

## **Santen Establishes New Retirement Benefit and Pension Program**

**Osaka, Japan, November 4, 2004** – Santen Pharmaceutical Co., Ltd. announced the establishment of a new retirement and pension program for its employees. The company has been overhauling its seniority-based program and has decided to introduce a new system on January 1, 2005.

In 1999, Santen carried out reforms of its human resource and compensation system. Abolishing its conventional personnel evaluation system which focused on such factors as seniority, Santen launched a new, performance-oriented system. Since then, Santen has been exploring ways to keep consistency between the human resource system and employees' retirement benefits. Santen's labor and management have recently reached agreement to introduce a new retirement benefit and pension program effective January 1, 2005, which includes new features such as a defined contribution pension plan.

The new system will allow Santen to provide more fair benefits and to meet diversified employee needs. Also, under the new system, Santen will be able to minimize the risk inherent in pension fund asset management, and will seek to provide a stable program.

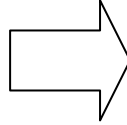
### **[Details of the New Retirement Benefit and Pension System]**

- Total amount of retirement benefit and pension: accumulated amount of annual income multiplied by a fixed rate and with interest added.
- Breakdown of benefit and pension:
  - 1) Lump-sum retirement benefit
    - Approximately 40% of the total amount
  - 2) Defined benefit pension
    - Approximately 30% of the total amount
    - Assured pension yield of 2% (Yield will be revised in the future if necessary)
    - Entitlement of a fixed 15-year period
  - 3) Defined contribution pension
    - Approximately 30% of the total amount
    - Entitlement period between 5 and 20 years; chosen by each employee
    - 18 financial products available for each employee's choice

Upon launch of the new system, the current qualified retirement pension program will be abolished.

**Current system  
(until December 2004)**

Tax qualified pension
Temporary plan after secession from composite pension fund*
Lump-sum retirement benefit



**New system**

Defined benefit pension
Defined contribution pension
Lump-sum retirement benefit

\* Temporary plan after secession from composite pension fund: Accumulated amount equivalent to the fund which was managed by the Osaka Pharmaceutical Industry Pension Fund. Santen seceded from the Fund in September 2002.

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