strengthening of R&D

- Accelerating new product development
- Enhancing the pipeline of drug candidates through focused resource allocation

3. Reinforcement of Organizational Strength

- Strengthening of corporate governance
- Employee education and enhancement of organizational management capabilities

Note: For details, please visit our Web site (<http://www.santen.co.jp/ir/en/news/pdf/200302202.pdf>).