

March 2, 2005

# Goal of Eisai Management

**Pursuit of Efficiency and Productivity  
in Creation of Patient Value**



**“Continuous launch of new products, indications and formulations in areas of focus is the best prescription for sustainable growth.”**

Therapeutic focus will facilitate accumulation of latest information from upstream to downstream and enable strategic decisions based on it, thereby enhancing the success rates of R&D projects.

# Areas of Focus

- Neurology
- Gastroenterology
- Oncology and Critical Care





# Unmet Medical Needs (Neurology)

Undiagnosed patients  
(JP, US, EU)

		10.09MM	
Vascular dementia	D: Medical treatment not established	3.82MM	<i>Aricept</i>
		19.57MM	<i>Aricept</i>
Migraine	C: More effective preventive drug needed	65.17MM	<i>Maxalt</i> (treatment), <i>Aricept</i> (prevention)
Epilepsy	B/C: Incomplete seizure control	5.84MM	<i>Zonegran</i> , rufinamide, E2007 (AMPA receptor antagonist)
Parkinson's disease	C: Poor control with L-dopa long-term treatment	2.81MM	rasagiline, E2007, E3210 (adenosine antagonist)
Multiple sclerosis	C: More effective treatment needed	0.78MM	E2007



# Unmet Medical Needs (Gastroenterology)

Disease	Treatment state & satisfaction level (High-Low: A-D)	Undiagnosed patients (JP, US, EU)	Eisai approach
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**Integrin inhibitor**

**Ulcerative colitis**

**C: Safety and efficacy (duration of remission) problem remains**

**1.20MM**

**Integrin inhibitor**

**Hepatitis-B**

**B/C: Almost complete virus control possible with antiviral drugs**

**165MM  
(China, India)**

**clevudine**

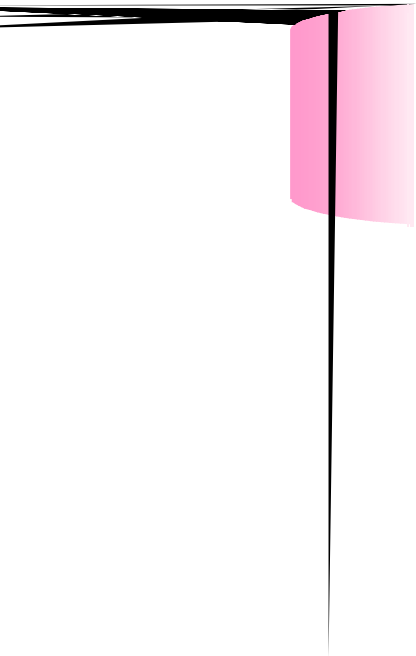
# Unmet Medical Needs (Oncology & Critical Care)

Disease	Treatment state & satisfaction level (High-Low: A-D)	Undiagnosed patients (JP, US, EU)	Eisai approach
Breast cancer	C: Treatment needed to extend life expectancy and lower side effects	1.74MM	E7070 (cell cycle G1 phase targeting), E7389 (tubulin polymerization inhibitor), E7820 (integrin alpha-2 expression inhibitor), E7080 (VEGF receptor tyrosine kinase inhibitor)
Non-small cell lung cancer	C: Treatment needed to extend life expectancy and lower side effects	0.42MM	E7389, E7820, E7080
Colorectal cancer	C: Treatment needed to extend life expectancy and lower side effects	1.34MM	E7070, E7820, E7080
Gastric cancer	C: Treatment needed to extend life expectancy and lower side effects	0.49MM (JP)	E7070
Liver cancer	D: No treatment established to prevent recurrence	0.18MM (JP)	E0167 ( <i>Glakay</i> )
Severe sepsis	C: More effective treatment with fewer side effects needed	0.77MM	E5564 (endotoxin antagonist)
CABG	D: No effective treatment for prevention of complications after surgery	0.62MM	E5564

# Significance of Potential New Treatments in Areas of Focus

- A large number of patients remain undiagnosed in 3 areas of focus
- Existing therapies in 3 areas of focus are not at high treatment states or high levels of satisfaction.

# Leveraging “-omics” Technology to Ameriorate Critical Path for Research & Clinical Development



# Pursuit of Efficiency & Productivity in Global Marketing

# Pursuit of Efficiency & Productivity in Prescription Pharmaceuticals Business in Japan

- Expanding sales force to 1,300 (FY2006)
- Maintaining high productivity per MR
  - Comprehensive drug coverage by each MR
- Development of all channels including university/core/private hospitals and clinics

(Billion yen/person)

	FY2003 Net Sales	Number of MRs	FY2003 Total Sales per MR
Takeda	426.3	1,450	0.294
Eisai	241.2	1,000	0.241
Yamanouchi	291.5	1,300	0.224
Sankyo	247.7	1,243	0.199
Santen	70.9	360	0.197

Source: Monthly MIX (2003 supplemental issue)

# Vision of OTC Business

- Redefine our role as innovative drug manufacturer

  - Develop new OTC products

  - Expand and maintain national brand product line

  - Promote customer communication through website and other IT tools

- Achieve operating margin 10% in FY20









# “Promotion of Globalization”



# Globalization (Europe)

- European Regional Headquarters established
- Marketing subsidiary (Eisai S.r.l.) established in Italy and branch offices established in Austria and Ireland
- Expansion to other EU countries initiated (Nordic countries, Switzerland, Portugal, etc.)
- Pursuit of acquisitions and strategic alliances in areas of focus
- Preparation for launch of global products

# Globalization (Asia)

- Subsidiary established in India (Mumbai)

  - Launch of *Aricept* and *Pariet* within FY2005 expected

- Expansion of sales forces, market coverage and product line in China

  - Aggressive acquisitions, strategic alliances

  - Anti-hepatitis B agent clevudine (Phase III in preparation)

- Expansion of product portfolio in South Korea

  - Selbex, Glakay, Exegran, etc.* in addition to *Aricept, Pariet* and *Myonal*

# Increasing Significance of Middle Income Countries (MICs)

- India in FY2005: IP protection system to be established
- China in FY2005: Eligibility as a WTO member to be proven

# Progress After Establishment of IP Protection System in India

- Since copyright law revision in 1994, many software companies have started business in Bangalore
- Encourage foreign investment in line with government policy
- Bangalore being called “Silicon Valley in India”
- Consultation conference launched by Prime Minister Mohan Singh
- Aiming for the status of global R&D center
- India became global leader in IT software field

# “Reinforcement of Value Chain”

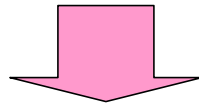
Eisai is an R&D-based pharmaceutical manufacturer. We pursue efficiency and productivity to create patient value by building a seamless value chain, while responding to various changes.



# Reinforcement of Value Chain

Pursuit of stable supply of quality products based on in-house manufacture

- Seeking stable manufacturing by maintaining productivity, quality assurance, training, safety programs, environmental protection and manufacturing cost reduction
- Actively incorporate opinions from consumers
- Strict management of quality and instruction of contractors and material suppliers throughout the world
- Use of Indian and Chinese infrastructure, resources to build global supply chain



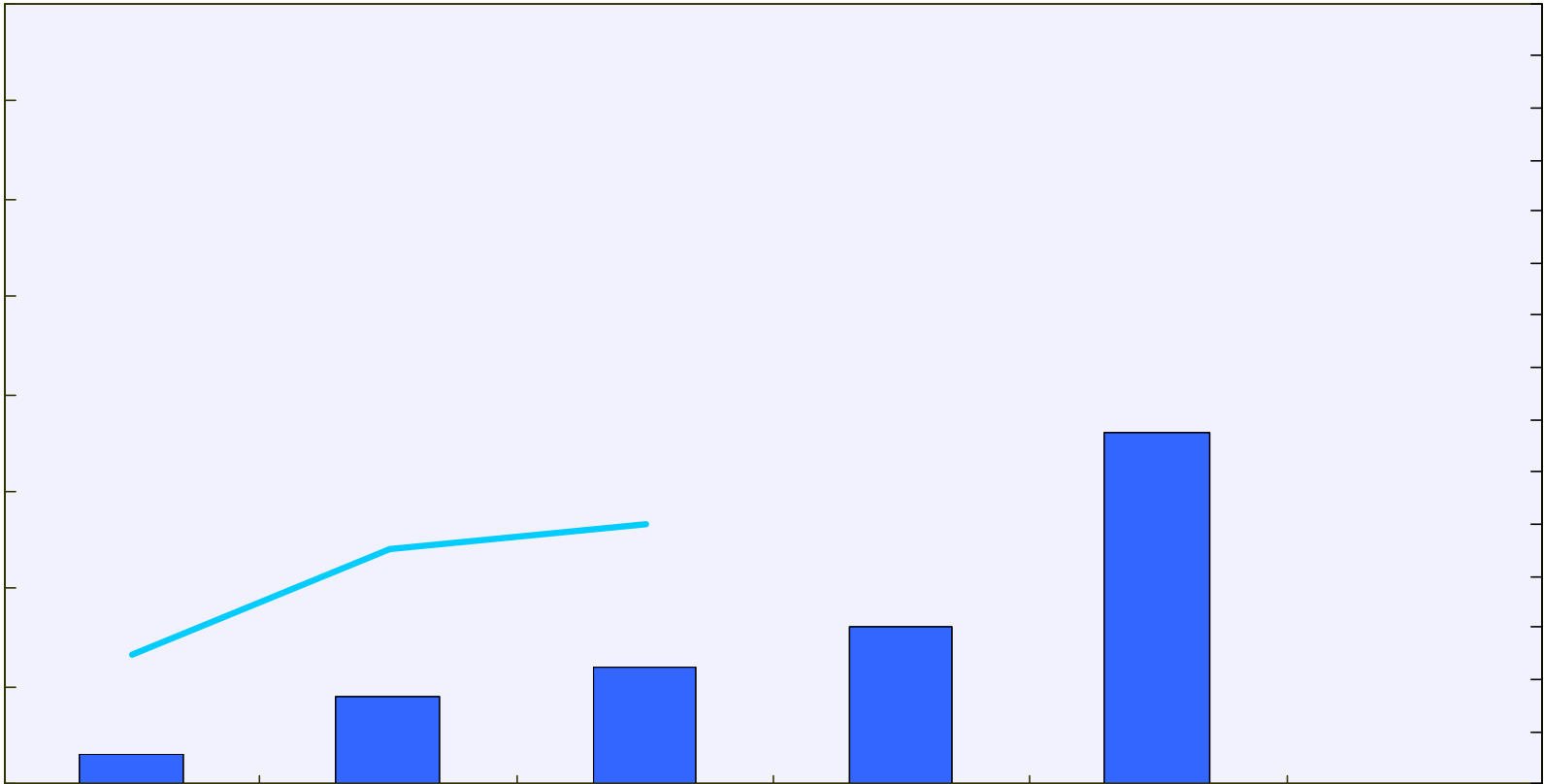
Ready for low-cost era with further reduction  
in COGS

# “Creation of Shareholder Value”

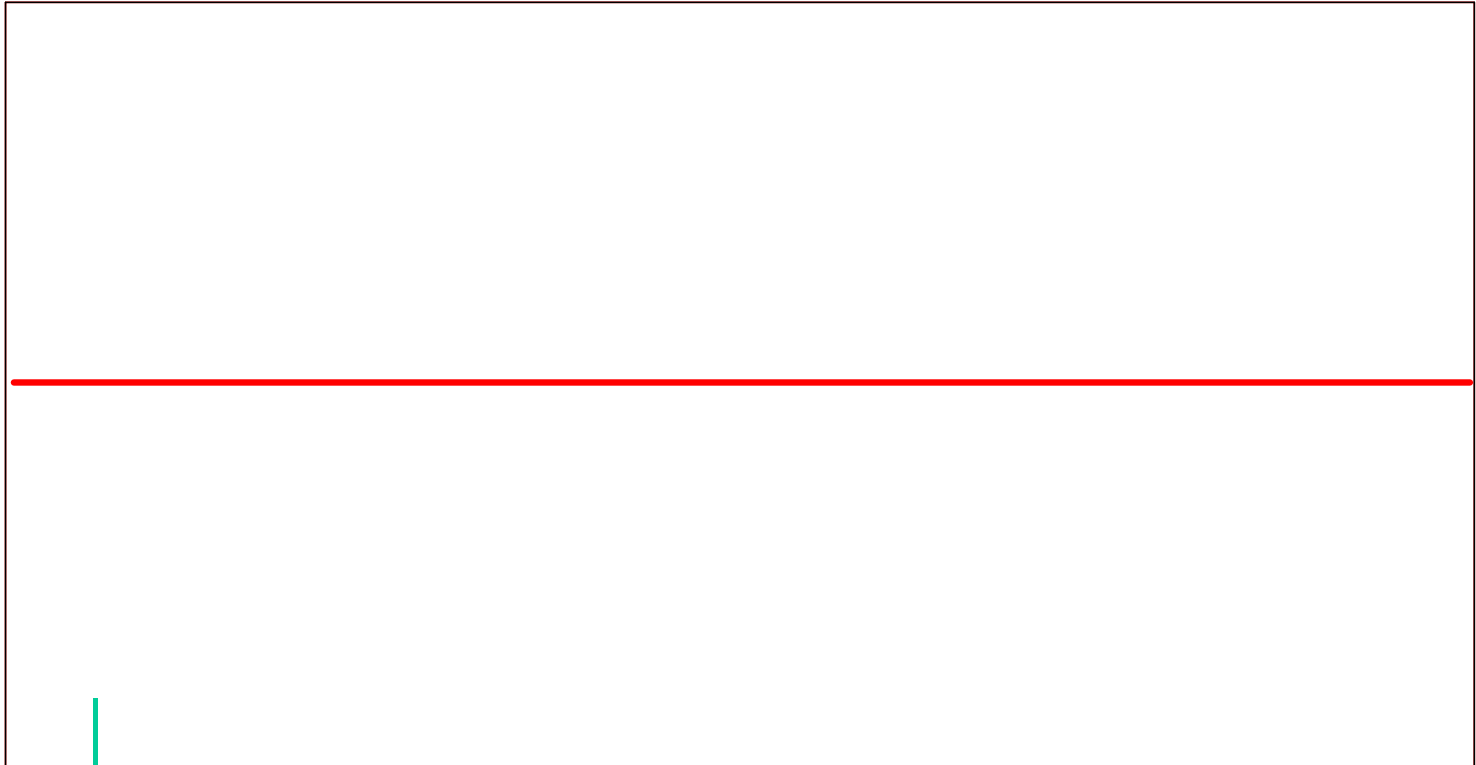
The priority of management is:

- Seek investor confidence in the incumbent management
- Implement measures to meet shareholder expectations

# Continuous Improvement



# Emphasis on Return to Shareholders vis-à-vis Free Cash Flow





“Build the next five-year plan (FY2007-2011) with the target of net sales at 1 trillion yen and Operating income before R&D spend at 400 billion yen”

# Goals of Next Five-year Plan (FY2007-2011)

- Pursue efficiency and productivity in marketing and R&D
- Leverage global supply chain to reduce COG
- Successful development of 4 global products  
E5564, E7070, E7389, E2007
- Progress the development of new molecular entities  
2 anticancer agents, oral acute-coronary-syndromes treatment,  
new AD medications, IBS/IBD treatment, etc.
- Develop new indications and additional indications for *Aricept*,  
*Aciphex/Pariet* for further expansion





**Efficient Discovery**  
**Expedited Development**  
**Stable Supply**