

Santen to Outsource its Logistics Operations

August 25, 2005, Osaka, Japan -- Santen Pharmaceutical Co., Ltd. (President: Takakazu Morita) announced that it will outsource its logistics operations in the western part of Japan to Hitachi Transport System, Ltd. (President: Hiromi Yamamoto).

Santen established Santen Distribution Co., Ltd. (President: Hiroshi Abe), a wholly owned subsidiary, in November 1995 and Santen has been entrusting its logistics operations, such as storage, cargo handling and distribution, to the subsidiary since February, 1996.

In the western part of Japan, Kansai Distribution Center at Santen Distribution handles distribution, while in the eastern part Santen Distribution collaborates with Tokyo Distribution Center, a subsidiary company of Daiichi Pharmaceuticals, to provide Santen's products both domestically and overseas.

In order to ensure high quality customer service by improving efficiency and shortening lead time and to improve capital efficiency by concentrating management resources, Santen has decided to outsource its logistics business currently handled at Kansai Distribution Center to Hitachi Transport System as follows.

Effective: May, 2006

Areas: Western Japan

Current trustee: Santen Distribution Co., Ltd.

Current operating base: Kansai Distribution Center at Santen Distribution Co., Ltd.
(Omi-cho, Sakata-gun, Shiga)

Trustee after May 2006: Hitachi Transport System, Ltd.

Operating base after May 2006: Kita-Osaka Distribution Center, Hitachi Transport System, Ltd.
(Ibaragi-shi, Osaka)

There will be an impairment loss of ¥1.2 billion during the year ending March 2006 related to the outsourcing due to losses in land, buildings and personnel costs. However, the losses have already been taken into account on the forecast earnings and do not cause any impact on the announced financial forecast for the year ending March 2006.