

Translation

[**Disclaimer:** The following is meant to be an accurate translation from the original Notice of Shareholders Meeting of Santen Pharmaceutical Co., Ltd. 2004, written in Japanese, and is prepared for the convenience of shareholders outside Japan who have voting rights. However, in the case of any discrepancy between the English translation and the Japanese original, the latter shall prevail. Please be advised that certain expressions for domestic voting procedures that are not applicable to the aforesaid shareholders are omitted or modified to avoid confusion.]

June 3, 2004

NOTICE OF THE 92ND ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
SANTEN PHARMACEUTICAL CO., LTD.

Dear Shareholder:

We invite you to attend the 92nd Annual General Meeting of Shareholders of Santen Pharmaceutical Co., Ltd. on June 25, 2004. If you are unable to attend the Meeting, we ask you to exercise your voting rights using one of the following methods, after examining the attached "Reference Materials for Exercise of Voting Rights".

(VOTING PROCEDURES FOR REGISTERED SHAREHOLDERS IN JAPAN)¹

Voting by Mail

Please fill in the Voting Card², indicating your consent or dissent to the items on the agenda, affix your seal or signature, and return the card to us by mail.

Voting via the Internet

Please access the Website (<http://www.evote.jp/>) for voting from your personal computer, using the "voting code" and "temporary password" shown on the Voting Card. Please follow the instructions on the screen and indicate your consent or dissent to the items on the agenda.

Yours very truly,

Takakazu Morita
President & CEO
SANTEN PHARMACEUTICAL CO., LTD.
9-19, Shimoshinjo 3-chome,
Higashiyodogawa-ku, Osaka

Notes:

¹ Shareholders outside Japan are not entitled to use these voting procedures.

² The Voting Card is not included in the English translation.

AGENDA

- 1. Date and Time:** Friday, June 25, 2004 at 10:00 a.m.
- 2. Place:** Century Hall on the 5th Floor of the Headquarters Bldg. of Santen Pharmaceutical Co., Ltd.
9-19, Shimoshinjo 3-chome, Higashiyodogawa-ku, Osaka
- 3. Agenda:**

Reports:

The Non-Consolidated Balance Sheet as of March 31, 2004; and the Non-Consolidated Income Statement and Business Report for the 92nd Business Term (April 1, 2003 to March 31, 2004)

Items of Business:

- Item No. 1 Approval of the Proposed Appropriation of Retained Earnings for the 92nd Business Term
- Item No. 2 Partial Amendments to the Articles of Incorporation
- Item No. 3 Election of five (5) Directors
- Item No. 4 Election of two (2) Corporate Auditors
- Item No. 5 Grant of Retirement Allowances to Retiring Corporate Auditor
- Item No. 6 Issuance of Stock Acquisition Rights as Stock Options

For details of each item, please see the "Reference Materials for the Exercise of Voting Rights" attached to this notice.

REFERENCE MATERIALS FOR THE EXERCISE OF VOTING RIGHTS

1. Total number of voting rights held by shareholders: 877,985
2. Items of Business and Information for Reference:

Item No.1 Approval of the Proposed Appropriation of Retained Earnings for the 92nd Business Term

The proposed appropriation of retained earnings is as stated on page 11 of the attached document.

The Company regards a return of profits to shareholders as a highly important management task. To this end, the Company has continued regular distribution of dividends and the return of appropriate profits based on corporate performance, while strengthening its profitability and establishing the management foundation necessary for future growth. Based on the policy of improving capital efficiency from the current business term, the Company has determined to engage in more positive returns of profits to shareholders. Hence, the Board of Directors proposes term-end dividends of JPY30 per share (with total dividends for the annual business term being JPY 40 per share).

Item No.2 Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments:
 - (1) In accordance with a resolution of the Board of Directors pursuant to the provisions of Article 212 of the Commercial Code of Japan, the Company retired 2,741,000 shares of treasury stock as of March 16, 2004. Consequently, the total number of shares authorized to be issued by the Company decreases by the same number. The Board of Directors proposes amending Article 5 (Total number of issued and outstanding shares) of the Articles of Incorporation.
 - (2) The "Law to Amend Part of the Commercial Code and the Law Concerning Special Exceptions to the Commercial Code Relating to Audits etc. of Stock Corporations" (2003 Law No. 132) of Japan took effect on September 25, 2003 to authorize a company to buy back its own shares by resolution of its board of directors. Following this change, the Board of Directors proposes establishing a new Article 6 (Share buyback) in the Articles of Incorporation to allow the Company to carry out its capital policies with flexibility in response to changes in economic conditions.
 - (3) The "Law to Amend Part of the Commercial Code and the Law Concerning Special Exceptions to the Commercial Code Relating to Audits etc. of Stock Corporations" (2001 Law No. 149) of Japan took effect on May 1, 2002. According to this law, a company can enter into an agreement with an external director to limit the liability of the external director in the event he or she shall be liable to the company for damages if the external director performed his or her duties in good faith and with no gross negligence. The Board of Directors proposes establishing a new Article 24 (Agreement with external Directors to limit liability) in the Articles of Incorporation to allow the Company to invite and appoint competent persons fit for the post of

external Director and enable more objective and transparent management.
The Board of Corporate Auditors unanimously consented to establish the proposed new Article 24.

- (4) The "Law to Amend Part of the Commercial Code" (2001 Law No. 128) of Japan took effect on April 1, 2002. This law transforms convertible bonds into bonds with stock acquisition rights and eliminates the requirement for a provision in the Articles of Incorporation for the handling of dividend accrual dates for new shares to be issued upon the exercise of stock acquisition rights. Additionally, the 3rd unsecured convertible bonds of the Company issued prior to the effective date of the said law were redeemed at maturity as of September 30, 2003. Therefore, the Board of Directors proposes deleting Article 33 (Dividends on shares issued upon conversion of convertible bonds) of the Articles of Incorporation.
- (5) Due to the establishment and deletion of the aforementioned articles, the Articles of Incorporation will be renumbered.

2. Details of the amendments

Details of the proposed amendments are as follows:

(Parts proposed to be amended are underlined.)

Current Articles of Incorporation	Proposed amendment
<p>Article 5. (Total number of shares to be issued by the Company)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>155,585,454</u> shares; provided, however, that in case shares are retired, the number of shares so retired shall be subtracted from the total number of shares so authorized.</p> <p>[To be newly established]</p> <p>Article <u>6</u>. (Number of shares to constitute one unit and non-issuance of certificates for less-than-one-unit shares) to Article <u>22</u>. (Remuneration for Directors) (descriptions omitted)</p>	<p>Article 5. (Total number of shares to be issued by the Company)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>152,844,454</u> shares; provided, however, that in case shares are retired, the number of shares so retired shall be subtracted from the total number of shares so authorized.</p> <p><u>Article 6. (Share buyback)</u></p> <p><u>The Company may, by resolution of the Board of Directors, acquire its own shares pursuant to the provisions of Article 211-3, paragraph 1, item 2 of the Commercial Code of Japan.</u></p> <p>Article <u>7</u>. (Number of shares to constitute one unit and non-issuance of certificates for less-than-one-unit shares) to Article <u>23</u>. (Remuneration for Directors) (same as existing)</p>

Current Articles of Incorporation	Proposed amendment
<p>[To be newly established]</p> <p>Article <u>23</u>. (Number of Corporate Auditors) to Article <u>32</u>. (Interim dividend) (descriptions omitted)</p> <p><u>Article 33. (Dividends on shares issued upon conversion of convertible bonds)</u></p> <p><u>The first dividend or interim dividend on shares issued upon conversion of convertible bonds issued by the Company shall be paid on the assumption that the conversion took place on April 1, if the conversion request is made from April 1 to September 30 or on October 1, if the conversion request is made from October 1 to March 31 of the following year.</u></p> <p><u>Article 34. (Period of limitations)</u> (descriptions omitted)</p>	<p><u>Article 24. (Agreement with external Directors to limit liability)</u></p> <p><u>The Company may enter into an agreement with any external Director to limit the liability for any damage that may be caused to the Company by any act of the external Director as provided for in Article 266, paragraph 1, item 5 of the Commercial Code of Japan, pursuant to the provisions of Article 266, paragraph 19 of the said code; provided, however, that the maximum amount to limit the liability under the agreement shall be an amount as prescribed in laws or regulations.</u></p> <p>Article <u>25</u>. (Number of Corporate Auditors) to Article <u>34</u>. (Interim dividend) (same as existing)</p> <p>[To be deleted]</p> <p><u>Article 35. (Period of limitations)</u> (same as existing)</p>

Item No. 3 Election of Five (5) Directors

The office terms of all Directors will expire at the close of this Annual General Meeting of Shareholders. The Board of Directors proposes the election of the following five (5) Directors:

Candidate No.	Name (Date of birth)	Career summary (If the candidate holds a position of representative of any other company, a description of the position)	Number of shares of the Company owned
1.	Takakazu Morita (February 10, 1945)	April 1980 Entered the Company November 1980 Head of Office of the President July 1981 Director July 1983 Managing Director July 1987 Senior Managing Director October 1990 President & CEO (incumbent) May 2002 President & CFO of Santen Holdings U.S., Inc. (incumbent) June 2003 Head of Sales & Marketing	133,400 shares

Candidate No.	Name (Date of birth)	Career summary (If the candidate holds a position of representative of any other company, a description of the position)	Number of shares of the Company owned
		<p>Division – OTC Products (incumbent)</p> <p>Acting as other company's representative: President & CFO of Santen Holdings U.S., Inc.</p>	
2.	Masahiro Mita (November 13, 1949)	<p>April 1980 Entered the Company</p> <p>April 1981 Head of Marketing Department</p> <p>July 1983 Director</p> <p>June 1993 President & Director of Goyo Kigyo Co., Ltd. (incumbent)</p> <p>June 1995 Managing Director (incumbent)</p> <p>May 2001 In charge of Corporate Management and Regulatory Affairs</p> <p>January 2004 In charge of Corporate Management, Social/Environmental and Regulatory Affairs (incumbent)</p> <p>Acting as other company's representative: President and Director of Goyo Kigyo Co., Ltd.</p>	234,000 shares
3.	Katsuhiro Waga (April 2, 1950)	<p>April 1987 Entered Procter & Gamble Far East, Inc. Beauty Care Technical Support Manager of Product Supply Operations Division</p> <p>April 1994 Resigned from Procter & Gamble Far East, Inc.</p> <p>April 1994 Entered the Company</p> <p>October 1995 Deputy Head of Manufacturing Division</p> <p>June 1997 Director (incumbent)</p> <p>June 1997 Head of Manufacturing Division</p> <p>April 2000 Head of Product Supply Division (incumbent)</p> <p>June 2001 Corporate Officer (incumbent)</p>	4,200 shares
4.	Akira Kurokawa (September 5, 1952)	<p>April 1977 Entered the Company</p> <p>April 1997 General Manager, Office of the Head of Sales & Marketing Division - Prescription Pharmaceuticals</p> <p>June 1997 Director (incumbent)</p> <p>June 1998 Deputy Head of Sales & Marketing Division - Prescription Pharmaceuticals</p> <p>May 2001 Head of Sales & Marketing Division - Prescription Pharmaceuticals (incumbent)</p> <p>June 2001 Corporate Officer (incumbent)</p>	3,000 shares
5.	Kosei Furukawa (September 23, 1935)	<p>April 1986 Professor, Graduate School of Business Administration, Keio University</p> <p>June 1998 Corporate Auditor of the Company</p> <p>April 1999 Honorary Professor, Graduate School of Business</p>	2,000 shares

Candidate No.	Name (Date of birth)	Career summary (If the candidate holds a position of representative of any other company, a description of the position)	Number of shares of the Company owned
		Administration, Keio University (to present) April 1999 Professor, Nakamura Gakuen University (to present) June 2003 Director of the Company (incumbent)	

(Note 1) None of the above candidates for Directors has any special conflict of interest with the Company.

(Note 2) Kosei Furukawa, candidate for Director, fulfils the requirement for an external Director prescribed in Article 188, paragraph 2, item 7-2 of the Commercial Code of Japan.

Item No. 4 Election of Two (2) Corporate Auditors

The office terms of Corporate Auditors Messrs. Shushi Sakamoto and Takashi Ishida will expire at the close of this Annual General Meeting of Shareholders. The Board of Directors proposes the election of the following two (2) Corporate Auditors.

The Board of Corporate Auditors has consented to the submission of this item of business.

Candidate No.	Name (Date of birth)	Career summary (If the candidate holds a position of representative of any other company, a description of the position)	Number of shares of the Company owned
1.	Shushi Sakamoto (September 11, 1944)	March 1963 Entered the Company June 1997 Director, Deputy Head of Manufacturing Division June 1998 Corporate Auditor (incumbent)	4,600 shares
2.	Yukinori Mizumoto (April 22, 1946)	March 1965 Entered the Company April 2003 Manager, Human Resources Group, Corporate Development and Administration Division (incumbent)	1,200 shares

(Note 1) None of the above candidates for Corporate Auditors has any special conflict of interest with the Company.

(Note 2) Shushi Sakamoto is a candidate for external Corporate Auditor prescribed in Article 18, paragraph 1 of the "Law Concerning Special Exceptions to the Commercial Code Relating to Audit etc. of Stock Corporations" of Japan.

Item No. 5 Grant of Retirement Allowances to Retiring Corporate Auditor

The Board of Directors proposes to grant to Mr. Takashi Ishida, who will retire upon the expiration of the term of office as Corporate Auditor at the end of this Annual General Meeting of Shareholders, a retirement allowance, within a reasonable amount based on the regulations of the Company, as compensation for his invaluable service to the Company during the term of his office.

The Board of Directors proposes that the determination of the amount, the date and the procedure of the grant should be entrusted to the Board of Directors with respect to the portion thereof for the term of office as Director, and to consultation among the Corporate Auditors with respect to the portion thereof for the term of office as Corporate Auditor.

The following is a career summary of Mr. Takashi Ishida:

Name	Career summary	
Takashi Ishida	June 1995 June 2001	Director Corporate Auditor (incumbent)

Item No. 6 Issuance of Stock Acquisition Rights as Stock Options

The Board of Directors proposes to issue stock acquisition rights under specially favorable conditions to persons other than shareholders of the Company in accordance with the following terms and conditions, pursuant to Article 280-20 and Article 280-21 of the Commercial Code of Japan:

1. Purpose of the issuance of stock acquisition rights under specially favorable conditions to persons other than shareholders:

The Company plans to issue stock acquisition rights free of charge to tie directly the compensation of Directors and Corporate Officers of the Company, as well as Directors of the Company's important overseas subsidiaries, to the creation of medium- and long-term shareholder value; to raise the motivation and morale of Directors and Corporate Officers of the Company, as well as Directors of the Company's important overseas subsidiaries, for the improvement of the Company's business results; and to further enhance shareholder value and customer satisfaction.

As stock acquisition rights shall be issued as stock options, such rights shall be issued free of charge as stated below, and the amount to be paid upon exercise of stock acquisition rights shall be based on the current market price as stated in 2. (5) below.

2. Summary of the issuance of stock acquisition rights:

- (1) Grantees of stock acquisition rights:

Directors and Corporate Officers of the Company, and Directors of the Company's important overseas subsidiaries

- (2) Class and number of shares to be issued for stock acquisition rights:

Maximum of 78,200 shares of common stock of the Company.

In case the Company makes a stock split or stock consolidation of its outstanding shares, the number of shares to be issued for stock acquisition rights shall be adjusted in accordance with the following formula; provided, however, that such adjustment shall be made solely to the number of shares to be issued for stock acquisition rights which have not yet been issued upon the exercise of stock acquisition rights at the time of such stock split or stock consolidation and any fraction of a share arising out of such adjustment shall be disregarded:

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Percentages of stock split (or consolidation)}$$

Also, in case stock acquisition rights are transferred by merger or consolidation

between the Company and other companies or the Company becomes the 100% parent company by share exchange with other companies or the Company incorporates a company or transfers business by a corporate split, the number of shares to be issued for stock acquisition rights shall be appropriately adjusted if deemed necessary.

(3) Aggregate number of stock acquisition rights to be issued:

Maximum 782 (The number of shares to be issued for one stock acquisition right shall be 100 shares; provided, however, that in case any adjustment was made to the number of shares to be issued for stock acquisition rights as stated in 2. (2) above, the number of shares to be issued for one stock acquisition right shall be adjusted in the same way as stated in 2. (2) above.)

(4) Issue price of stock acquisition rights:

Free of charge

(5) Amount to be paid upon the exercise of each stock acquisition right:

The amount to be paid per share allotted for stock acquisition rights shall be an amount which is the average of the closing prices (regular way) of the Company's shares of common stock on the Osaka Securities Exchange on each day (other than any day on which no sale is reported) of the month immediately preceding the month during which the date of the issuance of stock acquisition rights falls. Any amount less than one yen arising out of such calculation shall be rounded upward to the nearest yen. Notwithstanding the foregoing, if such price is less than the closing price as of the date on which the stock acquisition rights are issued, then such closing price reported on the date on which the stock acquisition rights are issued shall be the amount to be paid. In case the Company issues new shares at a price less than the current market price (excluding the case in which new shares are issued upon exercise of stock acquisition rights), the amount to be paid shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded upward to the nearest yen:

$$\begin{array}{rcccl} \text{Amount to be} & & & & \text{Number of} & & \text{Amount} \\ \text{paid after} & & & & \text{shares newly} & \times & \text{paid per} \\ \text{adjustment} & = & \text{Amount to} & \times & \text{issued} & & \text{share} \\ & & \text{be paid} & & + & \frac{\text{Market price before stock split}}{\text{or issuance of new shares}} & \\ & & \text{before} & & & & \\ & & \text{adjustment} & & \frac{\text{Number of}}{\text{shares issued}} & + & \text{Number of shares after stock} \\ & & & & & & \text{split or newly issued} \end{array}$$

(6) Exercise period of stock acquisition rights:

From June 26, 2006 to June 24, 2014

(7) Conditions of exercise of stock acquisition rights:

- 1) Directors or Corporate Officers of the Company or Directors of important overseas subsidiaries of the Company who were granted stock acquisition rights

are required to stay in their positions during the exercise period of stock acquisition rights; provided, however, that a grantee may exercise stock acquisition rights in case such grantee retires due to reasonable reasons such as the expiration of the term of office or leaves office due to any reasonable reason.

- 2) Partial exercise of one stock acquisition right is only exercisable so long as the number of shares to be issued for the stock acquisition right is an integral multiple of one unit tan-gen of shares of the Company.
- 3) A successor may exercise stock acquisition rights during the exercise period thereof.
- 4) Details relating to the exercise of stock acquisition rights shall be determined in accordance with an "agreement with respect to the granting of stock acquisition rights," which shall be concluded between the Company and the grantees, pursuant to resolutions to be made at this Annual General Meeting of Shareholders and the meeting of the Board of Directors regarding the issuance of stock acquisition rights.

(8) Events and conditions of cancellation of stock acquisition rights:

- 1) If a merger agreement, under which the Company shall become the dissolving company, is approved, or if a proposal for approval of a share exchange agreement or a proposal for a share transfer under which the Company shall become a wholly-owned subsidiary is approved at a General Meeting of Shareholders of the Company, the Company may cancel the stock acquisition rights, free of charge.
- 2) If a grantee is not able to exercise his/her stock acquisition rights because the grantee no longer falls under the conditions stated in 2. (7) 1) above before exercising his/her rights, such stock acquisition rights may be cancelled, free of charge.

(9) Transfer restrictions on stock acquisition rights:

Transfer of stock acquisition rights shall require approval from the Board of Directors of the Company.

[Attachment]

Details of the Proposed Appropriation of Retained Earnings for the 92nd Business Term

	(JPY)
Unappropriated retained earnings for the Term	5,933,106,536
Reversal of special depreciation reserve	<u>102,269,990</u>
Total	6,035,376,526
 <i>Proposed appropriation of the above:</i>	
Cash dividend (JPY30 per share)	2,637,898,500
Bonus to Directors	21,000,000
Special depreciation reserve	71,444,305
Retained earnings to be carried forward to the next Term	3,305,033,721

(Note 1) Interim dividends on shares of Common Stock aggregating JPY879,316,700 (JPY10 per share) were paid on November 28, 2003.

(Note 2) The amount of reversal and reserve of special depreciation reserve has been determined by deducting the amounts of tax effects from those amounts calculated in accordance with the Special Taxation Measurement Law.

Non-consolidated Balance Sheet

As of March 31,2004

(In millions of yen)

ASSETS

Current assets	84,293
Cash and deposits	28,557
Notes receivable	496
Accounts receivable - trade	30,378
Marketable securities	9,303
Finished goods and merchandise	6,939
Semi-finished goods and work in process	538
Raw materials and supplies	1,383
Deferred tax assets	2,298
Other current assets	4,657
Allowance for doubtful receivables	(258)
Fixed assets	65,946
Tangible assets	32,660
Buildings	17,800
Structures	488
Machinery and equipment	798
Vehicles	7
Tools and furniture	1,875
Land	10,343
Construction in progress	1,346
Intangible assets	2,700
Patents	584
Trademarks	717
Marketing approvals	206
Good will	1,111
Other assets	80
Investments and other assets	30,585
Investments in securities	11,478
Investments in subsidiaries	13,149
Deferred tax assets	1,699
Other assets	4,293
Allowance for doubtful receivables	(3)
Total Assets	150,240

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	24,337
Accounts payable - trades	4,436
Current portion of long term debt	416
Accounts payable -others	8,228
Accounts payable - income taxes	8,075
Accounts payable - consumption taxes	556
Accrued expenses	54
Deposits	95
Reserve for bonus	1,808
Reserve for returned goods unsold	259
Reserve for sales promotion	390
Other current liabilities	16
Long-term Liabilities	19,102
Long-term debt	12,270
Retirement and severance benefits for employees	5,303
Retirement and severance benefits for directors and corporate auditors	441
Other long-term liabilities	1,088
Total Liabilities	43,440
Common stock	6,214
Capital reserve	6,908
Additional paid-in capital	6,908
Retained earnings	92,291
Legal earned reserve	1,551
Voluntary reserve	84,806
Reserve for retirements allowance	372
Special depreciation reserve	325
General reserve	82,109
Unappropriated retrained earnings	5,933
Unrealized holding gains on securities	1,426
Treasury stock at cost	(40)
Total Stockholders' Equity	106,800
Total Liabilities and Stockholders' Equity	150,240

Non-consolidated Statements of Income

For the year ended March 31, 2004

(In millions of yen)

Operating profit and loss:

Net sales	80,227
Cost of sales	27,653
Selling, general and administrative expenses	35,103
Operating income	17,469

Non-operating profit and loss:

Non-operating income:

Interest and dividend income	364
Insurance due date amount receivables	1,712
Other income	574
	2,651

Non-operating expense:

Interest expense	243
Other expenses	1,196
	1,439

Ordinary income

18,680

Extraordinary gain:

Gain on disposition of fixed assets	5
Gain on sales of investments in securities	675
Gain on sales of golf membership rights	2
	682

Extraordinary loss:

Loss on disposition of fixed assets	116
Impairment loss on asset	322
Loss on valuation of investment in securities	200
Loss on valuation of subsidiary securities	3,657
Impairment losses on golf membership rights	40
Retirement benefit for carrier development support	719
	5,058

Income before income taxes

14,305

Income taxes:

Current	8,662
Deferred	(1,533)
Net income	7,176

Unappropriated retained earnings brought forward from previous period	2,875
Retirement of shares	3,239
Interim dividends	879
Unappropriated retained earnings as of the end of the fiscal period	5,933