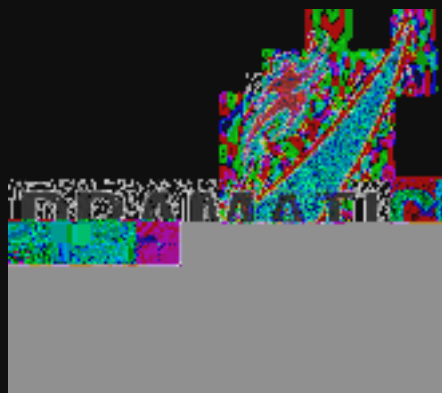


# FY2005 Financial Results Presentation



May 16, 2006  
Eisai Co., Ltd.

# Safe Harbor Statement

- Materials and information provided during this presentation may contain so-called “forward-looking statements.” These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.
- Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations. Risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, technological advances and patents attained by competitors; challenges inherent in new product development, including completion of clinical trials; claims and concerns about product safety and efficacy; obtaining regulatory approvals; domestic and foreign healthcare reforms; trends toward managed care and healthcare cost containment; and governmental laws and regulations affecting domestic and foreign operations.
- Also, for products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials, and failure to gain market acceptance.
- The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

# FY2005 Consolidated Results

7<sup>th</sup> Consecutive Increase in Sales and 6<sup>th</sup> in Profits

(billions of yen, %)

	FY2004		FY2005			
	Results	%	Results	%	YOY (%)	Change
Net Sales	533.0	100.0	<b>601.3</b>	100.0	113	68.2
Cost of Sales	98.5	18.5	<b>104.5</b>	17.4	106	6.0
Gross Profit	434.5	81.5	<b>496.7</b>	82.6	114	62.2
R&D Expenses	78.3	14.7	<b>93.2</b>	15.5	119	14.9
SG&A Expenses	269.4	50.5	<b>307.8</b>	51.2	114	38.4
Operating Income	86.8	16.3	<b>95.7</b>	15.9	110	8.9
Ordinary Income	89.1	16.7	<b>100.0</b>	16.6	112	10.9
Net Income	55.5	10.4	<b>63.4</b>	10.5	114	7.9

# Trends of Major Indices (Consolidated)

(yen, %)

	Earnings Per Share (EPS)		Return on Equity (ROE)		Return on Assets (ROA)	
	Results	YOY	Results	Change	Results	Change
FY2001	¥123.5	157%	10.3%	+ 3.4%	6.6%	+ 2.1%
FY2002	¥141.2	114%	10.9%	+ 0.6%	7.1%	+ 0.5%
FY2003	¥172.1	122%	12.4%	+ 1.5%	8.3%	+ 1.2%
FY2004	¥193.4	112%	12.6%	+ 0.2%	8.7%	+ 0.4%
<b>FY2005</b>	<b>¥221.9</b>	<b>115%</b>	<b>13.0%</b>	<b>+ 0.3%</b>	<b>9.0%</b>	<b>+ 0.3%</b>

	Results	Results	YOY (%)
Total	11.1	<b>13.1</b>	118
Europe		<b>112</b> <b>0.4</b>	108

# Sales to Customers by Geographic Area

(billions of yen, %)

	FY2004		FY2005		
	Results	%	Results	%	YOY (%)
Japan	268.3	50.3	<b>285.1</b>	47.4	106
North America	214.5	40.3	<b>253.1</b>	42.1	118
Europe	38.3	7.2	<b>45.5</b>	7.6	119
Asia & others	11.9	2.2	<b>17.6</b>	2.9	148
Overseas	264.7	49.7	<b>316.2</b>	52.6	119
Total	533.0	100.0	<b>601.3</b>	100.0	113

	FY2004		FY2005			
	Results	%	Results	%	YOY (%)	Change
					132	
Sub Total	91.3	100.0	<b>104.1</b>	100.0	114	12.7
					185	
					110	

# Performance of Eisai Inc.

(millions of dollars, %)

	FY2004		FY2005			
	Results	%	Results	%	YOY (%)	Change
Net Revenue	2,001	100.0	<b>2,248</b>	100.0	112	247
<i>Aricept</i> <sup>®</sup>	907	45.3	<b>1,058</b>	47.1	117	151
<i>AcipHex</i> <sup>®</sup>	968	48.4	<b>1,009</b>	44.9	104	41
<i>Zonegran</i> <sup>®</sup>	104	5.2	<b>112</b>	5.0	108	8
<i>Fragmin</i> <sup>®</sup>	-	-	<b>36</b>	1.6	-	36
Operating Income	96	4.8	<b>164</b>	7.3	171	68
Net Income	62	3.1	<b>115</b>	5.1	186	53

Operating Income (Pre-royalty deduction)	402	20.1	<b>479</b>	21.3	119	77
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# Cash Flow Situation

## (Consolidated)

(billions of yen, %)

	Cash Flow from Operating Activities		Capital Expenditures		Free Cash Flow	
	Results	Change	Results	Change	Results	Change
FY2003	72.7	15.1	23.8	(2.7)	48.9	17.8
FY2004	49.2	(23.5)	38.7	14.9	10.5	(38.4)
FY2005	<b>87.1</b>	<b>37.9</b>	<b>43.5</b>	<b>4.8</b>	<b>43.6</b>	<b>33.1</b>

# Inaugural Year of Dramatic Leap Plan: FY2006

- Current Status of Pipeline
- Improve Capabilities to Create New Drugs and Reinforce R&D Management
- Promote Transformation Strategy
- Redefining Globalization
- Enhancing Return to Shareholders



# Current Status of Pipeline

Filed	Careram: Immunoglobulin production inhibitor	Rheumatoid arthritis
	Inovelon: Sodium channel modulator	Epilepsy
	Raheara: Human anti-TNF-mono-clonal AB	Rheumatoid arthritis
Phase III	E7389: Microtubule growth suppressor	Cancer
	Clevudine: DNA polymerase inhibitor	Chronic hepatitis B
	E2007: AMPA receptor antagonist	Parkinson' disease
	KES524: 5-HT noradrenaline reuptake inhibitor	Obesity management
	E5564: Endotoxin antagonist	Severe sepsis
Phase II	E5555: PAR-1 antagonist	Acute coronary syndrome
	E7070: Cell cycle G1 phase targeting	Cancer
Phase I	E7820: Alpha 2 integrin expression inhibitor	Cancer
	E7080: VEGF receptor tyrosine kinase inhibitor	Cancer
	E7974: Tubulin polymerization inhibitor	Cancer
	E3210: Adenosine receptor antagonist	Irritable bowel syndrome
	E6070: Inflammatory cytokine production inhibitor	Rheumatoid arthritis
E1224: Elgosterol synthesis inhibitor	Fungal infection	



# Improve Discovery Capabilities in US, Europe, Japan

- **New Eisai Research Institute building in Boston** (2<sup>nd</sup> Half FY2006)

- Dramatically improve the capabilities to carry out discovery work including compound selection
- Total area increased from 50,000 sq. ft. to 200,000 sq. ft.
- Improve productivity and efficiency by integrating satellite labs



Eisai Research Institute of Boston

- **European Knowledge Center project initiated in UK**

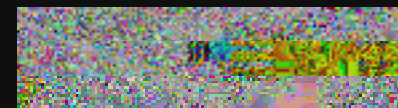
- Expand research function for compound optimization
- Collaborate with Eisai London Research Laboratories



European Knowledge Center

- **Move & expand KAN Research Inst. to Kobe biocluster** (2<sup>nd</sup> Half FY2006)

- Enhance translational research capabilities
- Promote collaboration and communication with academic researchers



KAN Research Institute

# Improve Capabilities to Create New Drugs and Reinforce R&D Management

## 4. Therapeutic areas of Focus

Integrative Neuroscience, Integrative Oncology

## 5. Strive to satisfy unmet medical needs

E7389, E2007, E5564, AS-3201, E5555,  
E2012, E7974

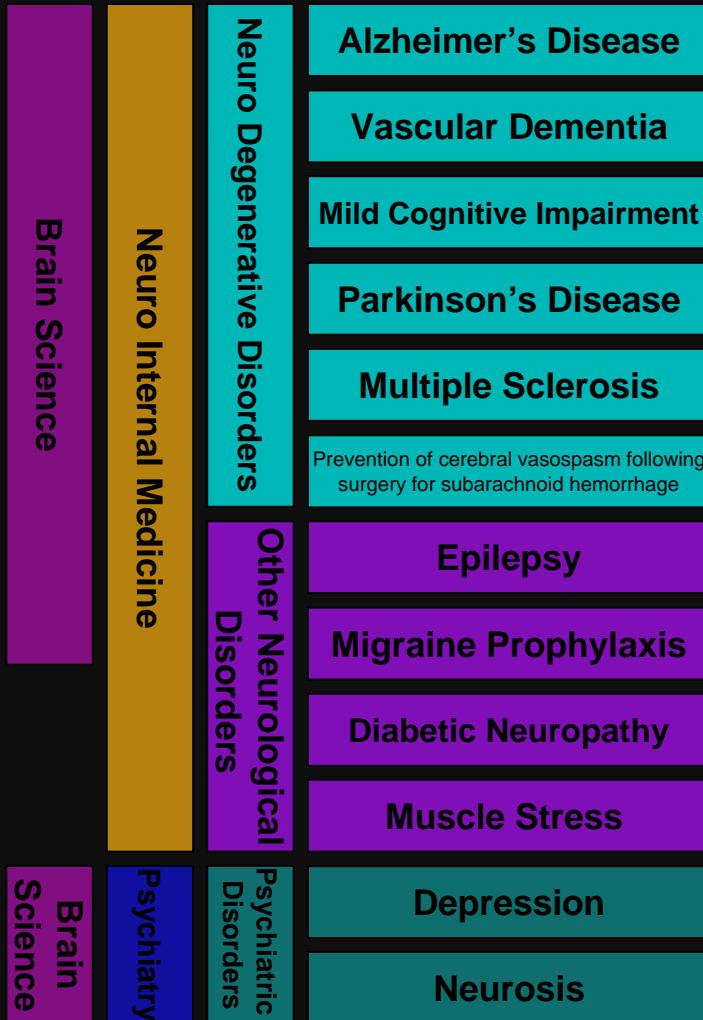
## 6. Improve value of global products

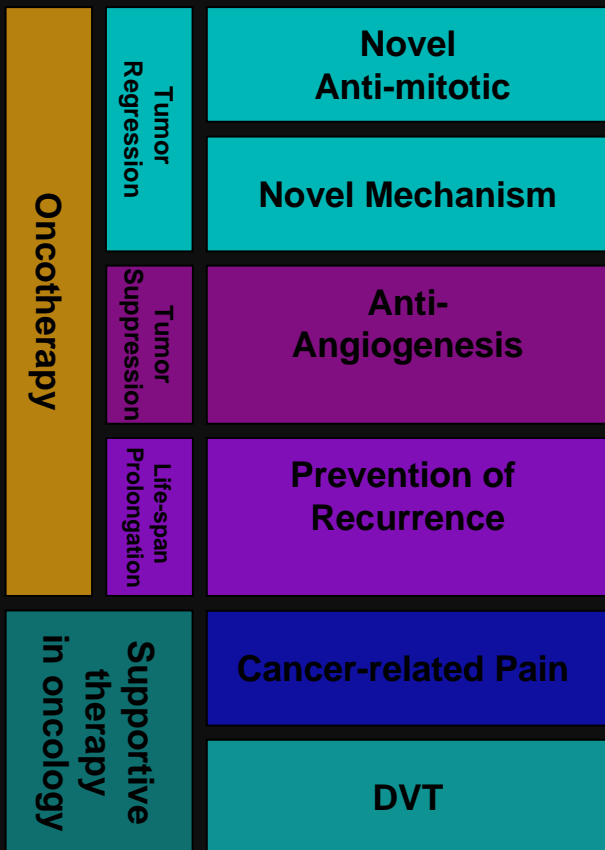
New indications and new formulations for *Aricept*<sup>®</sup>, *AcipHex*<sup>®</sup>/*Pariet*  
and *Zonegran*<sup>®</sup>

## 7. Strengthen project management capabilities

- Eisai R&D Management Co., Ltd. to directly supervise international project teams
- Management with shared goals and unified intention:  
Decision-making by all directors of research and development,  
marketing, regulatory and pharmacovigilance

# Integrative Neuroscience Pipeline





**E7389**  
Microtubule Growth  
SuppressorP



# E7389

## Microtubule Growth Suppressor

### –Breast cancer

- Clinical trials ongoing for 3<sup>rd</sup> line Subpart H NDA submission in US in FY2006
- Plan to initiate 2<sup>nd</sup> line Phase III studies in 1Q FY2006
- Plan to initiate Phase I studies in Japan in 1Q FY2006, Plan to submit with Japanese Phase II results and overseas Phase I & II results in Japan in FY2009

### –Non small cell lung cancer (NSCLC)

- Plan to initiate 1<sup>st</sup> line therapy of Phase I/II studies in 1Q FY2006

### –Prostate cancer

- Phase II studies ongoing, plan to establish POC in FY2006

### –Sarcoma, ovarian cancer

- Plan to initiate Phase II POC studies in 2Q FY2006

# E2007

## AMPA Receptor Antagonist

### – Parkinson's disease

- Phase III studies ongoing in Europe, target NDA/MAA submission in US and Europe in FY2007
- Preparing to initiate Phase IIa studies in Japan; Plan to submit by utilizing overseas data in Japan (FY2010)

### – Migraine prophylaxis, epilepsy

- POC studies ongoing
- Expect to complete POC studies in FY2006

### – Multiple sclerosis

- Plan to initiate POC studies in 2<sup>nd</sup> Half FY2006

# E5564

## Endotoxin Antagonist

### –Severe sepsis

- Plan to initiate multinational Phase III studies in 1Q FY2006
- Completed End-of-Phase II meeting and CMC-part meeting with FDA, Phase III protocol was agreed upon

–Preparing Phase I studies, including Japanese participants, to be conducted in the US

–Phase III studies are planned in multinational sites, including Japan, in order to target simultaneous submission in US, Europe and Japan in FY2009

- **AS-3201: Aldose reductase inhibitor**  
**Diabetic Neuropathy**
  - Phase II/III in progress by Daiinippon Sumitomo Pharma
  - Eisai will conduct its Phase III study upon outcomes of End-of-Phase II meeting to be held in FY2006
- **E5555: Thrombin receptor antagonist**  
**Prevention of major adverse cardiac events in acute coronary syndrome (unstable angina, non-ST elevation myocardial infarction)**
  - Confirmed safety, PK and pharmacological action in Phase I
  - Phase II in progress in US and Europe
  - Phase I in progress in Japan
- **E2012: Gamma secretase modulator**  
**Alzheimer's disease**
  - IND submitted in March 2006 to US FDA
  - Phase I study due in Q1 FY2006
  - To establish Proof of Principle in Phase I by measuring beta amyloid in blood and spinal fluids
- **E7974: Novel tubulin polymerization inhibitor**  
**Cancer** (synthetic analog of hemiasterlin, isolated from marine sponges)
  - Phase I in progress in US
  - New tubulin polymerization inhibitor by binding to alpha/beta-tubulin
  - Potential for colorectal cancer: E7974 is not pumped out by P-glycoprotein that causes multi-drug resistance (MDR) and MDR occurs in high incidence colorectal cancer

# Strive to Satisfy Unmet Medical Needs



		Submission Target	...FY2008	...FY2011	FY2012...
E7389	Breast cancer		US (Subpart H)	JP, US, EU	
	Non small cell lung cancer			US, EU	
	Prostate cancer				TBD
	Soft tissue sarcoma, Ovarian cancer				TBD
E2007	Parkinson's disease		US, EU		JP
	Migraine prophylaxis			US, EU	
	Epilepsy			US, EU	
	Multiple sclerosis				US, EU
E5564	Severe sepsis			US, EU, JP	
AS-3201	Diabetic neuropathy			US, EU	
E5555	Acute coronary syndrome (prevention of MACE in non-ST elevated MI)				US, EU
E2012	Alzheimer's disease				US, EU
E7974	Cancer				US, EU

# Improve Value of Global Products





# Redefining Globalization



- Rebalancing geographic sales structure in response to market



# Performance Forecast

(billions of yen, %)

	FY2005		FY2006		
	Results	%	Forecast	%	YOY
Net Sales	601.3	100.0	640.0	100.0	106
Cost of Sales	104.5	17.4	110.0	17.2	105
Gross Profit	496.7	82.6	530.0	82.8	107
R&D Expenses	93.2	15.5	105.0	16.4	113
SG&A Expenses	307.8	51.2	324.0	50.6	105
Operating Income	95.7	15.9	101.0	15.8	106
Ordinary Income	100.0	16.6	104.0	16.3	104
Net Income	63.4	10.5	67.0	10.5	106
EPS (yen)	221.9		234.4		106

# Enhancing Return to Shareholders

Fiscal Year	Dividend per Share			DPR*	ROE	DOE
	Mid-year	Year-end	Annual			
				20.9%	12.4%	2.6%
2004	21 yen	35 yen	56 yen	29.0%	12.6%	3.7%
2005	40 yen	50 yen	90 yen	40.6%	13.0%	5.3%
2006 (Plan)	55 yen	55 yen	110 yen	46.9%	12.6%	5.9%