EISAI CO., LTD.
AND
CONSOLIDATED SUBSIDIARIES
THIRD QUARTER FINANCIAL REPORT RELEASE

FOR IMMEDIATE RELEASE
February 2, 2007

On February 2, 2007, Eisai Co., Ltd. announced quarterly consolidated financial results for the fiscal year ending March 31, 2007

- Eisai Co., Ltd. is listed on the First Section of both the Tokyo Stock Exchange and the Osaka Securities Exchange.
- Securities Code Number: 4523
- Representative of corporation: Haruo Naito
  Director, President & CEO
- Inquiries should be directed to: Akira Fujiyoshi
  Vice President
  Corporate Communications, Investor Relations

4-6-10 Koishikawa, Bunkyo-ku
Tokyo 112-8088, Japan
Phone: +81-3-3817-5120
URL http://www.eisai.co.jp/index-e.html

Note: For additional specific information, please refer to the official Japanese-language version of this release. This non-official English translation is provided as a courtesy only.

<Nine Months ended December 31>

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 2006-December 31, 2006	¥265,046 mil.	4.3%	¥52,227 mil.			

[Consolidated Third Quarter Financial Highlights] (October 1, 2006 – December 31, 2006)

- **Consolidated net sales** during the quarter amounted to ¥181,398 million (8.4% up year-on-year).
- **Sales of *Aricept***, an Alzheimer's disease treatment, amounted to ¥66,485 million (26.1% up year-on-year), with **sales in Japan** totaling ¥14,017 million (16.0% up) and **sales in the U.S.** totaling ¥41,721 million (31.9% up; 30.9% up on a dollar basis).
  Sales of *Pariet* (U.S. brand name: *AcipHex*), a proton pump inhibitor, amounted to ¥47,494 million (11.9% up year-on-year), with **sales in Japan** amounting to ¥9,040 million (6.2% up) and **sales in the U.S.** amounting to ¥34,316 million (11.5% up; 10.9% up on a dollar basis). We also started to market four anti-tumor products acquired from Ligand Pharmaceuticals in the United States. In Europe, we entered into agreements with partner companies for distribution of two acquired products in the region.
- **The year-on-year increase/decrease in net sales to external customers by each geographic area** is as follows: 1.0% decrease in Japan; 16.1% increase in North America; 23.0% increase in Europe; and 21.0% increase in all other remaining markets including Asia.
- **Research and development (R&D) expenses** came to ¥26,632 million (17.7% up year-on-year). **Selling, general and administrative expenses** (SG &A expenses) amounted to ¥91,858 million (12.4% up). **Cost of goods sold** amounted ¥28,712 million (4.2% down), with the **cost of sales ratio** being 15.8% (down 2.1 points from the comparable quarter in previous year).
- With respect to earnings results, **operating income** for the quarter advanced to ¥34,194 million (3.8% up year-on-year); **ordinary income** to ¥36,055 million (5.1% up); and **net income** to ¥23,336 million (6.1% up). **Basic earnings per share (EPS)** came to ¥82.03 (up ¥5.07 as compared to the same quarter in previous year).
- **Net cash provided by operating activities** in the quarter was ¥4,688 million (down ¥4,524 million from the comparable quarter in previous year). **Net Cash used by investing activities** totaled ¥30,901 million (up ¥20,801 million as compared to the same quarter in previous year), principally due to capital expenditure for property, plant and equipment, and intangible fixed assets due to the acquisition of four anti-tumor drugs by Ligand Pharmaceuticals. **Net cash used by financing activities**, including but not limited to payment of an interim dividend, amounted to ¥15,594 million (up ¥3,857 million as compared to the same quarter in previous year).

[Consolidated Financial Highlights for the Nine Months] (April 1, 2006 – December 31, 2006)

- **Consolidated financial results for the nine months** were as follows:
  Net sales: ¥500,788 million (11.3% increase year-on-year)
  Operating income: ¥83,837 million (7.2% increase year-on-year)
  Ordinary income: ¥87,800 million (7.8% increase year-on-year)
  Net income: ¥55,846 million (7.1% increase year-on-year)
- **Net sales of *Aricept*** increased to ¥182,727 million (28.1% up year-on-year) and those of ***AcipHex/Pariet*** rose to ¥130,923 million (14.8% up), signifying steady growth in North America, Europe and Asia.
- Despite making **aggressive investments to support our growing R&D activities**, the Company realized an overall gain in **operating income, ordinary income and net income** due to improvements in the cost of sales ratio.

[Segmentin20Text /MCID 8 3 0 39.3203 Tm(ssive investment)TjETBT/T .00nTjETEMC /NBT

Sales of *Aricept* rose to ¥114,467 million (35.8% up year-on-year; 31.0% up on a dollar basis) and those of ***AcipHex*** increased to ¥94,755 million (12.5% up; 8.6% up on a dollar basis).

Europe

Sales in Europe climbed to ¥40,815 million (24.2% up year-on-year) and operating income came to ¥3,427 million (0.9% up).

Sales of *Aricept* increased to ¥25,814 million (14.1% up year-on-year) and those of ***Pariet*** surged to ¥9,096 million (62.0% up).

Eisai's new marketing subsidiary EF-Eisai Farmacêutica, Unipessoal Lda. was established in Portugal in November 2006.

Asia and other regions

Sales in Asia and other regions amounted to ¥15,924 million (26.8% up year-on-year), and operating income increased to ¥2,816 million (28.5% up).

Sales of *Aricept* grew to ¥4,533 million (44.2% up year-on-year), and sales of ***Pariet*** surged to ¥3,390 million (34.4% up).

Overseas total

Total overseas sales advanced to ¥276,845 million (20.8% up year-on-year), accounting for 55.3% of the Company's consolidated net sales (an increase of 4.4 points over the comparable quarter in previous year).

[Cash flow]

Net cash provided by operating activities during the nine months decreased to ¥41,304 million (down ¥7,812 million from the comparable quarter in previous year). **Income before income taxes** amounted to ¥87,297 million, **depreciation and amortization expenses** came to ¥19,232 million and **increase of notes and accounts receivable-trade** to ¥15,371 million while **income taxes paid** totaled ¥45,371million.

Net Cash used in investing activities totaled ¥52,106 million (up ¥27,871 million as compared to the same quarter in previous year) , out of which ¥17,366 million was used for the procurement of property, plant and equipment and ¥26,231 million for purchasing intangible assets.

Net Cash used in financing activities totaled ¥40,710 million(an increase of ¥18,845 million as compared to the same quarter in previous year), out of which ¥29,913 million went towards dividend payout and ¥11,060 million was allocated to

market acquisition of our own shares.

As a result of such **operating, investing and financing activities, cash and cash equivalents at end of the quarter period** stood at ¥134,744 million (down ¥48,534 million from the end of the previous fiscal year).

[Research & Development]

Ongoing Projects

¸ Eisai Group concentrates its managerial resources in the areas of neurology and oncology and engages in proactive R&D activi

in combination with certain antibiotics.

3. FORECAST OF FULL FISCAL YEAR (April 1, 2006 – March 31, 2007)

[Forecast of consolidated financial performance]

Factoring in the progress of financial performance achieved up until this quarter, the financial forecast on a consolidated basis for the full fiscal year ending March 2007 was revised upward from what was previously announced in October 2006 as follows:

	Revised Forecast		Forecast in October '06	Increase/ (Decrease)	Changes	(FYR) Forecast in
	(A)	y/y (%)	(B)	(A-B)	(%)	May 2006
Net sales	¥668,000 mil.	+11.1	¥653,000 mil.	¥15,000 mil.	+2.3	¥640,000 mil.
Operating income	¥107,000 mil.	+11.8	¥105,000 mil.	¥2,000 mil.	+1.9	¥101,000 mil.
Ordinary income	¥111,000 mil.	+11.0	¥108,500 mil.	¥2,500 mil.	+2.3	¥104,000 mil.
Net income	¥70,000 mil.	+10.4	¥68,500 mil.	¥1,500 mil.	+2.2	¥67,000 mil.

Notes:
*Forecasted Annual Earnings per share (full year): ¥246.44
*y/y : Percentatge compared with the previous year
*% : Percentage of increase (decrease) compared between revised forecast and previous forecast

Sales

An increase in sales of 15 billion yen is anticipated, totaling 668 billion yen for the year.

Our two core products ***Aricept*** and ***AcipHex/Pariet*** are anticipated to yield sales of 246.5 billion yen and 172 billion yen, respectively, which exceed the previous forecasts.

Profit

[Forecast of fiscal year-end dividends]

- The company plans to modify the year-end dividend forecast of ¥55 per share previously announced in October 2006 to ¥65 per share (15 yen up year-on-year). Consequently, as the interim dividend was ¥55 per share, the anticipated annual total dividend is expected to be ¥120 per share. (¥30 up year-on-year),
- We forecast a 6.4% Dividend on Equity (DOE) ratio for the fiscal year ending March 31, 2007.

[Reference]

(Forecast of non-consolidated financial performance)

The financial forecast on a non-consolidated basis for the full fiscal year ending March 31, 2007 was also revised as follows:

	Revised Forecast		Forecast in October '06	Increase/ (Decrease)	Changes	(FYR) Forecast in May 2006
	(A)	y/y (%)	(B)	(A-B)	(%)	
Net sales	¥345,000 mil.	+3.9	¥346,000 mil.	(¥1,000 mil.)	-0.3	¥346,000 mil.
Operating income	¥61,000 mil.	-6.7	¥64,000 mil.	(¥3,000 mil.)	-4.7	¥64,000 mil.
Ordinary income	¥62,000 mil.	-7.9	¥65,000 mil.	(¥3,000 mil.)	-4.6	¥65,000 mil.
Net income	¥39,000 mil.	-11.1	¥41,000 mil.	(¥2,000 mil.)	-4.9	¥41,000 mil.

[redacted] year): ¥137.30

[redacted]ar

[redacted]d between revised forecast and previous forecast

[redacted]S AND RISK FACTORS ASSOCIATED WITH

[redacted]in this financial disclosure may contain
[redacted] on current expectations, forecasts, estimates,
[redacted]at are subject to risks and uncertainties, which
[redacted] materially from these statements.
[redacted]neral industry and market conditions, and general
[redacted]ic conditions such as interest rate and currency

[redacted]y with respect to the Company-related

forward-looking statements. Risk factors associated with our business include, but are not limited to, risks related to strategic alliances with partners, challenges arising out of global expansion, intellectual properties, uncertainties in new drug development, healthcare cost-containment measures, intensified competition with generic drugs, possible incidence of adverse events, compliance with laws and regulations, litigations, closure or shutdown of factories, safety issues of raw materials used, environmental issues, conditions of financial markets and foreign exchange fluctuations, and IT security/information management and outsourcing-related risks.

In addition, further details about business risks stated above are described in the Annual Security Report.

1-1) CONSOLIDATED BALANCE SHEETS (ASSETS)

Account Title	March 31, 2006 (Millions of Yen)		%	December 31, 2006 (Millions of Yen)		%	Increase/ (Decrease) (Millions of Yen)
ASSETS							
I Current assets:							
1. Cash and cash in bank		¥74,163			¥47,168		
2. Notes and accounts receivable-trade		148,720			165,973		
3. Short-term investments		120,021			99,495		
4. Inventories		44,949			50,968		
5. Deferred tax assets		29,272			28,459		
6. Others		15,806			15,639		
7. Allowance for doubtful receivables		(333)			(353)		
Total current assets		432,601	57.9		407,351	53.8	(25,250)
II Fixed assets:							
1. Property, plant and equipment							
(1) Buildings and structures	66,715			72,525			
(2) Machinery, equipment and vehicles	25,464			24,260			
(3) Land	17,052			17,215			
(4) Construction in progress	9,300			5,843			
(5) Others	10,149	128,682	17.2	10,523	130,368	17.2	1,686
2. Intangible assets		43,206	5.8		63,218	8.4	20,011
3. Investments and other assets							
(1) Investment securities	105,452			113,331			
(2) Long-term loans receivable	61			19			
(3) Deferred tax assets	27,612			32,193			
(4) Others	10,393			10,846			
(5) Allowance for doubtful accounts	(779)	142,741	19.1	(721)	155,669	20.6	12,928
Total fixed assets		314,630	42.1		349,256	46.2	34,626
Total assets		¥747,231	100.0		¥756,607	100.0	9,376

Note: % - Component percentages, which show respective ratio to Total assets

2-1) CONSOLIDATED STATEMENT OF INCOME
Third Quarter of FY2005 and FY2006 (Three Months ended Dec. 31)

	October 1, 2005 -						

2-2) CONSOLIDATED STATEMENT OF INCOME
(Nine Months Ended Dec. 31, 2005 and 2006)

	April 1, 2005 - December 31, 2005			April 1, 2006 - December 31, 2006			Increase (Decrease)
Account Title	(Millions of Yen)		(%)	(Millions of Yen)		(%)	(Millions of

3. CONSOLIDATED EARNED SURPLUS STATEMENTS AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Consolidated Earned Surplus Statements

Account Title	Nine months ended Dec 31,2005 April 1, 2005 – December 31, 2005 (Millions of Yen)
Capital surplus	
I. Capital surplus at beginning	55,222
II. Capital surplus at end	55,222
Retained earnings	
I. Retained earnings at beginning	387,077
II. Increase in retained earnings	
1. Net income	52,156
III. Decrease in retained earnings	
1.	

4-1) CONSOLIDATED STATEMENTS OF CASH FLOWS
Third Quarter of FY2005 and FY2006 (Three Months ended Dec. 31)

Account Title	October 1, 2005 - December 31, 2005 (Millions of Yen)	October 1, 2006 - December 31, 2006 (Millions of Yen)	Increase (Decrease) (Millions of Yen)
I. Operating activities:			
1. Income before income taxes and minority interests in income	¥34,353	¥35,992	
2. Depreciation and amortization	6,520	6,954	
3. Loss on impairment of long-lived assets	20	3	
4. Increase (Decrease) in allowance for doubtful accoutns	(86)	12	
5. Interest and dividend income	(1,180)	(1,569)	
6. Interest expense	16	15	
7. Equity in earnings of associated companies	(7)	(10)	
8. Loss on sales and disposal of fixed assets	38	43	
9. Provision for liability for retirement benefits	1,411		
10. (Gain) Loss on sales of short-term investments and investment securities	(4)	0	
11. Increase in notes and accounts receivable - trade	(21,291)	(10,771)	
12. (Increase) Decrease in inventories	1,394	(1,726)	
13. Increase (Decrease) in notes and accounts payable - trade	1,390	(5,700)	
14. Increase (Decrease) in other current liabilities	4,731	(1,125)	
15. Increase (Decrease) in reserve for sales rebates	(579)	5,479	
16. Decrease in reserve for retirement benefits		(174)	
17. Others	(1,767)	(4,663)	
Sub-total	24,959	22,759	(2,199)
18. Interest and dividends received	1,149	1,537	
19. Interest paid	(13)	(10)	
20. Income taxes paid	(16,882)	(19,598)	
Net cash provided by operating activities	9,212	4,688	(4,524)
II. Investing activities:			
1. Purchases of short-term investments	(14)	87	
2. Proceeds from sales and redemptions of short-term investments	515	1,150	
3. Purchases of property, plant and equipment	(5,114)	(5,731)	
4. Proceeds from sales of property, plant and equipment	53	203	
5. Purchases of intangible assets	(7,106)	(23,581)	
6. Purchases of investment securities	(7,383)	(2,975)	
7. Proceeds from sales and redemptions of investment securities	4,202	185	
8. Net increase in time deposits (exceeding 3 months)	(361)	(379)	
9. Others	5,109	140	
Net cash used in investing activities	(10,099)	(30,901)	(20,801)
2. Dividends paid			
3. Others			
Net cash used in financing activities			

4-2) CONSOLIDATED STATEMENTS OF CASH FLOWS (Nine Months ended Dec. 31, 2005 and 2006)

	April 1, 2005 - December 31, 2005	April 1, 2006 - December 31, 2006	Increase (Decrease)
Account Title	(Millions of Yen)	(Millions of Yen)	(Millions o

(4) Nine months ended December 31, 2006 (Millions of Yen)

	Pharma-ceuticals	Others	Total	Eliminations and Corporate	Consolidated
I. Sales					
(1) Sales to customers	¥484,957	¥15,830	¥500,788	–	
(2) Intersegment sales	197	13,324	13,522		

(3) Nine months ended December 31, 2005

Securities Code: 4523

Reference Data

Third Quarter Ended December 31, 2006

February 2, 2007

For Inquiry:

Corporate Communications Department

Investor Relations Department

TEL 81-3-3817-5120 FAX 81-3-3811-3077

http://www.eisai.co.jp/eir/

		Page
I.	Consolidated Financial Highlights ----------	1
II.	Consolidated Statements of Income ----------	2
III.	Consolidated Balance Sheets ----------	8

I. Consolidated Financial Highlights

1. Statements of Income Data

(billions of yen)

Years Ended/Ending March 31 3Q Apr - Dec	2006	**2007**	Change %	2006	2007 est.
Net sales	449.9	**500.8**	111.3	601.3	668.0
Cost of sales	78.7	**81.9**	104.1	104.5	110.0
R&D expenses	67.0	**78.9**	117.7	93.2	107.0
SG&A expenses	226.0	**256.1**	113.3	307.8	344.0
Operating income	78.2	**83.8**	107.2	95.7	107.0
Ordinary income	81.4	**87.8**	107.8	100.0	111.0
Net income	52.2	**55.8**	107.1	63.4	70.0
			Inc./(Dec.)		
Earnings per share (EPS, yen)	182.5				

II. Consolidated Statements of Income

1. Consolidated Statements of Income

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31					
3Q Apr - Dec	2006	Sales %	**2007**	Sales %	Chg. %	Inc./ (Dec.)
Net sales	449.9	100.0	**500.8**	100.0	111.3	50.9
Cost of sales	78.7	17.5	**82.0**	16.4	104.2	3.3
(Reversal of) Provision for sales returns-net	0.0	0.0	**(0.0)**	(0.0)	-	(0.1)
Gross profit	371.2	82.5	**418.9**	83.6	112.8	47.6
R&D expenses	67.0	14.9	**78.9**	15.8	117.7	11.8
SG&A expenses	226.0	50.2	**256.1**	51.1	113.3	30.2
Operating income	78.2	17.4	**83.8**	16.7	107.2	5.6
Non-operating income	3.7	0.8	**5.1**	1.0		1.4
Non-operating expenses	0.5	0.1	**1.1**	0.2		0.6
Ordinary income	81.4	18.1	**87.8**	17.5	107.8	6.4
Special gain	0.2	0.0	**0.4**	0.1		0.2
Special loss	0.6	0.1	**0.9**	0.2		0.3
Income before income taxes and minority interests in income	81.0	18.0	**87.3**	17.4	107.8	6.3
Income taxes-current	34.7	7.7	**34.2**	6.8	98.5	(0.5)
Income taxes-deferred	(6.2)	(1.4)	**(3.1)**	(0.6)		3.1
Minority interests in net income	0.3	0.1	**0.4**	0.0		0.1
Net income	52.2	11.6	**55.8**	11.2	107.1	3.7

<Explanation>

Net sales
<Increase Factor(s)>
Increase in sales of *Aricept* and *Aciphex* /*Pariet*

Research and development expenses
<Increase Factor(s)>
Advanced in clinical studies

2. Financial Results by Business Segment

2-1 Consolidated Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31		Full
3Q Apr - Dec	2006	**2007**	2006
Net sales to customers	449.9	**500.8**	601.3
Pharmaceuticals	434.0	**485.0**	579.8
[Ratio of in-house developed products (%)]	[89.2%]	**[90.2%]**	[88.8%]
Japan	206.4	**210.1**	265.4
North America	183.0	**219.1**	252.1
Europe	32.1	**39.9**	44.6
Asia and others	12.6	**15.9**	17.6
Other segments	15.9	**15.8**	21.4
Japan	14.4	**13.9**	19.6
Overseas	1.5	**1.9**	1.8

* Net sales for each segment are those to external customers

* Major areas and countries included in each category:

1. North America: The U.S. and Canada
2. Europe: The United Kingdom, France, Germany, etc.
3. Asia and Others: East Asia, South-East Asia, and Latin America, etc. (excluding Japan)

2-2 Consolidated Operating Income by Business Segment

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31		Full
3Q Apr - Dec	2006	**2007**	2006
Operating income	78.2	**83.8**	95.7
Pharmaceuticals	80.4	**85.7**	98.4
Others	1.8	**1.3**	2.4
Eliminations and corporate	(4.0)	**(3.2)**	(5.0)

5. Global Product Sales (Eisai Territory Sales)

5-1 ARICEPT Sales by Geographical Area

Years Ended/Ending March 31

<Reference> [Non-consolidated]

Eisai Inc. (U.S.)/Pharmaceutical Sales, Production

Years Ended/Ending March 31		Nine months ended Dec 31		Full
3Q Apr - Dec		2006	**2007**	2006
Net sales	¥ Billions	184.7	**221.3**	254.7
	[US $ Millions]	[1,648]	**[1,904]**	[2,248]
Operating income	¥ Billions	15.0	**19.9**	18.6
	[US $ Millions]	[133]	**[172]**	[164]
Net income	¥ Billions	10.1	**14.5**	13.0
	[US $ Millions]	[90]	**[124]**	[115]
Operating income before royalty deduction	¥ Billions	40.3	**52.7**	54.2
	[US $ Millions]	[360]	**[454]**	[479]

Eisai China Inc. (China)/Pharmaceutical Sales, Production

Years Ended/Ending December 31		Nine months ended Sep 31		Full
3Q Jan - Sep		2006	**2007**	2006
Net sales	¥ Billions	4.6	**4.9**	6.6
	[Chinese RMB Millions]	[349]	**[341]**	[490]
Operating income	¥ Billions	1.0	**0.6**	1.3
	[Chinese RMB Millions]	[73]	**[45]**	[97]
Net income	¥ Billions	0.9	**0.5**	1.3
	[Chinese RMB Millions]	[66]	**[38]**	[95]

*The fiscal year of Eisai China Inc. ends on December 31.

* Average rate of Japanese yen to Chinese RMB

January 1, 2005 to September 30, 2005 13.10 yen/Chinese RMB
January 1, 2006 to September 30, 2006 14.46 yen/Chinese RMB
January 1, 2005 to December 31, 2005 13.45 yen/Chinese RMB

Eisai Korea Inc. (South Korea)/Pharmaceutical Sales

Years Ended/Ending March 31		Nine months ended Dec 31		Full
3Q Apr - Dec		2006	**2007**	2006
Net sales	¥ Billions	3.8	**5.5**	5.4
	[Korean Won Billions]	[35]	**[45]**	[48]
Operating income	¥ Billions	0.4	**0.8**	0.6
	[Korean Won Billions]	[4]	**[7]**	[5]
Net income	¥ Billions	0.2	**0.6**	0.3
	[Korean Won Billions]	[2]	**[5]**	[3]

* Average rate of Japanese yen to Korean Won

April 1, 2005 to December 31, 2005 0.1100 yen/Won
April 1, 2006 to December 31, 2006 0.1232 yen/Won
April 1, 2005 to March 31, 2006 0.1126 yen/Won

6. SG&A Expenses

6-1 R&D Expenses

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31		Full	
3Q Apr - Dec	2006	**2007**	2006	2007 est.
Net sales	449.9	**500.8**	601.3	668.0
R&D expenses	67.0	**78.9**	93.2	107.0
Ratio of R&D expenses to net sales (%)	14.9%	**15.8%**	15.5%	16.0%

6-2 SG&A Expenses

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31		Full	
3Q Apr - Dec	2006	**2007**	2006	2007 est.
Net sales	449.9	**500.8**	601.3	668.0
SG&A expenses	226.0	**256.1**	307.8	344.0
Personnel expenses	47.4	**51.8**	64.5	-
Marketing expenses	146.2	**169.6**	198.2	-
Administrative expenses and others	32.4	**34.8**	45.1	-
Ratio of SG&A expenses to net sales (%)	50.2%	**51.1%**	51.2%	51.5%

6-3 SG&A Expenses (Including R&D Expenses)

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31		Full	
3Q Apr - Dec	2006	**2007**	2006	2007 est.
Net sales	449.9	**500.8**	601.3	668.0
SG&A expenses (including R&D expenses)	293.0	**335.0**	401.0	451.0
Ratio of SG&A expenses including R&D expenses to net sales (%)	65.1%	**66.9%**	66.7%	67.5%

III. Consolidated Balance Sheets

1. Consolidated Balance Sheets <Assets>

(billions of yen)

	31-Mar	%	**31-Dec**	%	Chg. %	Inc./ (Dec.)	<Explanation>
Current assets:							
Cash and cash in bank	74.2		**47.2**				

2. Consolidated Balance Sheets <Liabilities and Equity>

(billions of yen)

	2006				Chg.	Inc./	<Explanation>
	31-Mar	%	**31-Dec**	%	%	(Dec.)	
Current liabilities:							
Notes and accounts payable-trade	24.4		**15.8**			(8.6)	**Notes and accounts payable-trade** <Decrease Factor(s)> Payment of accounts payable-trade
Short-term borrowings	0.4		**0.4**			(0.1)	
Accounts payable-other	53.2		**55.0**			1.8	
Accrued expenses	42.6		**41.2**			(1.4)	
Income tax payable	23.4		**12.0**			(11.4)	**Income tax payable** <Decrease Factor(s)> Payment of income and other taxes
Reserve for sales rebates	27.8		**36.2**			8.4	
Other reserves	0.8		**0.7**			(0.1)	
Others	5.5		**8.9**			3.3	
Total current liabilities	178.2	23.9	**170.1**	22.5	95.5	(8.1)	
Long-term liabilities:							
Deferred tax liabilities	0.1		**0.1**			0.0	
Liability for retirement benefits	35.6		**33.5**			(2.1)	
Retirement allowances for directors	1.3		**1.3**			(0.1)	
Others	3.6		**3.6**			0.0	
Total long-term liabilities	40.6	5.4	**38.5**	5.1	94.8	(2.1)	
Total liabilities	218.7	29.3	**208.5**	27.6	95.3	(10.2)	
Owners' equity:							
Common stock	45.0		**45.0**			-	
Capital surplus	55.2		**55.2**			-	
Retained earnings	429.0		**454.9**			25.9	
Treasury stock	(31.9)		**(42.5)**			(10.6)	**Treasury stock (Deduction from equity)** <Increase Factor(s)> Acquisition of Company's own shares (August, 2 millions of shares)
Total owners' equity	497.3	66.6	**512.6**	67.7	103.1	15.3	
Net unrealized gains and translation adjustments	20.3		**19.6**			(0.7)	
Foreign currency translation adjustments	1.6		**5.8**			4.2	
Total net unrealized gain and translation adjustments	21.9	2.9	**25.4**	3.4	116.1	3.5	
Stock acquisition rights	-	-	**0.3**	0.0	-	0.3	
Minority interests	9.3	1.2	**9.7**	1.3	104.7	0.4	
Total equity	528.5	70.7	**548.1**	72.4	103.7	19.6	
Total liabilities and equity	747.2	100.0	**756.6**	100.0	101.3	9.4	

*Past data have been reclassified in accordance with the new segmentation of this fiscal year.

IV. Consolidated Statements of Cash Flows

(billions of yen)

Years Ended/Ending March 31 3Q Apr - Dec	2006	**2007**	Inc./ (Dec.)	**<Explanation>**
Operating activities:				
Income before income taxes and minority interests in income				

V. Non-Consolidated Financial Highlights

1. Non-Consolidated Financial Highlights

1-1 Statements of Income Data

(billions of yen)

Years Ended/Ending March 31 3Q Apr - Dec	2006	**2007**	Change %	2006	2007 est.
Net sales	254.2	**265.0**	104.3	332.0	345.0
Cost of sales	60.1	**61.2**	101.9	78.0	77.5
R&D expenses	66.0	**77.5**	117.4	92.9	105.0
SG&A expenses	71.3	**74.1**	103.9	95.8	101.5

2. Net Sales by Business Segment

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31			Full	
3Q Apr - Dec	2006	**2007**	Change %	2006	2007 est.
Net sales	254.2	**265.0**	104.3	332.0	345.0
Prescription pharmaceuticals	165.1	**168.7**	102.2	211.5	216.0
[Ratio of in-house developed products to prescription pharmaceuticals] (%)	[84.0%]	**[82.7%]**	-	[82.3%]	-
Pharmaceuticals exports	39.6	**39.2**	99.0	53.9	54.0
Consumer health care products	13.9	**15.0**	108.1	17.6	18.5
Food additives/Chemicals, etc.	1.4	**0.9**	66.3	1.8	1.5
Industrial property rights, etc. income	34.3	**41.2**	120.1	47.2	55.0

3. Exports by Geographical Area

(billions of yen)

Years Ended/Ending March 31	Nine months ended Dec 31			Full	
3Q Apr - Dec	2006	**2007**	Change %	2006	2007 est.
Net Sales	254.2	**265.0**	104.3	332.0	345.0
Exports	72.6	**80.1**	110.4	99.7	107.5
North America	50.7	**56.0**	110.6	69.6	-
Europe	17.9	**19.3**	107.4	24.9	-
Asia and Others	4.0	**4.8**	121.9	5.2	-
Ratio of exports to sales (%)	28.6%	**30.2%**	-	30.0%	31.2%

* Major areas and countries included in each category:
  1. North America: The U.S. and Canada
  2. Europe: The United Kingdom, France, Germany, etc.
  3. Asia and Others: East Asia, South-East Asia, and Latin America, etc.

* Export sales includes revenues from industrial property rights, etc.

4. Prescription Pharmaceuticals

(billions of yen)

Years Ended/Ending March 31 3Q Apr - Dec Description / *Product*	2006	**2007**	Change %	2006	2007 est.
Alzheimer's type dementia treatment *ARICEPT*	32.6	**37.9**	116.4	42.3	49.0
Peripheral neuropathy treatment *METHYCOBAL*	24.9	**24.5**	98.4	32.1	31.5
Proton pump inhibitor *PARIET*	21.7	**23.7**	109.3	27.6	30.5
Gastritis/gastric ulcer treatment *SELBEX*	16.9	**15.3**	90.3	21.7	20.5
Non-ionic contrast medium *IOMERON*	6.9	**6.6**	95.3	8.7	8.0

7. SG&A Expenses

7-1 R&D Expenses

(billions of yen)

Years Ended/Ending March 31 3Q Apr - Dec	2006	**2007**	2006	2007 est.
Net sales	254.2	**265.0**	332.0	345.0

9. Statements of Cash Flows

(billions of yen)

Years Ended/Ending March 31 3Q Apr - Dec	2006	**2007**	Inc./ (Dec.)
Operating activities:			
Income before income taxes	58.2	**53.3**	(4.9)
Depreciation and amortization	12.0	**13.1**	1.1
Other non-cash gains/losses	(0.1)	**0.3**	0.5
Operating assets/liabilities increase/decrease	(8.9)	**(25.4)**	(16.5)
Others	(2.3)	**(0.9)**	1.3
[Sub-total]	58.9	**40.4**	(18.5)
Interest paid/received	1.3	**1.2**	(0.1)
Income taxes paid	(30.3)	**(33.4)**	(3.1)
Net cash provided by operating activities	29.9	**8.2**	(21.7)
Investing activities:			
Capital expenditures	(16.2)	**(17.2)**	(1.0)
Other revenue/payment for continuing activities	0.2	**1.2**	1.0
Purchases/sales of securities	1.3	**(9.0)**	(10.4)
Others	2.5	**(9.3)**	(11.8)
Net cash used in investing activities	(12.1)	**(34.3)**	(22.2)
Financing activities:			

VI. Changes in Quarterly Results

1. Statements of Income Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007		
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**
Net sales	135.8	146.8	167.3	151.3	153.9	165.4	**181.4**
Cost of sales	24.1	24.6	30.0	25.8	26.8	26.4	**28.7**
R&D expenses	19.9	24.5	22.6	26.2	24.4	27.9	**26.6**
SG&A expenses	69.3	74.9	81.7	81.8	78.7	85.6	**91.9**
Operating income	22.5	22.8	32.9	17.5	24.1	25.5	**34.2**
Non-operating income & expenses	0.9	0.9	1.4	1.1	1.0	1.1	**1.9**
Ordinary income	23.4	23.7	34.3	18.6	25.1	26.6	**36.1**
Special gain & loss	(0.2)	(0.3)	0.0	(3.5)	(0.4)	(0.0)	**(0.1)**
Income before income taxes and minority interests in income	23.2	23.5	34.4	15.1	24.7	26.6	**36.0**
Net income	14.9	15.2	22.0	11.3	15.8	16.7	**23.3**
Earnings per share (yen)	52.2	53.3	77.0	39.4	55.4	58.4	**82.0**

* "Cost of Sales" includes "(Reversal of) Provision for sales returns-net".

2. Balance Sheets Data [Consolidated]

<Assets>

(billions of yen)

	2005			2006			
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	**31-Dec**
Current assets	368.7	392.8	408.5	432.6	406.6	426.7	**407.4**
Fixed assets	293.9	300.9	303.6	314.6	318.2	324.9	**349.3**
Property, plant and equipment	123.2	124.8	125.8	128.7	127.3	128.6	**130.4**
Intangible assets	36.2	38.5	38.7	43.2	41.3	41.6	**63.2**
Investments and other assets	134.5	137.5	139.1	142.7	149.5	154.7	**155.7**
Total assets	662.6	693.6	712.1	747.2	724.8	751.6	**756.6**

<Liabilities and Equity>

(billions of yen)

	2005			2006			
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	**31-Dec**
Current liabilities	143.2	154.4	157.2	178.2	157.7	177.1	**170.1**
Long-term liabilities	44.2	42.7	40.5	40.6	39.9	38.5	**38.5**
Total liabilities	187.4	197.1	197.6	218.7	197.6	215.7	**208.5**
Owners' equity	460.1	475.4	485.9	497.3	498.9	504.8	**512.6**
Net unrealized gain and translation adjustments	6.1	12.0	19.3	21.9	19.0	21.3	**25.4**
Stock acquisition rights	-	-	-	-	-	0.3	**0.3**
Minority interests	9.0	9.2	9.2	9.3	9.4	9.6	**9.7**
Total equity	475.2	496.5	514.4	528.5	527.3	535.9	**548.1**
Total liabilities and equity	662.6	693.6	712.1	747.2	724.8	751.6	**756.6**

*Past data have been reclassified in accordance with the new segmentation of this fiscal year.

3. Capital Expenditures and Depreciation/Amortization [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007		
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**
Capital expenditures	4.6	9.4	5.9	17.2	3.7	7.0	**29.3**
Property, plant and equipment	3.6	5.3	4.2	7.8	3.2	4.8	**5.7**
Intangible assets	1.0	4.0	1.7	9.4	0.6	2.2	**23.6**
Depreciation/Amortization	5.9	6.1	6.5	6.5	5.9	6.4	**7.0**

* "Depreciation/Amortization" value represents depreciation for "Property, plant and equipment" and amortization for "Intangible assets".

4. Cash Flows Data [Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007		
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**
Net cash provided by operating activities	12.1	27.8	9.2	37.9	8.1	28.5	**4.7**
Net cash used in investing activities	(8.9)	(5.3)	(10.1)	(5.3)	(11.8)	(9.4)	**(30.9)**
Net cash used in financing activities	(10.1)	(0.0)	(11.7)	0.0	(14.4)	(10.8)	**(15.6)**
Cash and cash equivalents at end of period	136.5	160.1	150.2	183.3	164.4	175.0	**134.7**
Free cash flows	1.3	19.4	(3.0)	25.8	0.7	21.7	**(24.4)**

* "Free cash flows" = "Net cash provided by operating activities" - ("Capital expenditures" + "Other revenue/payment for continuing activities")

5. *ARICEPT* Sales by Area (Eisai Territory Sales) [Consolidated]

Years Ended/Ending March 31	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**

7. *ZONEGRAN* Sales by Area (Eisai Territory Sales) [Consolidated]

Years Ended/Ending March 31		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**
U.S.	¥ Billions	3.6	3.9	3.7	1.5	1.0	0.6	**0.9**
	[U.S. $ Millions]	[33]	[35]	[32]	[12]	[9]	[5]	

9. Statements of Income Data [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007		
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**
Net sales	79.0	81.9	93.3	77.7	82.9	87.2	**94.9**
Cost of sales	19.0	18.9	22.2	17.9	19.9	20.0	**21.3**
R&D expenses	19.6	24.3	22.1	26.8	24.4	27.3	**25.8**
SG&A expenses	22.9	23.4	25.0	24.4	23.3	24.8	**25.9**
Operating income	17.5	15.3	24.0	8.6	15.3	15.1	**21.9**
Ordinary income	18.1	15.6	24.6	9.1	15.6	15.1	**22.3**
Net income	11.6	10.1	15.9	6.4	10.1	10.1	**14.3**

* "Cost of Sales" includes "(Reversal of) Provision for sales returns-net".

10. Prescription Pharmaceuticals [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31	2006				2007		
Description / *Product*	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**
Alzheimer's type dementia treatment *ARICEPT*	9.9	10.6	12.1	9.7	11.5	12.4	**14.0**
Peripheral neuropathy treatment *METHYCOBAL*	7.8	8.2	8.9	7.2	7.9	8.0	**8.7**
Proton pump inhibitor *PARIET*	6.3	6.8	8.5	5.9	7.1	7.5	**9.0**
Gastritis/gastric ulcer treatment *SELBEX*	5.4	5.5	6.0	4.8	4.9	4.9	**5.5**
Non-ionic contrast medium *IOMERON*	2.2	2.2	2.5	1.8	2.1	2.1	**2.4**
Muscle relaxant *MYONAL*	2.2	2.2	2.4	1.8	2.1	2.0	**2.3**
Osteoporosis treatment *GLAKAY*	2.2	2.2	2.3	1.7	1.9	1.9	**2.1**
Osteoporosis treatment *ACTONEL*	-	-	2.6	1.5	1.9	2.0	**2.1**
Genetically engineered glucagon preparation *GLUCAGON G NOVO*	1.1	1.1	1.3	0.9	1.0	1.1	**1.2**
Long-acting isosorbide denigrate preparation *NITOROL-R*	1.2	1.1	1.2	0.9	1.0	1.0	**1.1**
Antiallergic agent *AZEPTIN*	0.8	0.5	0.7	0.9	0.6	0.5	**0.7**
Others	11.9	11.7	13.5	9.5	11.2	10.7	**12.3**
Prescription pharmaceuticals total	50.9	52.2	62.0	46.4	53.4	54.1	**61.2**

*The sales of *Actonel* have been booked since October 2005 after Eisai launched its marketing.

11. Exports by Products [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31							
Product	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	**Third Quarter**
ARICEPT	6.3	4.8	6.1	5.5	5.4	5.9	**4.7**
ACIPHEX/PARIET	6.1	7.0	6.2	7.6	6.5	6.7	**7.0**
Others	1.2	1.0	0.9	1.2	0.6	1.4	**1.1**
Exports total	13.6	12.8	13.2	14.3	12.4	14.0	**12.8**

* "Exports total" includes bulk substance and tablets.

12. Consumer Health Care Products [Non-Consolidated]

(billions of yen)

Years Ended/Ending March 31							
Description / *Product*	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarte	

VII. Major R&D Pipeline Candidates

Updates from October 2006

1. ***ARICEPT*** received an approval in U.S. for an additional indication for severe Alzheimer's disease.
2. ***INOVELON*** received an approval in Europe for adjunctive therapy of Lennox-Gastaut Syndrome.
3. ***PARIET*** received an approval in Japan for a new indication for *Helicobacter* pylori (*H. pylori)* eradication.
4. NDA was submitted in Japan for **E2014** for cervical dystonia.
5. An application was submitted for ***VASOLAN*** for a new indication for atrial fibrillation and paroxysmal supraventricular tachycardia.
6. **E7389** entered Phase III study (for breast cancer) and Phase II study (for sarcoma) in Europe.
7. The Phase II/III study of **D2E7** was started in Japan for the treatment of Crohn's disease.
8. The clinical study of **E0167** for prevention of recurrence of hepatocellular carcinoma in Japan was discontinued.

1. International Development

1-1 Approved

(Product) Name	Region	Date	Description	Form.	Origin
ARICEPT (E2020) (Additional indication)	U.S.	Oct-06	**Severe Alzheimer's Disease** Supplemental New Drug Application was approved by the FDA for severe Alzheimer's disease in addition to the previous indications for the treatment of mild-to-moderate Alzheimer's disease.	Tab.	In-house
INOVELON (E2080)	EU	Jan-07	**Anti-Epilepsy (generic name: rufinamide)** A novel anticonvulsant which shows efficacy in epilepsy treatment in combination with other anti-epilepsy drugs. Received an approval in Europe for adjunctive therapy of Lennox-Gastaut Syndrome (LGS).	Tab.	Novartis

1-2 Filed for Approval (including submission in preparation)

(Product) Name	Region	Date	Description	Form.	Origin
ARICEPT (E2020) (Additional indication)	U.S.	Sep-02	**Vascular Dementia** Currently approved for the treatment of dementia due to Alzheimer's disease. An additional indication for the treatment of vascular dementia is being sought in the U.S.	Tab.	In-house
	(EU)	in preparation	The application in the EU for vascular dementia was withdrawn in April 2004. Supportive data showing efficacy of the compound is now being collected for resubmission of the application.		
ARICEPT (E2020) (Additional formulation)	EU	May-04	**Liquid Formulation** Originally approved in the form of tablets. Filed for a liquid formulation for prescription to people who have difficulty swallowing tablets.	Liquid	In-house
E2080	U.S.	Nov-07	**Anti-Epilepsy (generic name: rufinamide)** NDA for adjunctive therapy of LGS has been filed in the U.S. The compound is approved for an orphan drug status in the treatment of LGS and adult partial seizures. (The brand name in the U.S. is under consideration)	Tab.	Novartis
ARICEPT (E2020) (Additional indication)	EU	May-06	**Severe Alzheimer's Disease** Submitted an application for the treatment of severe Alzheimer's disease through mutual recognition procedure in the EU.	Tab.	In-house
GASMOTIN	Asia	in preparation (for FY 2006)	**Gastroprokinetic Agent (generic name: mosapride citrate)** This compound is a selective serotonin 5-HT$_4$ receptor agonist which has gastroprokinetic and gastric evacuant effects by enhancing acetylcholine release. Submission is in preparation in 10 Asian countries including ASEAN members.	Tab.	Dainippon Sumitomo Pharma

1-3 Phase III&II

(Product) Name (Research Code)	Region	Phase	Description	Form.	Origin	Expected Application
ARICEPT (E2020)	EU	III	**Dementia Associated with Parkinson's Disease**	Tab.	In-house	FY2007

2. Development in Japan

2-1 Approved

(Product) Name (Research Code)	Date	Description	Form.	Origin
PARIET (E3810) (Additional indication)	Jan-07	**Eradication of *H. pylori* in Combination with Antibiotics** Currently approved for the treatment of peptic ulcers, erosive GERD, and Zollinger-Ellison syndrome in Japan. Approved for eradication of *H. pylori* in combination with antibiotics.	Tab.	In-house

2-2 Filed for Approval

(Product) Name (Research Code)	Date	Description	Form.	Origin
T-614	Sep-03	**Rheumatoid Arthritis (generic name: iguratimod)** Suppresses lymphocyte proliferation, immunoglobulin and inflammatory cytokines production. Now being investigated for potential treatment of chronic rheumatoid arthritis.	Tab.	Toyama Chemical
TAMBOCOR (E0735) (Additional indication)	Dec-04	**Paroxysmal Atrial Fibrillation/Flutter** The compound is currently approved for treatment of ventricular tachyarrhythmia in Japan and is being filed for the treatment of paroxysmal atrial fibrillation/flutter.	Tab.	3M
ARICEPT (E2020) (Additional indication)	Dec-05	**Severe Alzheimer's disease** Currently approved for the treatment of mild-to-moderate dementia Alzheimer's disease. Submitted for a new indication for severe Alzheimer's disease.	Tab.	In-house
D2E7	Dec-05	**Rheumatoid Arthritis/Human Anti TNF-alpha Monoclonal Antibody (generic name: adalimumab)** Blocks the activity of Tumor Necrosis Factor-alpha (TNF-alpha) which plays a central role in inflammation in autoimmune diseases. An application was submitted for treatment of Rheumatoid Arthritis.	Inj.	Abbott
PARIET (E3810) (Additional indication)	Mar-06	**Symptomatic GERD** Currently approved for treatment of peptic ulcers, erosive GERD, and Zollinger-Ellison syndrome in Japan. Submitted for treatment of symptomatic GERD.	Tab.	In-house
PARIET (E3810) (Additional indication)	Aug-06	**Secondary Eradication of *H. pylori* in Combination with Antibiotics** Filed an application for a new indication of secondary eradication of *H. pylori* (an alternative eradication for patients who do not respond to primary eradication).	Tab.	In-house
E2014	Dec-06	**Cervical Dystonia/Botulinum Toxin Type B** Botulinum toxin acts on cholinergic nerve ending synapses and inhibits the release of acetylcholine to relax muscles. Filed application for treatment of Cervical Dystonia.	Inj.	Solstice Neuro-Sciences
VASOLAN (E0103) (Additional Indication)	Jan-07	**Atrial Fibrillation, Paroxysmal Supraventricular Tachycardia (PSVT) (generic name: verapamil hydrochloride)** Currently approved for Ischemic heart disease treatment. An application was submitted for a new indication for atrial fibrillation and paroxysmal supraventricular tachycardia.	Tab.	Abbott

2-3 Phase III & II

(Product) Name (Research Code)	Phase	Description	Form.	Origin	Expected Application
KES524	III	**Obesity Management/Central Acting Serotonin & Noradrenalin Reuptake Inhibitor (generic name: sibutramine)** Inhibits the reuptake of the cerebral neurotransmitters, noradrenalin and serotonin. By enhancing the feeling of satiety and increasing energy consumption, it is expected to result in loss of body weight.	Cap.	Abbott	FY2007
E0302	II/III	**Amyotrophic Lateral Sclerosis(ALS)/mecobalamine** Mecobalamine is currently approved for treatment of peripheral neuropathy. Phase II/III study for amyotrophic lateral sclerosis (ALS) is ongoing.	Inj.	In-house	
D2E7 (additional indication)	II/III	**Psoriasis, Crohn's disease/Human Anti TNF-alpha Monoclonal Antibody (generic name: adalimumab)** Filed for a new indication for rheumatoid arthritis. Now being investigated in Phase II/III for psoriasis. Phase II/III study for Crohn's disease was initiated in Japan.	Inj.	Abbott	FY2007 (Psoriasis)
IOMERON (E7337) (Additional dosage/administration)	II	**X-ray Contrast Medium** Currently approved for CT (computerized tomography) angiography. An application of additional dosage and administration is being sought.	Inj.	Bracco	
E7210 (Suspended)	II	**Ultrasonic Contrast Medium** Development in progress for potential Ultrasonic Contrast Medium by employing microbubbles that reflect ultrasounds. (The Phase II study is currently suspended.)	Inj.	Bracco	

*The clinical study in Japan for E0167 for the prevention of recurrence of hepatocellular carcinoma was discontinued.