Eisai supports the World Health Organization's Global programme to Eliminate Lymphatic Filariasis.

Annual Report 2014

Eisai Co., Ltd.
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Forward-Looking Statements and Risk Factors

Materials and information provided in this Annual Report may contain “forward-looking statements” based on current expectations, forecasts, estimates, business goals, 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 that may cause significant fluctuations in the consolidated results of the Company or have a material effect on decisions of shareholders are described below. These are risk factors associated with the Company's business, which could cause the Company's consolidated results to differ materially from these statements. Risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements, include, but are not limited to, challenges arising out of global expansion, uncertainties in new drug development, risks related to dependence on specific products, risks related to strategic alliances with partners, health care cost-containment measures, intellectual properties, possible occurrence of adverse events, compliance with laws and regulations, litigation, closure or shutdown of factories, safety and quality issues of raw materials used, outsourcing-related risks, environmental issues, IT security/information management, and conditions of financial markets, foreign exchange fluctuations, internal control systems and natural disasters.
The global pharmaceutical market is offering more and more business opportunities worldwide derived from a variety of significant changes: the rapid aging of the world’s population, the convergence of disease patterns and standardization of medical practices around the world due to the economic advancement in emerging and developing countries, accelerated evaluation periods for new drugs and a growing number of newly approved pharmaceuticals. On the other hand, there has been intensified discussion on measures to contain medical expenditures mainly focused on drug prices and to develop and maintain intellectual property. At the same time, it is evident that stricter compliance and higher transparency in our business activities are essential foundations for our growth going forward.

In this environment, it is crucial to maximize the value of our brands for patients more promptly under integrated global strategies based upon each country’s situation. That is why the Eisai Group introduced a global matrix-based structure in May 2014, which consists of 2 global units of oncology and neurology encompassing the 4 regions of Japan, the Americas, Asia and EMEA (Europe, the Middle East, Africa, Russia and Oceania). Under this matrix-based structure, we will shift from a company dependent upon two major brands—Alzheimer disease treatment agent Aricept® and the proton pump inhibitor Pariet®/AcipHex®—as its pillars of global business to a multi-brand company that aims for growth through multiple kinds of promising global brands.

Under this strategy, fiscal 2014 (the year ending March 31, 2015) has been positioned as a period of investment to return to a growth trajectory from fiscal 2015. We will make
proactive investments in the following three main themes: 1) Launch and expansion of global brands, 2) Acceleration of product creation, and 3) Expansion in Asia and strategic markets.

*Halaven®,* a proprietary anticancer agent, has already been approved in 54 countries around the world. In fiscal 2014, we are working to capture a greater share of earlier treatment lines and to maximize patient access by expanding launching countries. *Fycompa®,* a proprietary antiepileptic agent, has already been approved in 39 countries around the world. In fiscal 2014, *Fycompa®* seeks the status as a gold standard for epilepsy treatment by strengthening promotion and access in the U.S. and expanding launches globally. In June 2013, we launched *BELVIQ®* in the U.S. as an anti-obesity agent approved for the first time in 13 years. In fiscal 2014, it is our aim to grow sales of *BELVIQ®* by enhancing activities to raise patient awareness. Additionally, based on favorable testing results, we submitted marketing authorization applications of Lenvatinib (generic name), Eisai's original selective tyrosine kinase inhibitor with a novel binding mode, for the treatment of thyroid cancer in Japan in June 2014 and in the U.S. and Europe in August 2014. Hence, proactive investments for the launch and expansion of these global brands are slated for this fiscal year, with emphasis on the U.S., the world's largest pharmaceuticals market.

The Eisai Group defines its R&D activities as “product creation,” and has set out a clear mission to deliver new medicines that satisfy unmet medical needs to patients as quickly as possible. Under this mission, the Group is committed to achieve innovation to create new pharmaceutical products. In fiscal 2014, we are making proactive investments by submitting Lenvatinib (generic name) globally; accelerating the global development of the thrombopoietin receptor agonist avatrombopag and the orexin receptor antagonist E2006; and exploring new indications or formulations of *Halaven®, Fycompa®* and *BELVIQ®*. As a pioneer in the field of dementia treatment, it is our objective to accelerate development of next generation Alzheimer’s disease treatments including E2609, a β-site amyloid precursor protein-cleaving enzyme (BACE) inhibitor, and BAN2401, an anti-amyloid beta (Aβ) antibody, by way of collaboration with Biogen Idec, Inc., which has world-class strengths in neurodegenerative diseases.

With respect to our Asia business, we look to further strengthen our platform to accelerate growth. Sales of our new products *Halaven® and Fycompa®* will be boosted, in addition to sales of core products such as *Aricept®, Pariet®* and *Methycobal®,* a peripheral neuropathy treatment, in order to achieve solid growth with emphasis on the core markets of China and South Korea. We are also proactively investing in Indo-china (Thailand, Vietnam, Myanmar, Cambodia, and Laos) and Indonesia, with the aim of nurturing these areas into future core markets.

In addition, the following 6 countries/regions have been positioned as strategic markets: Russia, Brazil, the Middle East, Mexico, Canada, and Australia. It is our intention to expand our contribution to patients in these areas via our own sales channel or collaborations with local partners.

On the other hand, the Eisai Group is actively working to improve access to medicines in emerging and developing countries. In many of these countries, poverty and lack of proper medical care systems impede access to
medicines and necessary drug products do not reach patients who need them. The Eisai Group believes that its measures to secure access to medicines are not only a part of our social contribution, but also a long-term investment in cultivating future markets through the economic development and expansion of middle-income populations. Accordingly, we continue our proactive efforts in accordance with the human health care (hhc) philosophy.

As part of these efforts, it has been agreed upon to supply 2.2 billion tablets of diethylcarbamazine (DEC) to the World Health Organization (WHO) for the treatment of lymphatic filariasis, a neglected tropical disease (NTD), at “price zero” (free of charge) until 2020 to eliminate the disease. In October 2013, we began shipping DEC tablets manufactured at our plant in Vizag, India. Furthermore, it is our plan to develop new drugs for other NTDs as well as tuberculosis and malaria and we actively promote partnerships with international non-profit organizations (NPOs), research institutes and other organizations specializing in these diseases.

Moreover, in Asian countries, “Affordable Pricing Policy” is adopted, which sets prices that suit the economic conditions, insurance system, patient income levels and other unique factors in each country, so that innovative new drugs developed by Eisai can reach patients as soon as possible. Recently, with the launch of Halaven® in India and ASEAN countries, we have introduced a “Tiered Pricing Policy,” a new pricing model that realizes affordable pricing and sets several different prices for the same product in the same country to match the various income levels of patients. Based on this strategy, it is imperative for us to build a sustainable business model by ensuring that Halaven® can help more patients.

In conjunction with value creation for shareholders, a three-pronged financial strategy has been adopted to that end. The three key elements involved are proactive investments for growth, a stable dividend policy and a global investor relations (IR) strategy. To return Eisai to a growth trajectory from fiscal 2015, proactive investments are being conducted in expanding global brands, accelerating product creation and expanding in Asia and strategic markets. Furthermore, it is our intention to maintain a stable dividend exceeding our cost of capital with a dividend on equity (DOE) ratio at the 8% level. Eisai has secured a sound financial position that balances both proactive investments and stable dividends. In fiscal 2014, it is extrapolated that our net debt equity ratio (Net DER) is to improve to around 0.1 and our shareholders’ equity ratio is to ameliorate to around 55%. Shareholders’ equity of over ¥500 billion shows our financial integrity that can sustain our stable dividend policy. In terms of our global IR strategy, we intend to disclose information in a timely and fair manner to fulfill our accountability to investors and thereby to achieve continuous growth in shareholder value.

It is our mission to enhance corporate value on a sustained basis under the “human health care” concept. We ask all our stakeholders for their continued support.

August 2014

Haruo Naito
CEO
Eisai’s Main Products and Investigational Compounds

Prescription Medicines

**Share of consolidated revenue:** 88.4% (year ended March 2014)

### Neurology Field

**Acetil® (generic name: donepezil)**
**Alzheimer’s disease treatment**

An Alzheimer’s disease treatment originally discovered and developed by Eisai. It is believed to delay the progression of Alzheimer’s disease by inhibiting the breakdown enzyme of neurotransmitter, acetylcholine. Currently approved in more than 90 countries globally.

### Aricept® (generic name: donepezil)
**Alzheimer’s disease treatment**

An Alzheimer’s disease treatment originally discovered and developed by Eisai. It is believed to delay the progression of Alzheimer’s disease by inhibiting the breakdown enzyme of neurotransmitter, acetylcholine. Currently approved in more than 90 countries globally.

### Methocobal® (generic name: mecobalamin)
**Peripheral neuropathy treatment**

A mecobalamin (vitamin B12 co-enzyme) originally discovered and developed by Eisai. Restores damaged peripheral nerves and is widely used for the treatment of peripheral neuropathy in Japan and other Asian countries.

### Fycompa® (generic name: perampanel)
**AMPA receptor antagonist**

An AMPA receptor antagonist originally discovered and developed by Eisai. Currently approved for adjunctive therapy for partial-onset seizures. Additional indication for treatment for generalised seizures has been submitted. Approved in 39 countries including EU and the United States.

### BELVIQ® (generic name: lorcaserin)
**OBesity treatment**

Discovered and developed by Arena Pharmaceuticals, Inc., BELVIQ® is a new chemical entity that is believed to encourage decreased food consumption and promote satiety by selectively activating serotonin 2C receptors in the brain. Activation of these receptors may help a person eat less and feel fuller. BELVIQ® was the first prescription treatment for obesity approved by the U.S. Food and Drug Administration in 15 years. It’s commercial launch was in June 2012.

### LYRICA® (generic name: pregabalin)
**Neuropathic pain treatment**

A therapeutic agent for the treatment of neuropathic pain originally developed by Pfizer Inc. Currently approved in more than 100 countries globally. Co-promoted in Japan by Pfizer Japan Inc. and Eisai Co., Ltd., with both companies working to provide information on its proper use.

### Lunesta® (generic name: eszopiclone)
**Insomnia treatment**

Eszopiclone is a non-benzodiazepine hypnotic agent that is a pyrimidopyrazine derivative of the cyclopyrrole class. It was originally developed by Sunovion Pharmaceuticals Inc. in the U.S. subsidiary of Sumitomo Dainippon Pharma Co., Ltd. Eisai has pursued the development of the product since acquiring the exclusive rights to develop and market in Japan. The product was launched in Japan in April 2012.

### Alox® (generic name: palonosetron)
**Antiemetic agent**

A serotonin-3 (5-HT3) receptor antagonist indicated for both prevention and vomit control in combination with chemotherapy in adult patients. First launched in Japan in 2004. Eisai gained marketing rights to Alox® in the U.S. after acquisition of NOL Phoenix, Inc. in January 2006.

### BAN2401
**Anti-Alzheimer’s agent/humanized anti-Aß protofibrils monoclonal antibody**

Potential Alzheimer’s disease treatment/humanized antibody for A-beta protofibrils. BAN2401 is believed to delay the progression of Alzheimer’s disease which selectively recognizes and eliminates Aß-beta protofibrils. Eisai obtained the global rights from BioVie, Inc. to study, develop, manufacture, and market BAN2401 for the treatment of Alzheimer’s disease.

### E2600
**Alzheimer’s disease treatment/BACE inhibitor**

Potential BACE inhibitor discovered and being developed in-house by Eisai as a next-generation oral treatment for Alzheimer’s disease. Expected to delay the progression of the disease by reducing the overall amount of Aß by inhibiting BACE (beta-site amyloid precursor protein-cleaving enzyme).

### E7080 (generic name: lortatib)
**Anticancer agent/selective tyrosine kinase inhibitor (TKI) with a novel binding mode**

A selective tyrosine kinase inhibitor (TKI) with a novel binding mode originally discovered and being developed by Eisai. Currently undergoing clinical trials for several types of cancer, including head and neck cancer, as well as development as a potential treatment for thyroid cancer.

### Warfarin (generic name: warfarin)
**Oral anticoagulant**

Expresses anticoagulant effects by antagonizing vitamin K and inhibiting the production of blood coagulant factor. Widely used in Japan to treat and prevent thromboembolism in adults since it was first launched in 1952.

### E7091 (generic name: adalimumab)
**Fully human anti-TNF-α monoclonal antibody**

A fully human anti-TNF-α monoclonal antibody that neutralizes the activity of tumor necrosis factor (TNF-α), a protein that plays a central role in inflammatory reactions in patients with autoimmune diseases including rheumatoid arthritis. Currently being co-developed and co-promoted by Eisai and AbbVie GK in Japan, South Korea, and Taiwan.

### Chocola BB® Products

The Chocola BB® series is effective against carious sites and skin roughness, with numerous lineups available in product categories such as class 3 pharmaceutical products, designated class 2 products, designated quasi-drugs, and Foods with Nutrient Function Claims.
Results for the Fiscal Year Ended March 2014

Consolidated Financial Highlights

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Statement Items</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>600.4</td>
<td>573.7</td>
<td>648.0</td>
<td>768.9</td>
<td>803.2</td>
<td>781.7</td>
<td>734.3</td>
<td>674.1</td>
</tr>
<tr>
<td>Cost of sales*1</td>
<td>188.2</td>
<td>174.1</td>
<td>173.4</td>
<td>167.8</td>
<td>160.7</td>
<td>152.5</td>
<td>118.8</td>
<td>109.3</td>
</tr>
<tr>
<td>Gross profit</td>
<td>412.2</td>
<td>399.6</td>
<td>474.6</td>
<td>601.1</td>
<td>642.4</td>
<td>629.3</td>
<td>615.5</td>
<td>564.8</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>130.5</td>
<td>120.4</td>
<td>125.1</td>
<td>145.0</td>
<td>179.1</td>
<td>156.1</td>
<td>225.4</td>
<td>108.3</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>210.5</td>
<td>208.7</td>
<td>253.7</td>
<td>343.0</td>
<td>376.9</td>
<td>381.4</td>
<td>372.3</td>
<td>351.2</td>
</tr>
<tr>
<td>Operating income</td>
<td>71.1</td>
<td>70.5</td>
<td>95.7</td>
<td>113.1</td>
<td>86.4</td>
<td>91.8</td>
<td>17.7</td>
<td>105.3</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>64.9</td>
<td>65.6</td>
<td>90.0</td>
<td>105.2</td>
<td>79.7</td>
<td>82.6</td>
<td>18.9</td>
<td>110.5</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>33.0</td>
<td>48.3</td>
<td>58.5</td>
<td>67.4</td>
<td>40.3</td>
<td>47.7</td>
<td>(17.0)</td>
<td>70.6</td>
</tr>
<tr>
<td>Cash income*2</td>
<td>83.6</td>
<td>100.7</td>
<td>107.7</td>
<td>120.0</td>
<td>126.4</td>
<td>119.0</td>
<td>106.9</td>
<td>97.6</td>
</tr>
</tbody>
</table>

| Cash Flow Statement Items           |        |        |        |        |        |        |        |        |
| Net cash provided by operating activities | 85.7   | 73.2   | 90.6   | 123.2  | 107.9  | 105.0  | 73.2   | 81.2   |
| Net cash used in investing activities | 26.2   | 21.7   | (2.6)  | (58.8) | (69.8) | (55.0) | (476.4)| (55.2) |
| Net cash used in financing activities | (114.8)| (81.8) | (78.0) | (68.0) | (49.2) | (31.0) | 375.4  | (40.6) |
| Free cash flow*3                     | 66.4   | 54.5   | 71.4   | 100.3  | 52.9   | 59.3   | (4159) | 28.6   |

**Statement of Income**

Net sales in the fiscal year ended March 2014 increased year-on-year owing to an increase in net sales of growth drivers such as Halaven®, a new anticancer agent, Humira®, a human anti-TNF-α monoclonal antibody, and Lyrica®, a therapeutic agent for pain. Net sales of Parexel® (brand name in the U.S.: Aricept®), a proton pump inhibitor, and Aricept®, an anti-Alzheimer’s disease agent, came to ¥1,411 million (down 10.7% year-on-year) and ¥62,748 million (down 12.2% year-on-year), respectively. Net sales of Oncology-related products recorded ¥100.881 million (up 0.5% year-on-year). Net Sales of epilepsy franchise products significantly grew to ¥24,407 million (up 48.3% year-on-year), acting in part by Fycompa®, an AMPA receptor antagonist. By segment, the Asia Pharmaceutical Business, which includes China, and Generic Drugs within the Japan Pharmaceutical Business recorded a year-on-year increase by 40.6% and 19.3%, respectively, compared to the results recorded for the same period in the previous fiscal year, contributing to growth in net sales. In addition, the revenue from divestiture of the development and marketing rights of Dacogen®, a DNA methylation inhibitor, was included in net sales.

Cost of sales*1 includes provisions for sales returns.

Cash income:

We consider “Cash income” as the total amount of cash available for investment in future growth, business development, dividend payment, and repayment of borrowings, etc. We also consider this as a measurement for evaluating corporate growth potential and strategic appropriateness.

Equation: Cash income = Net income (loss) + Depreciation of PP&E and amortization of Intangible assets + In-process R&D expenses + Amortization of goodwill + Loss on impairment of long-lived assets (including loss on divestiture of investment securities)

R&D expenses also increased by 8.4% from the previous period. While the Company received upfront payments for entering a collaboration to jointly develop and commercialize potential anti-Alzheimer's disease agents of E2609, a BACE inhibitor, and BAN2401, a humanized anti-amyloid beta (Aß) antibody, the Company also made lump-sum payments related to the acquisition of global development and marketing rights*4 for the anti-obesity agent BELVIA®. Selling, general and administrative expenses accounted for 35.1% of total net sales, decreasing from 36.4% recorded for the same period in the previous fiscal year. The decrease was mainly due to decreased alliance fees to co-promotion partners, despite aggressive investment in new products in the U.S.

As a result of the above conditions, operating income increased. Net income fell because of special losses tied to the Company’s global structural reforms and increased income taxes brought on by the Japanese government’s decision to abolish the special reconstruction corporate tax a year early.
Eisai’s Unique Business Models

ANNUAL REPORT 2014

Eisai Co., Ltd.

Eisai’s Six Types of Capital

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Financial Indicators (Japanese GAAP)

Balance Sheet Items

Total assets .............................................................. 945.5 990.2 1,004.7 1,046.3 1,101.9 1,148.2 1,123.9 792.1
Shareholders’ equity*1 ................................................. 506.8 469.4 416.8 404.2 415.9 428.0 448.9 552.5

Performance Indicators

Ratio of R&D expenses to net sales (%) .................................. 21.7 21.0 19.3 18.9 22.3 20.0 30.7 16.1
Return on equity (ROE) (%) ................................................. 6.8 10.9 14.3 16.4 9.6 10.9 (3.4) 13.2
Return on assets (ROA) (%) .................................................. 3.4 4.8 5.7 6.3 3.6 4.2 (1.8) 9.2
Shareholders’ equity ratio (%) ............................................. 53.6 47.4 41.5 38.6 37.7 37.3 39.9 69.7
Net debt equity ratio (Net DER)*2 (times) .......................... 0.14 0.27 0.38 0.49 0.62 0.63 0.64 —
Dividends on equity (DOE) ratio*3 (%) ................................. 8.8 9.6 10.4 10.4 10.1 9.1 7.4 6.4

Earnings per share (EPS) ...................................................... 115.6 169.4 205.3 236.5 141.6 167.3 (59.8) 247.8
Dividends per share .......................................................... 150.0 150.0 150.0 150.0 150.0 140.0 130.0 120.0
Cash income per share (Cash EPS)*4 .................................. 293.1 353.5 377.8 421.3 443.7 417.8 375.8 342.7

Balance Sheets

Total assets as of March 31, 2014 amounted to ¥945.500 million (down ¥44.748 million from the end of the previous fiscal year). This decrease in total assets was primarily attributable to the decrease in cash and deposits, and short-term investments used for redemption of bonds and debentures, as well as the decrease in notes and accounts receivable-trade in the U.S. Also, due to the business transfer of the Misato plant and other asset optimization, property, plant and equipment have decreased. Meanwhile, deferred tax assets also decreased in association with settlements of deductible temporary differences and tax rate adjustments.

Total liabilities as of March 31, 2014 amounted to ¥990.241 million (down ¥39.763 million from the end of the previous fiscal year). This decrease in total liabilities was primarily attributable to the repayment of long-term borrowings, redemption of bonds and debentures, and a change in the accounting standard for net defined benefit liability.

Total equity as of March 31, 2014 amounted to ¥506.889 million (up ¥36.637 million from the end of the previous fiscal year) due to the increase in equity of overseas subsidiaries which came to 53.6% (up 6.2 percentage points from the end of the previous fiscal year). The net debt equity ratio (Net DER) as of March 31, 2014 was 0.14 (down 0.13 points from the end of the previous year) due to the decrease in interest-bearing debts and increase in shareholders’ equity.

Performance Indicators

Ratio of R&D expenses to net sales (%) .................................. 21.7 21.0 19.3 18.9 22.3 20.0 30.7 16.1
Return on equity (ROE) (%) ................................................. 6.8 10.9 14.3 16.4 9.6 10.9 (3.4) 13.2
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Net debt equity ratio (Net DER)*2 (times) .......................... 0.14 0.27 0.38 0.49 0.62 0.63 0.64 —
Dividends on equity (DOE) ratio*3 (%) ................................. 8.8 9.6 10.4 10.4 10.1 9.1 7.4 6.4

Earnings per share (EPS) ...................................................... 115.6 169.4 205.3 236.5 141.6 167.3 (59.8) 247.8
Dividends per share .......................................................... 150.0 150.0 150.0 150.0 150.0 140.0 130.0 120.0
Cash income per share (Cash EPS)*4 .................................. 293.1 353.5 377.8 421.3 443.7 417.8 375.8 342.7

For further details on financial information including financial statements, please refer to the Consolidated Financial Reports for Fiscal 2013:
### Results for the Fiscal Year Ended March 2014

#### Segment Information

<table>
<thead>
<tr>
<th>Segment</th>
<th>Fiscal year ended March 2014</th>
<th>Net Sales by Reporting Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Pharmaceutical Business</td>
<td>307.8</td>
<td>310.7</td>
</tr>
<tr>
<td>Americas Pharmaceutical Business</td>
<td>153.3</td>
<td>158.9</td>
</tr>
<tr>
<td>U.S. Pharmaceutical Business</td>
<td>150.0</td>
<td>158.3</td>
</tr>
<tr>
<td>Asia Pharmaceutical Business</td>
<td>41.3</td>
<td>58.0</td>
</tr>
<tr>
<td>EMEA Pharmaceutical Business</td>
<td>25.8</td>
<td>32.5</td>
</tr>
<tr>
<td>Consumer Healthcare Business - Japan</td>
<td>21.1</td>
<td>21.5</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>24.4</td>
<td>43.3</td>
</tr>
<tr>
<td>Consolidated Net Sales</td>
<td>573.7</td>
<td>600.4</td>
</tr>
</tbody>
</table>

(NET Sales for each segment indicate net sales to external customers.)

### Operating Income by Reporting Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Fiscal year ended March 2013</th>
<th>Operating Income by Reporting Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Pharmaceutical Business</td>
<td>138.9</td>
<td>154.7</td>
</tr>
<tr>
<td>Americas Pharmaceutical Business</td>
<td>35.7</td>
<td>30.3</td>
</tr>
<tr>
<td>Asia Pharmaceutical Business</td>
<td>7.8</td>
<td>12.8</td>
</tr>
<tr>
<td>EMEA Pharmaceutical Business</td>
<td>2.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Consumer Healthcare Business - Japan</td>
<td>3.9</td>
<td>4.3</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>11.7</td>
<td>5.9</td>
</tr>
<tr>
<td>Subtotal</td>
<td>199.9</td>
<td>211.9</td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>120.4</td>
<td>130.5</td>
</tr>
<tr>
<td>Head Office Management costs and other expenses</td>
<td>9.1</td>
<td>10.5</td>
</tr>
<tr>
<td>Consolidated Operating Income</td>
<td>70.5</td>
<td>71.1</td>
</tr>
</tbody>
</table>

### Overseas Sales

Overseas sales (including exports) amounted to ¥243.7 billion and accounted for 40.8% of net sales.

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#### Overview of the result of the fiscal year ended March 2014 (Japanese GAAP)

**Japan Pharmaceutical Business (Prescription Drugs, Generic Drugs, Diagnostics)**

Net sales totaled ¥310,679 million (up 0.9% year-on-year), with segment profit of ¥154,663 million (up 11.4% year-on-year). Of this amount, net sales of Prescription Drugs, Generic Drugs and Diagnostics were ¥281,294 million (down 0.3% year-on-year), ¥23,407 million (up 19.3% year-on-year), and ¥9,976 million (down 0.2% year-on-year), respectively.

Net sales of Humira® and Halaven® came to ¥28,769 million (up 19.2% year-on-year), and ¥6,424 million (up 17.2% year-on-year), respectively. Co-promotion revenue of Lynparza®, which is co-promoted with Pfizer Japan Inc., came to ¥19,432 million (up 40.2% year-on-year). All these growth drivers saw double-digit growth. Meanwhile, net sales of Aricept® and Parer® decreased to ¥65,050 million (down 10.2% year-on-year), and ¥47,346 million (down 5.4% year-on-year), respectively.

**Americas Pharmaceutical Business**

Net sales totaled ¥158,914 million (up 3.6% year-on-year). Segment profit decreased to ¥30,262 million (down 15.1% year-on-year) due to aggressive investment in new products.

Net sales of Aciphex® decreased to ¥37,711 million (down 26.6% year-on-year) due to the loss of exclusivity in November 2013. Net sales of Halaven® came to ¥9,976 million (down 64.3% year-on-year), while net sales of Halaven® increased to ¥13,351 million (up 14.7% year-on-year). Net sales of BELVIQ®, an anti-obesity agent launched in the U.S. in June 2013, came to ¥2,523 million.

**Asia Pharmaceutical Business**

The Asia Pharmaceutical Business served as a driving force for Group-wide growth, with net sales of ¥38,041 million (up 40.6% year-on-year) and segment profit of ¥12,789 million (up 65.0% year-on-year). Of this amount, net sales in China significantly increased by ¥31,802 million (up 45.6% year-on-year), while net sales of Halaven® and Humira® increased to ¥13,351 million (up 14.7% year-on-year).

Net sales of Aricept® decreased to ¥11,963 million (up 48.2% year-on-year), those of Humira® ¥6,799 million (up 38.8% year-on-year), those of Parer® ¥5,695 million (up 32.0% year-on-year), and those of Halaven® ¥498 million (up 37.6% year-on-year).

**EMEA Pharmaceutical Business (Europe, the Middle East, Africa, Russia and Oceania)**

Net sales totaled ¥32,463 million (up 25.9% year-on-year), with segment profit of ¥4,050 million (up 101.5% year-on-year).

Net sales of Halaven® significantly increased to ¥8,674 million (up 61.1% year-on-year). Net sales of Fycorma® came to ¥1,337 million (up 156.9% year-on-year), contributing to growth of the Group’s epilepsy franchise. Meanwhile, net sales of Aricept® and Parer® decreased to ¥1,798 million (down 34.2% year-on-year) and ¥658 million (down 75.3% year-on-year), respectively.

**Consumer Healthcare Business - Japan**

Net sales totaled ¥21,511 million (up 2.2% year-on-year), with segment profit of ¥4,286 million (up 11.1% year-on-year). Net sales of the Chocola® group of products came to ¥11,981 million (up 7.4% year-on-year).
Corporate Philosophy

Eisai is a pioneer in terms of clarifying its Corporate Philosophy in its Articles of Incorporation.

Eisai included its Corporate Philosophy in its Articles of Incorporation in 2005, setting out principles in Article 2, Chapter 1. This Corporate Philosophy is now shared and internalized by every Eisai employee. Moreover, we continue to take a variety of initiatives to realize our Corporate Philosophy.

Based on a clear understanding that patients as well as their families and consumers are the key players in healthcare, we seek to have a sense of pride in providing benefits to such persons.

This philosophy is summarized by the term “hhc.” We believe that in order to truly consider the perspectives of patients and their families, it is important for each employee to first get close to patients and see the situation through their eyes, to learn to pick up on thoughts and feelings that might not necessarily always be expressed in words. It is this concept that is the starting point for all of Eisai's corporate activities. Accordingly, the Eisai Group recommends that all of its employees spend 1% of their working hours with patients.

The handwritten character of “hhc” used as the logo for the Corporate Philosophy of Eisai is modeled on the signature of Florence Nightingale (1820-1910, U.K.), the originator of modern nursing education.

“What would Florence Nightingale do?”

It is questions like this that Eisai asks itself whenever each employee sees the logo script modeled on her signature.

At the General Meeting of Shareholders in June 2005, Eisai received shareholder approval to partially alter the Articles of Incorporation by incorporating the Corporate Philosophy into the text. Eisai did this to share with shareholders where Eisai stands and where Eisai wants to go as Eisai conducts business.

Corporate Philosophy

To give first thought to patients and their families, and to increase the benefits that health care provides to them

1. The Company's Corporate Philosophy is to give first thought to patients and their families, and to increase the benefits that health care provides to them. Under this concept, the Company endeavors to become a human health care (hhc) company.

2. The Company's mission is the enhancement of patient satisfaction. The Company believes that sales and earnings will be generated as a consequence of the fulfillment of this mission. The Company places importance on this positive sequence of the mission and the ensuing results.

3. Positioning compliance (adherence to legal and ethical standards) as the core of all business activities, the Company strives to fulfill corporate social responsibilities.

4. The Company's principal stakeholders are patients and their families, shareholders, and employees. The Company seeks to develop and maintain a good relationship with stakeholders and increase shareholder value, through the following.

   (1) Satisfying unmet medical needs, ensuring a stable supply of high-quality products, and providing useful information regarding safety and efficacy.

   (2) Timely disclosure of management information, improvement of corporate value, and proactive return to shareholders.

   (3) Ensuring stable employment, offering fulfilling work, and providing a full range of opportunities for the development of capabilities.

The logo of “hhc” (human health care) is modeled on the signature of Florence Nightingale. We believe it is important to look at medicine through the eyes of patients, not just from the standpoint of providers. Our hhc mark embodies Eisai’s deep accord with Florence Nightingale’s devotion to nursing the injured.
Eisai’s daily endeavors are guided by hhc, a business model derived and advanced from CSR or CSV.

Eisai’s mission is to increase patient satisfaction. Eisai believes that it is important to pursue “the order of mission and outcome,” which defines that revenue and profit would always come after patients’ satisfaction. Eisai operates each day under the hhc business model wherein the Company’s single mission is to increase patient satisfaction.

The term “hhc activities” refers to activities to increase benefits to patients and consumers. These activities are part of our everyday operations, not a specific project. The hhc philosophy should be realized by each employee through daily hhc activities.

CSR (Corporate Social Responsibility) is interpreted as the social responsibility of a company including acts of charity and social contribution activities that are not directly contributing to business or corporate value. CSV (Creating Shared Value) is interpreted as an advanced business model that aims to pursue both social value and economic value.

On the other hand, Eisai's hhc philosophy aims at creating social value through contribution to patients. Eisai stipulates in Article 2, Chapter 1 of its Articles of Incorporation that, “The Company’s mission is the enhancement of patient satisfaction. Eisai believes that sales and earnings will be generated as a consequence of the fulfillment of this mission. Eisai places importance on this positive sequence of the mission and the ensuing results.” hhc is a business model that has the sole aim of creating social value of enhancement of patient satisfaction and as a result generating economic value rather than a business model that simultaneously pursues economic value and social value.

In order to have each employee recognize Eisai’s hhc philosophy as a shared value rather than as the ideas of an individual, and to express that philosophy in each employee’s daily work duties, each employee pursues his/her hhc activities in their division or organization.

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### CSR: Corporate Social Responsibility

- Value: Doing good
- Citizenship, philanthropy, sustainability
- Discretionary or in response to external pressure
- Separate from profit maximization
- Agenda is determined by external reporting and personal preferences
- Impact is limited by corporate footprint and CSR budget
- Example: Fair trade purchasing

### CSV: Creating Shared Value

- Value: Economic and societal benefits relative to cost
- Joint company and community value creation
- Integral to competing
- Agenda is company specific and internally generated
- Realigned the entire corporate budget
- Example: Transforming procurement to increase quality and yields

### hhc: human health care

- Value: The common good
- Companies together create value in tune with community needs
- No fixation on competition
- Profits are gained as the result of common good served for the community
- Agenda is shared by each company
- Included in the company's regular operating budget
- Example: Inputting customer needs in the value chain

Whereas the CSV business model simultaneously pursues economic value and social value by setting business targets that are more meaningful than profit generation and accordingly transforms the organization, hhc's sole aim of creating social value generates economic value as a result.
Eisai seeks to increase corporate value by putting its Corporate Philosophy into practice. Accordingly, Eisai considers it a top priority to work to build relationships of trust with a wide range of stakeholders including customers, shareholders, and local communities; maximize value for patients, shareholders, and employees; and strive to be a socially responsible company.

Value generated through corporate activities is built up as “capital,” which is increased, decreased, and converted through the business model. Herein, capital does not just refer to financial capital. Rather, it covers all resources and relationships that are used by the organization and have an impact. In this report, Eisai explains its six categories of capital based on the framework that the International Integrated Reporting Council (IIRC) released in December 2013. Specifically, these categories are intellectual capital, manufactured capital, human capital, social and relationship capital, natural capital, and financial capital.

Additionally, the process of investing capital to engage in business and create added value wherein the increase in capital exceeds the inputs is considered to be the “value creation process” Eisai discusses in this report. This view is in keeping with the IIRC’s framework.

As for “value creation flow,” or how value is generated through business activities, Eisai has described its route for enhancing corporate value for investors and all other shareholders. It is based on the balanced scorecard’s four perspectives—learning and growth, customers, business process, and financial—and ultimately an assessment focused on the financial perspective.

Through the above, Eisai introduces in this report a process flow model for the creation of new value. The model encompasses the IIRC’s framework and the balanced scorecard. It is also consistent with Eisai’s Corporate Philosophy-based sequence of goals and outcomes.

Herein, Eisai describes how Eisai works to continuously generate value based on this process flow model for value creation.
External Business Environment and Strategy

Adoption of Global Business Matrix Structure in Response to Change in Global Business Climate

Environmental Changes in Pharmaceuticals Market and Expansion of Business Opportunities

Simultaneous global development of pharmaceuticals has become common practice in the pharmaceutical industry. By conducting clinical trials in multiple regions, pharmaceutical companies can simultaneously submit applications for approval around the world. There has also been a convergence of global markets in terms of pricing and reimbursement, such that the price set in one country can affect prices across the world under an international pricing reference scheme. Medical practices have also become increasingly standardized. Major academic congresses bring large numbers of specialists together under one roof; and the same presentations and data are being referred among specialists. Similarly, the leading medical journals are read by doctors around the world, with no regard for borders. As a general trend among regulatory agencies in the major pharmaceutical markets, the number of drugs submitted for approval is increasing, and the length for review has become shorter.

We believe these changes in the operating environment are generating more business opportunities for pharmaceutical companies on a global scale.

Adoption of Global Business Matrix Structure

As the pharmaceutical market becomes increasingly globalized, adopting different policies and strategies for each country can leave companies vulnerable. To maximize the value of our products for patients, we think that it is necessary to operate under an integrated global brand strategy that takes into account each country’s circumstances.

In May 2014, Eisai therefore moved to a new global business matrix structure that integrates our global business units in the two domains of oncology (cancer) and neurology (central nervous system, “CNS”), with our four operating regions of Japan, the Americas, Asia, and EMEA (Europe, the Middle East, Africa, Russia, and Oceania).

These global business units will work closely together with the four regions, creating and executing an integrated brand strategy that harnesses our knowledge and experience in each part of the world. Eisai has also established a Global Business Committee chaired by the CEO to resolve various issues that involve global business units and regions.

Through this structure, Eisai intends to maximize the synergy between its global brand strategy and local marketing strengths, with a view to realizing its Corporate Philosophy, hhc, promoting innovation, and improving patient access.

| Background to Adoption of Global Business Matrix Structure |
| Simultaneous global development becomes common practice |
| Convergence of global markets in pricing/reimbursement |
| Standardization of medical practice |
| Initiation of international collaboration between agencies and reimbursement agencies |
| Global expansion of universal health coverage |

Vulnerability derived from different strategies in respective regions

Necessity to operate under integrated global brand strategy based on each region’s circumstances

Table: Number of FDA, EMA and PMDA Approvals and Length for Review

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Average length for review*2 (Median value) (Number of months)</th>
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<td>38</td>
<td>45</td>
<td>19.1, 24.1, 20.0, 12.1, 10.1</td>
</tr>
</tbody>
</table>


*2 Reference: Office of Pharmaceutical Industry Research, Research paper series No.62, January 2014. For FDA and PMDA, average length for review is based on all products.
External Business Environment and Strategy

Shift from Two-Brand Company to Multi-Brand Company

Eisai’s growth to date has been driven by the two major brands that formed the pillars of our global business: the Alzheimer disease treatment agent Aricept® and the proton pump inhibitor Pariet®/AcipHex®.

Combined sales of these two drugs peaked at ¥470.8 billion in the fiscal year ended March 2010, accounting for more than 50% of consolidated sales. Since then, however, Eisai has lost market exclusivity for both products in Japan, the U.S., and Europe; the combined sales had dropped to ¥174.2 billion in the fiscal year ended March 2014.

To return to a growth trajectory, Eisai is investing in the development of new global brands. We aim to further grow sales of the anticancer agent Halaven®, the antiepileptic agent Fycompa®, and the anti-obesity agent BELVIQ®, as well as expediting the early global launch and expansion of the anticancer agent lenvatinib (generic name), the thrombocytopenia treatment avatrombopag (generic name), and the insomnia treatment E2006. To transit into a multi-brand company targeting growth, we are implementing resource investment that will maximize the value of these products as well as promoting the reform of our business structure.

On a regional basis, in addition to developed countries and regions such as Japan, the U.S. and Europe, we plan to further strengthen our business foundations in Asia, which exhibits high growth potential. Eisai will also engage in new business developments in the six countries and regions positioned as Strategic Markets: Russia, Brazil, the Middle East, Mexico, Canada, and Australia.

We see great potential in the global brands, Asia business, and the Strategic Markets, and expect rapid growth on all three fronts; the upside of ¥400 billion level is expected in the fiscal year ending March 2019.
The gold standard treatment for Alzheimer’s disease

Approved in more than 90 countries worldwide (as of August 2014)

High demand for treatments in the dementia field

In its report on dementia, the WHO forecasts that the aging of populations worldwide will lead to rapid future increase in the number of dementia patients, particularly in developing countries. The G8 Dementia Summit held in London, U.K., in 2013 spotlighted the advanced approaches that are being taken in the dementia field in Japan, such as establishing new treatments by 2025, creating new models for dementia care and prevention, and finding ways to improve the quality of life (QOL) of those who care for dementia sufferers.

Having discovered and developed the Alzheimer’s disease (AD) treatment Aricept® , Eisai is a global pioneer in the development of dementia therapies. Eisai is continuously looking to maximize the value of Aricept® while working to develop next-generation Alzheimer’s disease treatments.

There are approximately 2 million untreated patients with Alzheimer’s disease (AD), out of approximately 3.12 million*1 dementia patients in Japan (internal estimate). We continue to seek further contribution with Aricept® for AD patients and their families.

One of the major themes of Eisai’s domestic activities since 2008 has been to promote community networking that enables people to live safer and more comfortable lives even if they are affected by dementia. As a leading company in this field, Eisai encourages its employees to become qualified Dementia Supporters*2. Many of its employees, including medical representatives (MRs), hold this certification, and are working to play a part in their communities by supporting those with dementia. In February 2014, with the cooperation of Bunkyo Ward, Tokyo local government, a training seminar was held at Eisai head office for approximately 700 executive officers and employees to become Dementia Supporters.

*1 A Ministry of Health, Labour and Welfare (MHLW) funded scientific research survey of 9,000 people aged 65 or older in 10 towns and cities estimated the prevalence of Alzheimer’s disease among Japan’s reported 4.62 million dementia patients at 67.6%.

*2 Dementia Supporters is the name of a voluntary national network organized by the MHLW and the Caravan Mate campaign to increase numbers of people in the community with an understanding of dementia. Supporters must first attend a training seminar to learn more about dementia. A total of 4.75 million people in Japan had participated in the training seminar by the end of December 2013.

The learning and growth perspectives

There are approximately 2 million untreated patients with Alzheimer’s disease (AD), out of approximately 3.12 million*1 dementia patients in Japan (internal estimate). We continue to seek further contribution with Aricept® for AD patients and their families.

One of the major themes of Eisai’s domestic activities since 2008 has been to promote community networking that enables people to live safer and more comfortable lives even if they are affected by dementia. As a leading company in this field, Eisai encourages its employees to become qualified Dementia Supporters*2. Many of its employees, including medical representatives (MRs), hold this certification, and are working to play a part in their communities by supporting those with dementia. In February 2014, with the cooperation of Bunkyo Ward, Tokyo local government, a training seminar was held at Eisai head office for approximately 700 executive officers and employees to become Dementia Supporters.

The customer perspectives

One of the goals of Eisai’s domestic business activities is to promote community networking in which people can live safer and more comfortable lives.

Eisai’s vision is to realize more patient-friendly communities based on cooperation between therapeutic and nursing specialists, national and local government entities, and local residents. The goal is to ensure good access to early diagnosis and treatment so there is no danger of people becoming isolated or bedridden due to dementia.

Eisai is also leveraging the experience gained in developing and marketing Aricept® to help improve communal capacity to care for dementia sufferers by holding forums about dementia, creating nursing care manuals, and giving support for local care network initiatives.

Eisai employees across Japan are helping to identify and address AD-related community issues besides treatment, such as nursing care and welfare, and working to solve these issues.

Publishing nursing care manuals (U.S.)

Eisai has published a dementia care manual in cooperation with healthcare, medical and welfare professionals.

Yellow bracelet campaign (China)

In China Eisai distributed 50,000 yellow bracelets to dementia patients through medical institutions to help identify dementia patients by using contact information on the bracelets, as part of community networking to support those who suffer from the disease. This story was featured in the Chinese media.

Value creation through expansion of indications and new formulations

Since launching Aricept® in Japan in 1999, Eisai has developed a range of formulations to meet various patient needs, including a film-coated tablet, fine granules, an orally disintegrating tablet, a jelly, and a dry syrup. Currently in Japan, new high-dose tablets and trans dermal patch formulations are also under development.
In 2007, new indications and new dosages for Aricept® were approved in Japan for use in patients with severe Alzheimer's disease, meaning that the product can be used at all stages of the disease from mild to severe. In October 2013, Eisai filed for a further expansion of the indication for Aricept® in Japan to include dementia with Lewy bodies, the third most common form of dementia behind Alzheimer's disease and vascular dementia. A Phase II study is also underway in Japan to treat regression symptoms in people with Down syndrome.

The business process perspective

From April 2014, Eisai radically revised the business model for its domestic prescription drugs operations. Based on the knowledge of diagnostic trends and patient needs in the field of dementia, Eisai set up the Integrated Community hhc Unit to promote activities at the local level focusing on patients who receive treatments locally. Since there are untreated AD patients, the Integrated Community hhc Unit has strong commitment to further maximize the value of Aricept®.

The financial perspective

Aricept® has been one of Eisai's top-selling products since its launch in the U.S. in 1997. Peak global sales were ¥322.8 billion in fiscal 2009, when Aricept® generated 40% of consolidated net sales. The loss of exclusivity in the U.S. in 2010 and in 2012 in Europe resulted in a significant fall in sales due to generic competition. Global sales of Aricept® fell 12% to ¥82.7 billion in fiscal 2013, accounting for 14% of total net sales in that year.

Nonetheless, Aricept® remains one of our core products. The drug also faces generic competition in Japan, but Eisai has been able to leverage its expertise as the pioneer of Alzheimer's disease treatment to bolster sales in Japan. Aricept® recorded sales of ¥65.0 billion (a decline of 10% year on year) in fiscal 2013 in Japan. In Asia, despite Aricept® losing exclusivity, Eisai is competing via disease awareness campaigns and efforts to expand indications and new formulations. Sales of Aricept® in Asia increased to ¥12.0 billion in fiscal 2013 (an increase of 148% year on year).

Based on activities in Japan and other countries in Asia, global revenue for the product is expected to reach ¥75.5 billion in fiscal 2014.
Halaven® is an in-analogue of halichondrin B, a natural substance found in the marine sponge Halichondria okadai that has exhibited potent anticancer activity. Halichondrin B is extremely rare: a mere 12.5mg of it can be isolated from 600kg of Halichondria okadai. Eisai has used complex organic synthesis technology to optimize the structure of halichondrin B for use as a drug, successfully developing a commercial industrial production process to make Halaven® (generic name: eribulin). The extreme degree of difficulty involved in the synthesis of Halaven®, which combines a high molecular weight with an incredibly complex structure, has led it to be seen as a “masterpiece of modern synthetic organic chemistry”. Halaven® received U.S. regulatory approval for the indication of breast cancer in November 2010. As of August 2014, Halaven® has been approved in 54 countries worldwide.

The learning and growth perspectives

New technologies and drugs for the diagnosis and treatment of breast cancer are being developed every year; yet there is a high degree of unmet medical needs in the treatment of metastatic breast cancer. Eisai aims to make a further contribution by fulfilling the varied needs of cancer patients, their families and health care professionals. To do this, it is important to understand the patients’ perspective and consequently we promote activities to enable employees in any of our departments, including R&D and production, to meet cancer patients and cancer survivors, and to learn about their experiences. Through this, we develop our business from a patient-oriented perspective and to promote related activities on a daily basis.

The customer perspectives

Helping patients by expanding indications and developing new formulations

As shown in Figure 2, the breast cancer treatment indications for Halaven® differ by region. We are conducting clinical trials aiming to expand Halaven’s® indication to the earlier stages of treating the disease, and in other cancer types such as non-small-cell lung cancer (NSCLC) and soft-tissue sarcomas. We expect to file applications for regulatory approval in fiscal 2015 for sarcoma. We are also developing a liposomal formulation of Halaven® that allows more efficient delivery of the agent to tumor tissues to intensively attack the cancer cells.

Eisai’s Unique Business Models

Eisai’s Six Types of Capital

Eisai’s Main Products and Investigational Compounds

Results for the Fiscal Year Ended March 2014

Corporate Philosophy

Eisai’s Value Creation Process and Flow (Editorial Policy)

External Business Environment and Strategy

Corporate Governance

Board of Directors and Executive Officers

Compliance & Risk Management

Risk Factors

Corporate Information

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Eisai’s in-house anticancer agent that harnesses the power of nature using complex organic synthesis

Retracing Halaven’s® Discovery / Invention

The marine sponge Halichondria okadai

Pharmaceutical optimization

Halaven® (generic name: eribulin)

- Molecular weight: 826
- Chiral carbons: 19
- Total synthetic route: 62 steps

Chiral carbon

Current Indications for Halaven® in Breast Cancer

The first anticancer agent used to treat locally advanced or metastatic breast cancer is known as a “first-line therapy.” If this is ineffective, or if the cancer returns after treatment, another type of anticancer agent is used as a second-line therapy. Similarly, a third-line therapy is applied if the second-line therapy proves unsuccessful.

Halaven® development status

Targeting earlier treatment of breast cancer and indications for other cancer types

Phase I studies

Phase II studies

Phase III studies

Breast cancer neoadjuvant therapy

Soft-tissue sarcomas

Liposomal formulation

Breast cancer adjuvant therapy

First/second-line therapy for HER2 negative breast cancer (U.S.)

Non-small-cell lung cancer

Inoperable or recurrent breast cancer

Third-line therapy for locally advanced or metastatic breast cancer

Second-line therapy for locally advanced or metastatic breast cancer*

* EU approval for an earlier line treatment indication was granted in June 2014.

For further details, please refer to the webpage:
**Magnolia Meals at Home**

Started in the U.S. in 2012, Magnolia Meals at Home is one of the programs operated by Eisai that aims to support breast cancer patients in their everyday lives. Delivering nutritious meals to the homes of breast cancer patients helps reduce the daily stress of patients and their families, allowing the family to spend more quality time together. The program has registered over 800 patients, who often express gratitude for the service. Approximately 200 Eisai employees volunteer to deliver meals, in the process gaining valuable opportunities to interact with patients. This interaction brings employees in touch with the feelings of patients, helping to motivate them further. As part of this program, in December 2013 Eisai prepared a cookbook for cancer patients together with a chef whose husband is a cancer survivor, nurses and nutritionists. The cookbook was distributed in English, German and Italian.

**The business process perspectives**

**Marketing organization**

The Eisai Global Oncology Business Unit is responsible for marketing activities for Halaven® under the global business matrix structure adopted in May 2014. As of July 2014, approximately 120 medical representatives (MRs) in the U.S. and 130 MRs in Japan were engaged in sharing safety and efficacy information about Halaven® and other Eisai oncology products with health care professionals.

**Investigating the unique mechanism of action of naturally derived substances**

With a novel mechanism of action, Halaven® is distinct from traditional anti-tubulins. It is a microtubule dynamics inhibitor that blocks the growth of the microtubules needed for cells to divide and grow. Recent preclinical studies have demonstrated its ability to suppress tumor metastasis. In April 2014, with the aim of discovering innovative macromolecular drugs, we established the Halichondrin Research Unit to conduct further research into eribulin analogues and naturally derived halichondrins that exhibit novel physiological activity. The unit is focused on investigating the original mechanism of action of these naturally derived substances and related clinical possibilities.

**The financial perspectives**

Sales of Halaven® increased 128% year on year in fiscal 2013 to ¥28.9 billion, generating 29% of Eisai’s total sales in the oncology field of ¥100.9 billion. Global revenue for Halaven® is expected to grow to ¥39 billion in fiscal 2014, supported by its use as an earlier-stage breast cancer treatment and its launch in new markets. By maximizing contribution to the treatment and support of breast cancer patients and expanding the indications for Halaven®, Eisai aims to achieve global revenue of ¥100 billion for Halaven® over the long term. **Figure 4**

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*For further details, please refer to the website: [http://magnoliamealsathome.com/](http://magnoliamealsathome.com/)*

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**Figure 4**

Global Revenue of Halaven®

<table>
<thead>
<tr>
<th></th>
<th>FY2012 (results)</th>
<th>FY2013 (results)</th>
<th>FY2014 (target)</th>
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<tr>
<td>Japan</td>
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<tr>
<td>EMEA</td>
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* FY2012 and FY2013 figures based on J-GAAP
Eisai’s Unique Business Models

BELVIQ®

• First anti-obesity agent approved by the U.S. FDA in 13 years
• Pioneering a treatment paradigm shift in an area of tremendous unmet medical need

BELVIQ®: a long-awaited medication

BELVIQ® is thought to support weight loss by helping to suppress food intake by selectively activating serotonin 2C receptors in the brain. It was discovered by Arena Pharmaceuticals, Inc. and launched by Eisai in the U.S. market in June 2013.

What is obesity?
According to the U.S. Centers for Disease Control and Prevention, over two thirds of adults in the U.S. are either overweight or obese, with the percentage of obese people more than doubling (from approx. 15% to 36%) between 1980 and 2010. Being obese or overweight may be accompanied by other comorbid conditions such as diabetes, hyperlipidemia and hypertension.

The learning and growth perspectives
The market for anti-obesity medications is largely undeveloped and represents an area where there is a high degree of unmet medical need. Educating people about chronic weight management as well as the appropriate use of pharmacotherapeutic options such as BELVIQ® is vital. By utilizing the experience and expertise that Eisai gained when we built the Alzheimer’s disease market with Aricept®, Eisai is again building new markets but this time to benefit obese and overweight patients with BELVIQ® for chronic weight management.

The customer perspectives
U.S. subsidiary, Eisai Inc., has launched a product website (http://www.belviq.com/) that offers links to patient support information and details about obesity and BELVIQ®. The site provides detailed product information on BELVIQ® as well as ways that appropriate patients can use the product for chronic weight management along with diet and exercise. Eisai is also utilizing direct-to-consumer advertising campaigns on television and in magazines to increase patient awareness. To further assist patients, Eisai is working to expand product coverage of commercial lines by health insurers, with a coverage target of 70% within fiscal year 2014.

The business processes perspectives
The Eisai Global Neurology Business Unit is responsible for developing and executing marketing activities for BELVIQ® under the global business matrix structure adopted by Eisai in May 2014. Physician education efforts have continued to be expanded since BELVIQ’s® launch. As of July 2014, our U.S. specialty sales force was comprised of approximately 600 medical sales representatives and provided information about BELVIQ® to over 90,000 health care professionals.

The financial perspectives
Eisai aims to achieve substantial revenue from BELVIQ® by educating physicians and patients about BELVIQ® and the health benefits of chronic weight management.

In May 2012, Eisai announced the revision of its license agreement regarding the commercialization of BELVIQ® which Eisai had concluded with Arena Pharmaceuticals, expanding its exclusive rights to include countries throughout the Americas region. The licensing agreement was again expanded in November 2013 to include most countries and territories worldwide, most notably the European Union, Japan, and China (however excluding South Korea, Taiwan, Australia, New Zealand, and Israel). Under the agreement, Eisai and Arena Pharmaceuticals will collaborate to develop and seek approvals of BELVIQ® as an anti-obesity treatment within the licensed territories, with Eisai holding exclusive commercial rights in those countries upon regulatory approval.

Through Eisai’s development collaboration with Arena Pharmaceuticals, Eisai is looking to develop a once-a-day formulation of BELVIQ® to enhance patient compliance in weight management, as well as looking to utilize it as a platform from which additional indications could be investigated including smoking cessation or possibly the delay or treatment of type II diabetes.
Eisai Co., Ltd.
ANNUAL REPORT 2014

Eisai’s Unique Business Models

Measures to Improve Access to Medicines—Price Zero*1 Provision of DEC Tablets

An estimated 2.4 billion*2 people worldwide live on less than U.S. $2 a day. Many of them have no access to effective health care or to the medicines that they need. The issue of access to medicines (ATM) is that drugs and other medical treatments are not available to patients due to poverty, a lack of health infrastructure, or other factors. Eisai sees ATM as a serious issue for healthcare improvements on a global scale. In response, Eisai is taking action from a long-term perspective. Eisai is committed to providing drugs to patients at affordable prices and is supplying drugs at price zero to treat lymphatic filariasis, a neglected tropical disease (NTD). The company is also engaged in the development of new drugs to treat other NTDs such as leishmaniasis and Chagas disease, as well as malaria. Eisai believes that contributing to economic development and the creation of middle-income class populations in emerging and developing countries through better health and welfare is a long-term investment in the growth of future markets. This section introduces a program that Eisai began in October 2013 to supply free of charge 100mg diethylcarbamazine citrate (DEC) tablets, as a treatment for lymphatic filariasis.

In 2012, Eisai joined a consortium of 13 leading global pharmaceutical companies in forging the London Declaration, the largest public-private partnership in history. In partnership with the Bill & Melinda Gates Foundation, the WHO, the U.S. and U.K. governments, the World Bank, and the governments of many countries where NTDs are endemic, the participants have agreed to take action to eliminate ten NTDs by 2020. Under the London Declaration, Eisai has agreed to supply WHO free of charge with DEC tablets to overcome the short supply of this drug worldwide. Lack of access to high-quality DEC has been a major obstacle in efforts to eliminate lymphatic filariasis in countries where the disease is endemic.

Eisai is manufacturing the DEC tablets at its plant in Vizag, India. First shipments of this new product at price zero began in October 2013. Over a seven-year period, Eisai plans to supply 2.2 billion tablets of DEC to 250 million people at risk of infection.*3

*1 Price zero (supply free of charge) is a pricing policy that Eisai has adopted for the improvement of access to medicine, based on the income levels of patients. It is a long-term investment in helping to form middle-income class populations that will create future pharmaceutical markets in emerging and developing countries.

*2 The World Bank, Poverty Overview

*3 The World Bank, Poverty Overview

In Detail

What are neglected tropical diseases (NTDs)?
Lymphatic filariasis, Chagas disease and dengue fever are among 17 diseases identified by WHO as tropical diseases that the human race must overcome. Endemic to 149 countries and territories worldwide, these diseases affect around a billion people and create major social issues. Poor sanitary conditions as the result of poverty are the principal cause, but infection makes it difficult for communities to escape from poverty as illness reduces productivity and the capacity for work. Endemic NTDs create a significant drag on the economies of emerging and developing countries, posing an additional burden on national governments in the affected regions.

What is lymphatic filariasis?
Parasitic thread-like worms called filariae cause lymphatic filariasis, with infection in people occurring via certain species of mosquito. Infection leads to the impairment of lymphatic functions, with patients suffering pain and unusual swelling in limbs due to lymphedema, eventually resulting in a serious condition called elephantiasis. About 120 million people worldwide are infected with the parasite, and at least 1.4 billion more people are at risk of infection. Of the three anthelmintic treatments that can remove filariae, high-quality DEC tablets are the treatment that is in short supply worldwide. The lack of supply is an obstacle to eradicating the disease.
The learning and growth perspectives

Eisai’s commitment to supply DEC tablets free of charge to combat an NTD marks the first time that a Japanese pharmaceutical company has forged such a partnership with WHO. Through this initiative, Eisai has built a good relationship with WHO and also gained a variety of experience, including the development of new medicines in the field of NTDs and the chance to supply Eisai-branded products to emerging countries.

This agreement to supply high-quality DEC tablets involved establishing a new manufacturing process via cooperation between the development teams at the Vizag plant and drug discovery and formulation R&D teams in Japan. In a world first, the DEC tablets received prequalification by WHO as an NTD treatment in August 2013, just ten months after an application was filed. The prequalification certified that the product met the high quality standards required by WHO.

Eisai is proud to be part of the highly motivating campaign to eliminate lymphatic filariasis.

The customer perspectives

There is a global shortage of the high-quality DEC tablet formulation that is used to treat lymphatic filariasis. Moreover, people in poor regions that are afflicted by NTDs often cannot afford to pay even the lowest prices for medicines. Eisai has adopted a policy of affordable pricing based on the capacity to pay within these countries and regions. The price zero basis for the DEC supply is in line with this policy and is also consistent with Eisai’s Corporate Philosophy.

Education is also essential with diseases such as lymphatic filariasis, since elimination requires mass drug administration (MDA) to those at risk of infection as a preventative measure. People must understand why they need to take the drug even if they are not symptomatic for the disease being targeted. In addition to supplying the drug, Eisai is involved in helping to raise awareness in NTD-affected communities. As part of this initiative, 60 Vizag plant employees undertook MDA support activities for lymphatic filariasis in the village of Yarada near Mumbai. In addition to assisting in treatment distribution, they disseminated pamphlets giving information about the disease and explaining related prevention methods. Eisai donated hygiene sets containing antiseptic solution and cotton wool to villagers, including around 30 patients, as well.

Eisai is also working to develop new treatments for filariasis. The Global Health Innovative Technology Fund (GHIT Fund) has provided a grant to one in-house project aiming to develop anthelmminthics with superior efficacy and shorter dosing periods than existing treatments.

Eisai is committed to a range of activities for the benefit of patients and their families, with the goal of eliminating lymphatic filariasis by 2020.

The business process perspectives

DEC tablet production is being conducted at the Vizag plant in India, which is best placed to manufacture high-quality products at low cost due to its strong relative cost competitiveness among all the Eisai production facilities worldwide. Operating under the same cGMP standards as used for products distributed to Japan, the U.S. and Europe, the plant plans to make 2.2 billion tablets in seven years at consistently high quality levels. Through the partnership with WHO, these tablets will be supplied to those at risk of infection in 26 countries worldwide via MDA programs administered by WHO.

The financial perspectives

Eisai believes that diseases such as lymphatic filariasis are a causal factor for poverty and that eliminating such diseases can help to increase economically productive populations within a country. Over time, this will contribute to the creation of middle-income classes that can support future pharmaceutical markets. Although the DEC tablets are supplied at price zero, they are expected to help build Eisai’s brand because the packaging and the tablets feature the corporate logo. The contract also helps to raise capacity utilization at the Vizag plant, lowering the production costs for other Eisai products.

Eisai does not see the DEC supply agreement as an act of charity or part of fulfilling the company’s corporate social responsibility, but as a contribution to the economic development of emerging and developing countries through enhanced health and welfare. In other words, it is a long-term investment to grow the economies of these countries to the point where a populous middle-income classes can support future pharmaceutical markets.

Eisai proactively engages in addressing global health issues as a way of contributing to greater medical benefits for patients and their families around the world.

Introducing Eisai’s initiatives to improve access to medicines

Please refer to the website:
http://atm.eisai.co.jp/english/ Please watch a video:
Please read a pamphlet:
Concentrating our R&D Resources on Focus Areas
Eisai continues to focus its resources in particular areas and grasp the latest information for pharmaceuticals derived from basic research to clinical studies as well as applicable cutting-edge techniques and healthcare trends. Based on rich, specialized information, Eisai can raise the probability of success for R&D and generate a steady stream of results.

Eisai has positioned neurology and oncology as its focus areas and where there are many diseases for which adequate treatments have yet to be established. Eisai is committed to creating new, highly effective drugs particularly in these areas by focusing its R&D resources.

What is Drug Discovery/Drug Development?
As the name suggests, drug discovery/drug development is research based on discovering drugs, which can be broken down into three stages: drug discovery research, drug development research, and clinical research. During drug discovery research, researchers employ state-of-the-art technology to screen for and identify highly effective novel compounds, and also conduct basic research utilizing external resources. The drug candidates thus identified proceed to the drug development stage, where researchers lay the groundwork for filing and approval around the world by evaluating the compounds’ physicochemical and biological properties, assuring their quality and safety, and performing process chemistry research into methods for large-scale synthesis and manufacturing. Once the bulk of these tasks are complete, drug candidates are elevated to the clinical studies. Those that have been approved by the regulatory authorities via three phases of clinical trials (Phase I, Phase II, and Phase III) can then be launched as new drugs. Clinical research departments are responsible for planning and coordinating clinical studies and evaluating their results, and also for obtaining approvals for manufacturing and marketing new pharmaceutical products. Drug fostering and evolution departments are responsible for postmarketing safety reporting as well as compiling data to contribute to evidence-based medicine (EBM).

From R&D to Product Creation
Eisai defines these three stages of research and development (i.e., drug discovery research, drug development research, and clinical research) as “product creation.” In July 2009, the Group renewed its research and development system, reemphasizing its commitment to patients to facilitate the
discovery of innovative new drugs (products) capable of improving their quality of life (in short, product creation).

**System of Product Creation (Eisai Product Creation Systems)**
Eisai Product Creation Systems (EPCS) is composed of three elements. FIGURE 3 Charged with creating innovative new medicines, each of the units shown in FIGURE 3 works in close collaboration with the Product Creation Headquarters with the common objectives of ensuring early delivery of medicines to patients while at the same time enhancing productivity.

- **Product Creation Units (PCU)**
The five Product Creation Units (PCUs) are in charge of drug discovery areas, specializing in five therapeutic areas. Each PCU is responsible for all aspects of the drug development process, from the discovery and invention of new drug candidates through obtaining regulatory approval, moving forward with timely speed.

- **Core Function Units (CFU)**
The Core Function Units (CFUs) are in charge of five technology and function areas. Their role is to provide technical support for the PCUs’ drug discovery activities, to which end they take responsibility for establishing and maintaining world-class research capabilities.

- **Product Creation Headquarters**
The Product Creation Headquarters are responsible for promoting the aforementioned units’ product creation activities through corporate portfolio and budget management, inter-unit coordination, and human resource management.

**The Globally Developing EPCS System**
Eisai undertakes discovery research, R&D, and clinical research across Japan, the Americas, Europe, and Asia. As an organization, the EPCS system covers Eisai’s operations around the globe, as dictated by each unit’s objective. At Eisai, we are dedicated to discovering innovative new medicines through exchange of knowledge and ideas.

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**Figure 3**
EPCS System

**Figure 4**
EPCS Global Drug Discovery System

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*API: Active pharmaceutical ingredients*
Neurology Field

In October 2013, Eisai filed for Japanese regulatory approval of an expanded indication for the Alzheimer’s disease (AD) treatment Aricept® in dementia with Lewy bodies (DLB).

As of the end of August 2014, the proprietary antiepileptic agent Fycompa® was approved in 39 countries worldwide for the treatment of partial-onset seizures. Eisai filed for EU and U.S. regulatory approval of the additional indication of generalized seizures in August 2014. Based on consultation with PDMA, Eisai expects to file for the combined indication of partial-onset and generalized epilepsy in fiscal 2015.

Phase II studies on in-house orexin receptor antagonist E2006 successfully achieved the primary endpoints. Phase III studies are due to start in Q4 2014.

Major R&D Pipeline (As of August 2014)

<table>
<thead>
<tr>
<th>Product Name / Research Code (generic name)</th>
<th>Description</th>
<th>In-house products / in-licensing products</th>
<th>Formulation</th>
<th>Development Status</th>
<th>Region</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Filed</th>
<th>Approved</th>
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<tbody>
<tr>
<td>Aricept®/E2003 (donepezil)</td>
<td>Increases levels of the neurotransmitter acetylcholine in the brain by inhibiting the breakdown by the enzyme acetylcholinesterase, thereby slowing the overall progression of symptoms associated with Alzheimer's disease (AD).</td>
<td>In-house product</td>
<td>Oral agent</td>
<td>Lewy body dementia (Additional indication)</td>
<td>Japan</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td>✔️</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Severe Alzheimer's disease (Additional indication)</td>
<td>China</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Higher dose 23mg tablet (Additional dosage &amp; administration formulation)</td>
<td>Japan</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Fycompa®/E2007 (perampanel)</td>
<td>A selective antagonist against the AMPA receptor (a glutamate receptor subtype). Currently indicated as adjunctive therapy for partial-onset seizures and being investigated as a potential treatment for generalized seizures in patients with epilepsy.</td>
<td>In-house product</td>
<td>Oral agent</td>
<td>Partial-onset seizures</td>
<td>Japan/China</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td>✔️</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Generalized seizures (Additional indication)</td>
<td>Japan/China/Asia</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tr>
<tr>
<td>Zonegran®/E2080 (zonisamide)</td>
<td>Believed to exhibit a broad antiepileptic spectrum and is well-tolerated. Currently indicated as an adjunctive therapy and monotherapy for the treatment of partial-onset seizures in adult patients with epilepsy, and as an adjunctive therapy for the treatment of partial-onset seizures in pediatric patients with epilepsy.</td>
<td>In-house product</td>
<td>Oral agent</td>
<td>Pediatric partial-onset seizures (Additional indication)</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tr>
<tr>
<td>E0302 (mecobalamin)</td>
<td>A mecobalamin (vitamin B12 coenzyme) formulation. Restores damaged peripheral nerves and is widely used for the treatment of peripheral neuropathy. Currently being investigated as a potential treatment for amyotrophic lateral sclerosis (ALS).</td>
<td>In-house product</td>
<td>Injection</td>
<td>Amyotrophic lateral sclerosis (ALS)</td>
<td>Japan</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Innovator®/Banaz®/E2080 (rufinamide)</td>
<td>A triazole derivative that is structurally unrelated to currently marketed antiepileptic drugs (AEDs). It is believed to regulate the activity of sodium channels in the brain which carry excessive electrical charges. Currently approved in Japan, Europe, and the U.S. as an adjunctive therapy to other AEDs in the treatment of Lennox-Gastaut syndrome (LGS), one of the most severe and intractable forms of childhood-onset epilepsy. The product names are innovator® in Japan and Europe, and Banaz® in the U.S.</td>
<td>In-licensing product (Novartis AG)</td>
<td>Oral agent</td>
<td>Pediatric Lennox-Gastaut syndrome (LGS) (Additional indication)</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>BAN2401</td>
<td>A humanized IgG1 monoclonal antibody that targets Amyloid beta (Aβ) proteins. Expected to be effective in the treatment of Alzheimer’s disease by delaying the disease progression through the elimination of Aβ proteins reported to exhibit neurotoxicity.</td>
<td>In-licensing product (BioArctic Neuroscience AB)</td>
<td>Injection</td>
<td>Alzheimer's disease</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>E2006</td>
<td>Anti-insomnia agent with novel mechanism of action. By antagonizing the orexin receptors that maintain wakefulness, it is expected to alleviate wakefulness and thereby induce natural sleep.</td>
<td>In-house product</td>
<td>Oral agent</td>
<td>Insomnia</td>
<td>U.S.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>E2009</td>
<td>Suppresses the production of amyloid beta (Aβ) by inhibiting the enzyme BACE, and is expected to slow the overall progression of Alzheimer’s disease.</td>
<td>In-house product</td>
<td>Oral agent</td>
<td>Alzheimer’s disease</td>
<td>U.S.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>INL212/ARQ018 (lorcaserin HCl)</td>
<td>A sibutramine (SSRI/SCC) receptor agonist that supports weight loss by suppressing food intake, achieved by selectively activating the sibutramine 5H1 receptor in the brain. Currently approved in the U.S.</td>
<td>In-licensing product (Arena Pharmaceuticals, Inc.)</td>
<td>Oral agent</td>
<td>Obesity</td>
<td>Japan</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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</tbody>
</table>

*Phase II studies means that clinical trials are being conducted through Phase II and Phase III studies.
**What is epilepsy?**

Epilepsy is a seizure disorder that can cause mental and physical problems. Epileptic seizures is a spectrum condition with a wide range of seizure types such as convulsions, loss of consciousness, a blank stare, smacking of the lips, and limb spasms and so on.

Irrespective of age, it is thought that 0.5–2% of people will experience an epileptic seizure during their lifetime. The numbers of patients with epilepsy are reported to be in excess of 50 million worldwide, with about 1 million in Japan, 2.4 million in Europe (G5), and 2.2 million in the U.S.

*A Source: Decision Resources*

**A new drug with a novel mechanism of action in high demand**

Pharmacotherapy is the main treatment option for epilepsy. A varied range of drugs are prescribed to prevent epileptic seizures. After a diagnosis of epilepsy, patients are started on a single first-line therapy with an antiepileptic agent, switching to an alternative first-line therapy if this does not provide adequate control of seizures. However, it is reported that neither therapy is effective in about 30–40% of patients, at which point new drugs are prescribed to prevent epileptic seizures. Epileptic seizures occur due to a burst of excessive electrical activity in a part of the brain. The neurotransmitter glutamate is believed to mediate seizures. Fycompa® highly, selectively and non-competitively inhibits the action of the glutamate receptor subtype known as AMPA, thereby helping to control neuronal hyperexcitation.

Epilepsy is classified either as partial-onset or generalized, depending on the symptoms. In broad terms, about 60% of cases are the former type and 40% the latter.

Fycompa® was first approved in July 2012 by the European Commission as an adjunctive therapy to treat partial-onset seizures in patients aged 12 years or older. It is now approved in 39 countries worldwide. It was launched in the U.S. in January 2014, following its earlier launches in Europe and Canada. Phase III trials are ongoing in Japan and Asia.

Of patients with generalized epilepsy, approximately 60% have primary generalized tonic-clonic (PGTC) seizures, the most common and severe type. Eisai achieved the primary endpoints in a Phase III trial involving epilepsy patients with PGTC seizures. In August 2014, Eisai filed for approval to health authorities in the U.S. and the EU for an indication expansion to include the adjunctive therapy of PGTC seizures.

Based on consultation with the PMDA about the results of a Phase III trial in patients with partial-onset seizures (Study 335), Eisai plans to file for the combined indication of partial-onset and generalized seizures in fiscal 2015.

Since there are many children suffering from epilepsy, Eisai is also conducting a Phase II study on pediatric patients with partial-onset seizures.

Eisai positions epilepsy as a focus therapeutic area and has a wide range lineup of antiepileptic drugs including Fycompa®. By offering multiple pharmacotherapy options, Eisai aims to fulfill the needs of epilepsy patients and their families, while continuing to maximize the value of these products.
Developing a Next-Generation Alzheimer’s Disease Treatment

Two NCE development projects looking to delay disease progression

As the company that discovered and developed Aricept®, the gold standard treatment for Alzheimer’s disease (AD), Eisai views it as a mission to develop next-generation treatments for the benefit of AD sufferers. Development is focusing not only on restricting any deterioration in cognitive functions after the onset of AD, but also on discovering drugs that can halt the progression of the disease (disease-modifying agents). Projects relating to two compounds targeting Amyloid beta (Aß), one of the main factors in AD, are ongoing. One in-house compound, E2609, is thought to reduce the quantity of Aß in the brain by inhibiting the β-site amyloid precursor protein-cleaving enzyme BACE. E2609 has made significant reductions in Aß concentrations in human plasma and cerebrospinal fluid in Phase I studies. BAN2401 is a monoclonal antibody that targets toxic Aß prototibril aggregates that are thought to cause AD. Phase II clinical trials are ongoing aimed at early AD intervention. Building on its extensive experience in the development of AD therapeutics, Eisai has developed unique devices expected to accelerate the development of those drugs. One example is a new composite score to assess patients with mild cognitive impairment (MCI) or mild AD symptoms, which is expected to be valuable in patient evaluation for clinical trials. Eisai is also adopting unique trial design to yield useful results in a shorter period of time.

In March 2014, Eisai entered into a collaboration to develop and commercialize E2601 and BAN2401 with Biogen Idec, Inc., a leader in the field of neurodegenerative diseases. Through this partnership, Eisai and Biogen Idec aim to strengthen drug-discovery capabilities in the AD field, thus increasing the chances of development success for the benefit of AD patients and their families.

To bolster efforts in AD-related research, Eisai is also promoting an open approach to innovation involving researchers in Japan, London University in the U.K., and John Hopkins University in the U.S. In addition, collaboration between internal units has led to the discovery of several promising drug candidates. Cutting-edge research continues to identify new disease-modifying agents and other potential AD treatments, based on the latest hypotheses about the onset of AD.

For further details, please refer to the website:
Eisai began researching anticancer agents in 1987 with the formation of an oncology research group at Tsukuba Research Laboratories. To gain international scale and technical expertise in the field of oncology, in 2007 Eisai acquired Morphotek, Inc., a company that specializes in R&D into antibodies for the treatment of cancer. In 2008, Eisai bought MGI Pharma, Inc., another oncology specialist. A multi-faceted approach has been applied to developing cancer treatments.

Indicated for breast cancer, the anticancer agent Halaven® was approved in 54 countries as of the end of July 2014. Phase III trials in non-small-cell lung cancer are underway in Japan, the U.S., Europe, and Asia.

In a Phase III clinical trial for the treatment of radioiodine-refractory differentiated thyroid cancer (RR-DTC), the anticancer agent lenvatinib (generic name) achieved the primary endpoint of the study with high statistical significance. Furthermore, Eisai submitted regulatory applications in Japan in June 2014, and in EU and the U.S. in August 2014.

### Major R&D Pipeline (As of August 2014)

<table>
<thead>
<tr>
<th>Product Name / Research Code (generic name)</th>
<th>Description</th>
<th>In-house products / in-licensing products</th>
<th>Formulation</th>
<th>Development Status</th>
<th>Region</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Submission</th>
<th>Approved</th>
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</thead>
<tbody>
<tr>
<td>Halaven®/E7389 (eribulin)</td>
<td>A synthetic analog of halichondrin B derived from the marine sponge, Halichondria okadai. Believed to exert an antitumor effect by arresting the cell cycle through inhibition of the growth of microtubules. Currently indicated as a potential treatment for breast cancer and being investigated as treatment for various other solid tumors. Approved in 54 countries for breast cancer indications.</td>
<td>In-house product</td>
<td>Injection</td>
<td>Earlier line treatment for breast cancer (Additional Indication)</td>
<td>Europe</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>June 2014</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Third-line treatment for breast cancer</td>
<td>China</td>
<td>✔️</td>
<td>✔️</td>
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<td>First-/second-line treatment for HER2-negative breast cancer (Additional Indication)</td>
<td>U.S.</td>
<td>✔️</td>
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<td>✔️</td>
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<td></td>
<td></td>
<td></td>
<td>Non-small-cell lung cancer (Additional Indication)</td>
<td>Japan/U.S./Europe/Asia</td>
<td>✔️</td>
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<td>Esophageal cancer (Additional Indication)</td>
<td>U.S./Europe/Asia</td>
<td>✔️</td>
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<td>Bladder cancer (Additional Indication)</td>
<td>Japan</td>
<td>✔️</td>
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<td>Liposomal formulation (Additional formulation)</td>
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<td>✔️</td>
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<tr>
<td>E7080 (lenvatinib)</td>
<td>A selective tyrosine kinase inhibitor (TKI) with a novel binding mode. Currently being investigated as a potential treatment for various solid tumors.</td>
<td>In-house product</td>
<td>Oral</td>
<td>Thyroid cancer</td>
<td>Japan/U.S./Europe/Asia</td>
<td>✔️</td>
<td>✔️</td>
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<td></td>
<td>Hepatocellular carcinoma</td>
<td>Japan/U.S./Europe/China/Asia</td>
<td>✔️</td>
<td>✔️</td>
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<td>Endometrial cancer</td>
<td>U.S./Europe</td>
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<td>Melanoma</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
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<td>Glioma</td>
<td>U.S.</td>
<td>✔️</td>
<td>✔️</td>
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<td></td>
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<td></td>
<td></td>
<td>Non-small-cell lung cancer (Monotherapy, 3rd line)</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td>Non-small-cell lung cancer (RET translocation)</td>
<td>Japan/U.S./Europe/Asia</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td></td>
<td>Renal cell carcinoma</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
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<td>✔️</td>
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<tr>
<td>MORAb-003 (farletuzumab)</td>
<td>A humanized IgG1 monoclonal antibody that targets folate receptor alpha (FRA). Expected to exhibit an antitumor effect against carcinomas that over-express FRA.</td>
<td>In-house product</td>
<td>Injection</td>
<td>Platinum-sensitive ovarian cancer</td>
<td>Japan/U.S./Europe/Asia</td>
<td>✔️</td>
<td>✔️</td>
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<td>Non-small-cell lung cancer</td>
<td>U.S./Europe</td>
<td>✔️</td>
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<td></td>
<td></td>
<td>Melanoma</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
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<td></td>
<td></td>
<td>Colorectal cancer</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td></td>
<td></td>
<td>Sarcoma</td>
<td>U.S./Europe</td>
<td>✔️</td>
<td>✔️</td>
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<td>✔️</td>
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<tr>
<td>MORAb-004</td>
<td>A humanized IgG1 monoclonal antibody that targets Tumor Endothelial Marker 1 (TEM-1/endosialin). Expected to exhibit an antitumor effect against carcinomas that express endosialin.</td>
<td>In-house product</td>
<td>Injection</td>
<td></td>
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<td>✔️</td>
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<td>✔️</td>
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</tbody>
</table>

* I/II means that clinical trials are being conducted through Phase I and Phase II studies.
## Oncology Field

<table>
<thead>
<tr>
<th>Product Name / Research Code (generic name)</th>
<th>Description</th>
<th>In-house products / in-licensing products</th>
<th>Formulation</th>
<th>Development Status</th>
<th>Region</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Submission</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>MORAb-009 (amatuximab)</td>
<td>A chimeric IgG1 monoclonal antibody that blocks the function of mesothelin. Expected to exhibit an antitumor effect against carcinomas that express mesothelin.</td>
<td>In-house product</td>
<td>Injection</td>
<td>Mesothelioma</td>
<td>U.S./ Europe</td>
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<tr>
<td>E7020</td>
<td>An angiogenesis inhibitor that suppresses the expression of alpha 2 integrin suppressant, a vascular endothelial cell adhesion molecule.</td>
<td>In-house product</td>
<td>Oral</td>
<td>Colorectal cancer</td>
<td>U.S./ Europe</td>
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<tr>
<td>E7016</td>
<td>Poly (ADP-ribose) polymerase (PARP) is an enzyme that is involved in DNA repair. PARP inhibitors exhibit an antitumor effect by inhibiting DNA repair in tumor cells and are expected to enhance the effect of chemotherapy and radiotherapy, both of which damage DNA.</td>
<td>In-house product</td>
<td>Oral</td>
<td>Melanoma</td>
<td>U.S.</td>
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<tr>
<td><strong>ONTAK® / E7272 (denileukin diftitox)</strong></td>
<td>A fusion protein that combines the interleukin-2 (IL-2) receptor binding domain with diphtheria toxins. Specifically binds to IL-2 receptors on the cell surface, causing diphtheria toxins that have entered cells to inhibit protein synthesis. Already approved in the U.S. as a drug for treatment of CD25 (a component of the IL-2 receptor) positive cutaneous T-cell lymphoma.</td>
<td>In-house product</td>
<td>Oral</td>
<td>Melanoma [Additional Indication]</td>
<td>U.S.</td>
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<tr>
<td>DC Bead® / E7040</td>
<td>Contains hydrophilic microspherical particles produced from a cross-linked polyvinyl alcohol polymer. These embolic beads are injected through a catheter to selectively embolize targeted blood vessels. The beads are microscopic and uniformly spherical in shape, allowing for sustained embolization of targeted vessels based on vascular diameter and tumor size. Approved in Japan as a device for transcatheter arterial embolization (TAE) therapy in patients with hypervascular tumors.</td>
<td>In-license product (Biocompatibles International plc)</td>
<td>Embolic agent</td>
<td>Transcatheter arterial embolization (TAE) of hypervascular tumors [Additional Indication]</td>
<td>Japan</td>
<td>![FY2014 plan]</td>
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<tr>
<td>E7438</td>
<td>EZH2 inhibitor</td>
<td>In-license product (Epizyme, Inc.)</td>
<td>Oral</td>
<td>Hematologic cancer, solid tumor</td>
<td>U.S.</td>
<td>![FY2014 plan]</td>
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</tbody>
</table>

* I/II means that clinical trials are being conducted through Phase I and Phase II studies.
Lenvatinib (Generic Name)

New molecular-targeting anticancer agent developed in-house by Eisai

Developed in-house by Eisai, lenvatinib (generic name) is an original tyrosine kinase inhibitor that acts as a molecular-targeting anticancer agent.

Receptor tyrosine kinases (RTKs) play an important role in cell growth. Of the many RTK varieties, lenvatinib exhibits strong and selective inhibition of five types (VEGFR, FGFR, PDGFR, RET, and KIT). In this respect it differs from other tyrosine kinase inhibitors. The ability to inhibit both VEGFR and FGFR is a particularly noteworthy characteristic.

Lenvatinib has shown anticancer effects by blocking signals for tumor cells to grow or to create blood vessels needed to receive oxygen and nutrients via the inhibition of these target molecules. These molecules that lenvatinib inhibits are known to be associated with various cancer types, implying the potential for it to be used to treat a range of different cancers.

The research and development of lenvatinib

In 1999, Eisai began a research project to find new drugs that could inhibit angiogenesis (the creation of new blood vessels). Since several companies at that time already had research efforts in that field, Eisai focused on trying to enhance project speed and chance of success. By evaluating to extend a survival period using the unique assay in the preclinical stage, Eisai was able to narrow the search for new compounds and ultimately discover lenvatinib, with a balanced inhibition profile of multiple RTKs. A clinical candidate was determined quite fast, within about three years of the project’s inception. The first clinical trial started in 2005. Eisai has tried to accelerate clinical development using partnerships with SFJ Pharmaceuticals Group and Quintiles while developing lenvatinib for multiple cancer types on a global basis.

Application for approval for thyroid cancer

The Phase III clinical data on lenvatinib in the treatment of thyroid cancer showed a statistically significant increase in progression-free survival (PFS) compared with a placebo (these findings were presented at 2014 Annual Meeting of the American Society of Clinical Oncology (ASCO) in May 2014). Based on these results, Eisai submitted a regulatory application for approval in Japan in June 2014 for treatment of radioiodine-refractory differentiated thyroid cancer (RR-DTC). Eisai also submitted regulatory applications for approval in Europe and the U.S. in August 2014. Eisai anticipates marketing approval and launches of lenvatinib in Japan, Europe and the U.S. to occur in the fiscal year ending March 2015 and fiscal year ending March 2016.

Pursuing expansion of indications

Aside from thyroid cancer, Eisai is conducting a global multi-center Phase III trial of lenvatinib in hepatocellular carcinoma, with 940 patients enrolled across Japan, the U.S., Europe, China and other parts of Asia. Eisai aims to submit a regulatory application in the fiscal year ending March 2017.

In addition, two Phase II studies are underway for non-small-cell lung cancer (NSCLC). Good results were presented at ASCO 2014 from Study 703, in which lenvatinib was provided as mono-therapy to NSCLC patients that had already received at least two types of chemotherapy. The other Phase II study is testing lenvatinib in NSCLC associated with chromosomal translocations that create the so-called RET fusion gene. Since it is expected to be particularly effective in such cases, this trial (Study 209) is only enrolling patients diagnosed as having this genetic mutation. These studies aim to support the personalized medicine.

Moreover, Eisai has also demonstrated proof of concept (POC) for lenvatinib in melanoma and endometrial cancer.

Continuing to develop the potential of lenvatinib in treating a range of cancers, Eisai aims to make a significant contribution by fulfilling the varied needs of cancer patients and their families through drugs that provide enhanced benefits.

* Proof of concept (POC): POC of a drug involves verifying the hypothesized action mechanism in a clinical study.
Vascular and Immunological Reaction

Phase III studies of the thrombocytopenia treatment E5501 (generic name: avatrombopag) for thrombocytopenia in chronic liver diseases requiring surgery were initiated in Japan, the U.S., Europe, and Asia.

Gastrointestinal and Hepatic Disorders

In August 2013, Rabecure® Pack 400 and 800, triple formulation packs for primary Helicobacter pylori eradication, and Rabecure® Pack, a triple formulation pack for secondary Helicobacter pylori eradication, all three of which contain the proton pump inhibitor Pariet® (rabeprazole sodium), received marketing authorization and were launched in Japan. In November 2013, Eisai submitted an application for the proton pump inhibitor Pariet® in Japan seeking a further indication expansion for use in the prevention of recurrence of gastric and duodenal ulcers during treatment with low-dose aspirin and the approval of a new 5mg tablet formulation. Eisai is also conducting a Phase III study in Japan of Pariet® as a maintenance therapy for patients with reflux esophagitis resistant to proton pump inhibitor treatment.

Major R&D Pipeline (As of August 2014)

**Vascular and Immunological Reaction**

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**Gastrointestinal and Hepatic Disorders**

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**Major R&D Pipeline (As of August 2014)**

- **E5501/AKR-501 (avatrombopag)**
  - Description: A thrombopoetin receptor agonist. Expected to show effects against conditions that are associated with thrombocytopenia.
  - Formulation: Oral
  - Development Status: Thrombocytopenia in chronic liver disease requiring surgery
  - Region: Japan/U.S./Europe/Asia
  - Submission: FY2015

- **E6005**
  - Description: Inhibits the activity of phosphodiesterase 4, a cyclic AMP-degrading enzyme that acts as an intracellular messenger. Expected to be effective as a treatment to suppress the various symptoms associated with atopic disease.
  - Formulation: Topical
  - Development Status: Atopic dermatitis
  - Region: Japan

- **Tambocor®**
  - Description: Suppresses tachyarrhythmia by blocking cardiac sodium channels. The agent was approved for the treatment of tachyaryrhythmia (paroxysmal atrial fibrillation/flutter and ventricular tachycardia) in adults and tachyarrhythmia (paroxysmal atrial fibrillation/flutter, paroxysmal supraventricular tachycardia and ventricular tachycardia) in pediatric patients.
  - Formulation: Pediatric fine granule formulation
  - Development Status: January 2014

- **E6011**
  - Description: In-house humanized monoclonal antibody targeted for trastuzumab which plays an important role of intracellular messenger. Expected to be effective as a treatment to suppress the various symptoms associated with atopic disease.
  - Formulation: Injection
  - Development Status: Rheumatoid arthritis
  - Region: U.S./Europe

- **MORAb-022**
  - Description: Human IgG1 monoclonal antibody. Expected to be effective as a treatment of autoimmune disorders such as rheumatoid arthritis.
  - Formulation: In-house product
  - Development Status: Japan

- **Parlet®/AcipHex®/E3818 (rabeprazole)**
  - Description: A proton pump inhibitor approved for the treatment of gastric and duodenal ulcers, reflux esophagitis and eradication of Helicobacter pylori infections, etc.
  - Formulation: Oral
  - Development Status: Triple formulation pack for Helicobacter pylori eradication (Additional indication)
  - Region: Japan

- **Cinitapride**
  - Description: By stimulating 5-HT2 and 5-HT4 receptors found in the gastrointestinal tract, the agent increases acetylcholine release and improves upper gastrointestinal motility. Its antidepressant-like effects also help stimulate the release of acetylcholine by blocking dopamine receptors, thereby improving upper gastrointestinal function.
  - Formulation: Oral
  - Development Status: Functional dyspepsia (Additional indication)
  - Region: China
Eisai’s Six Types of Capital: Intellectual Capital

Open Innovation and Advanced Technologies

Having received official approval from the city of Kobe to take part in a special international strategic development project being implemented within the Kansai International Strategic Innovation Zone, KRI is relocating to a new research facility within the zone in 2014. In order to strengthen its research capabilities and increase the scale of its research, Eisai will continue to leverage the advantages established within the Kobe Biomedical Innovation Cluster, one of Japan’s largest bioclusters, and partnerships with academic and medical researchers, thereby making further efforts to create innovative products in areas such as neurodegenerative disease.

Cardiovascular Risk Evaluation System using Human Stem Cells

Using human stem cells to establish a unique evaluation system that mirrors the beating of a heart outside a living organism, and evaluate the compound

Measures and analyzes the electrical potential from clusters of cardiomyocytes, equivalent to an electrocardiogram

The legal protection and effective utilization of products and technologies developed by Eisai are essential for the sustained growth and advancement of the Company, and for Eisai to continue to provide a stable supply of pharmaceuticals to patients. Therefore, we pursue a number of strategic intellectual property activities and strategies related to the Company’s product portfolio and product creation operations.

1. Intellectual Property Activities

The Intellectual Property Department has stationed persons responsible for intellectual property at Eisai’s R&D facilities globally and conducts activities relating to patents, trademarks, designs, and copyrights while working closely with each group, such as Eisai Product Creation Systems. In particular, in global activities related to intellectual property, including those at overseas product creation facilities, the persons responsible for intellectual property at each company unit periodically share information to strengthen cooperative ties and reach decisions. Furthermore, the filing of patent applications and prior art searches are carried out through close collaboration between business divisions and product creation units. Companies within the Eisai network are given backing and support while respecting each company’s autonomy. In addition, when Eisai introduces new technologies and promising new candidate compounds, it cooperates with relevant organizations and emphasizes the steadfast protection of patent rights while ensuring compliance with relevant laws and regulations. In parallel with these activities, we are taking steps to build a firm base for intellectual property management from various perspectives, including thorough systematic intellectual property training that began in fiscal 2009, in order to make our management more focused on intellectual property.

2. Product Creation Activities and Intellectual Property Strategies

Prescription pharmaceuticals account for most of Eisai’s total earnings. Eisai files patent applications for the results of the initial phase of product creation activities such as genes, proteins, screening methods, and so forth. With respect to promising compounds discovered as a result of initial product creation activities, the Intellectual Property Department works closely with each Product Creation Unit and effectively files patent applications and focuses on obtaining the rights for them, so that launched drugs are adequately protected. With respect to development-stage and launched drugs, in order to maximize the potential efficacy and increase the benefit to patients, we also pursue new formulations, new medical uses, and new administration methods and file patent applications to secure patent rights for those achievements as well.

3. Contributions to Licensing-related Activities

Rather than simply looking to third-party licensing fees on patents as a revenue source, we strive to create a strong patent portfolio that will contribute to our business success. Regarding the possible use of treatments for diseases occurring specifically in areas with inconvenient access to medicines, we plan to proactively out-license our patents.

4. Number of Registered Patents

To protect the results of our product creation activities, we diligently file patent applications in Japan and overseas. At the same time, to efficiently manage resources, we carefully evaluate the strategic importance of each inventive discovery and determine whether to file patents abroad and, if so, how many and in which country to file them.

5. Trademarks

Eisai develops product names for all pharmaceuticals that are protected by trademark rights, and the Intellectual Property Department implements brand strategies throughout the world in collaboration with the Marketing Division.
**What is a demand chain?**

Besides the production and supply of products, Eisai aims to build global systems to ensure that production activities and product improvements are actively geared to meeting the demands of patients from a patient’s perspective. We refer to this framework as a “demand chain.”

**Transformation from a site-based production model to a global structure organized by product family**

“The quality of every single tablet, capsule, and ampoule that we produce is integral to the life of the patient.” This is Eisai’s general policy on product quality, with each employee keenly aware that every drug manufactured by our company directly linked to patients’ lives. It is this conviction that is reflected in every aspect of our daily business operations and we believe that as long as there are people around the world in need of medicine, there exists a mission and a responsibility to continue to assure the stable supply of high-quality pharmaceutical products. To achieve this, Eisai consistently strives for high quality through the introduction of a robust management system that oversees all processes from drug substance and formulation research to production and distribution.

With the aim of providing a stable supply of high-quality products at affordable prices worldwide, including in emerging and developing countries, in 2012 we transitioned from a production structure that emphasized the optimization of each production site to a global structure that implements end-to-end production activities in each product lineup.

Through the development of a unique, global demand chain based on the belief that “everything we do should reflect the needs of patients, their families, and customers,” we continue to work toward ensuring the stable supply of high-quality medicines.

**A global structure to ensure the stable supply of medicines**

The system that we have introduced enables us to distribute products on a global scale from multiple sites while also ensuring a stable supply of high-quality medicines to people around the world in times of emergency.

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**Production System (Demand Chain)**

**Japan Manufacturing Sites**

- **Kawashima Plant (Gunma Prefecture)**
  - Marketed pharmaceutical products and vitamin E as an active pharmaceutical ingredient (API) for anti-inflammatory and cardiovascular products. Its manufacturing facilities have introduced an automated boxing system, with advanced packaging lines equipped with automated robotic arms and automated conveyor systems.
  - Year completed: 1986

- **Nagoya Plant (Aichi Prefecture)**
  - Markets pharmaceutical products primarily in Japan and used to be joint operation between Sannova Co., Ltd. and Bushu Pharmaceutical Co., Ltd. from January 1, 2014.
  - Year completed: 1989

**Global Manufacturing Sites**

- **North Carolina Plant (U.S.)**
  - In addition to commercial production of solid preparations, the plant is equipped with commercial production lines and clinical trial-oriented production lines for sterile injection preparations such as anticancer agents and biomedicines, as well as related research on the production of formulations.
  - As a production center for injection formulations of the anticancer agent Halaven® the plant has received manufacturing approval from various countries worldwide, including Japan, the U.S., and EU member states, and supplies Halaven® globally.
  - Year completed: 1997

- **Baltimore Plant (U.S.)**
  - The plant produces a global supply of Glisda®, a biodegradable implant used during surgery for the treatment of brain cancer. The plant has received manufacturing approval from various countries worldwide, including Japan, the U.S. and EU.
  - Year completed: 1998

- **Sanno Co., Ltd. (Gunma Prefecture)**
  - Manufactures prescription drugs, generic drugs marketed by Eli Lilly, over-the-counter (OTC) drugs, quasi-drugs and cosmetics. Equipped to handle production of a wide range of formulations, including the global supply of generics, tablets, capsules, sugar-coated tablets, film-coated tablets, oral liquid (dissolving tablets), solutions, ointments, creams and lotions.
  - Year completed: 1999

- **Vizag Plant (India)**
  - Jointly responsible for Eisai’s global API supply and services as a formulation supply center not only for the emerging and the developing countries but developed countries, including Japan. In addition, the plant carries out a key role in Eisai’s efforts to realize affordable pricing.
  - Year completed: 2000

- **Halffield Plant (U.K.)**
  - Having both packaging and oral solid dose manufacturing capabilities, the plant especially excels in handling packaging of low-volume multilingual products in Europe, where there is a particularly high linguistic diversity.
  - With regard to global products such as Halaven® and Fycompa™, the plant functions as a global production center, having commenced supply to countries in the EMEA, Americas and Asia regions in addition to Europe.
  - Year completed: 2003

- **Bogor Factory (Indonesia)**
  - Manufacturing site primarily in charge of production and packaging of prescription drugs for the Indonesian market.
  - Year completed: 1987

- **Bogor Factory (Indonesia)**
  - Manufacturing site primarily in charge of production and packaging of prescription drugs for the Indonesian market.
  - Year completed: 1995

- **Changzhou Factory (China)**
  - A plant for manufacture of the anticancer agent Halaven®
  - Year completed: 2008

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**Figure 1**

* Eisai Co., Ltd. transferred business operations at the Misaki Plant to Bushu Pharmaceuticals Ltd. on March 31, 2014. With regard to parenteral formulations production, however, Eisai leases back the manufacturing facility and continues production.
Eisai's business activities have expanded beyond developed countries such as Japan, the U.S. and Europe to emerging and developing countries as well. Under a global business matrix structure, Eisai will capture synergies between its global brand strategies and local marketing in four regions (Japan, the Americas, Asia, and EMEA), with the view to contributing to the wellbeing of patients.

### Japanese Pharmaceuticals Business

In Japan, the environment surrounding patients has been changing dramatically, including in the progress of healthcare/caregiving partnerships in local healthcare, and in the government and local communities working as one to establish regional healthcare structures. In the context of such changes, Eisai believes that it is necessary to gain thorough understanding of the consultation behavior and needs of patients and to strengthen its activities focused on fully satisfying patients, in order for Eisai to grow steadily.

Beginning in the fiscal year ended March 2014, we fundamentally revised our business model for pharmaceuticals in Japan and implemented a transformation to a dual-unit structure. The new structure consists of an “Integrated Community hhc Unit” that promotes marketing activities specializing in patients undergoing treatment for dementia, rheumatoid arthritis, and other chronic disorders by local doctors where they live, and an “Oncology hhc Unit” that aims to satisfy the needs of patients receiving treatment for cancer and other acute-stage disorders by central hospitals serving a broader area. In this way, Eisai provides product information that meets the characteristics and needs of patients and enhances patient satisfaction professionally and efficiently. Under this structure, Eisai will contribute to untreated dementia patients with Aricept®, while expanding contribution to the wellbeing of patients with Halaven® in the oncology area, as well as through Humira®, Lyrica®, Lunesta® and other new product lines.

Additionally, in the Japanese Pharmaceuticals Business, Eisai’s prescription pharmaceuticals, generic drugs, and diagnostics businesses conduct activities in close cooperation to address diverse medical needs at every stage from prevention through to diagnosis, treatment and care.

### Americas Pharmaceuticals Business (North, Central and South America)

In the U.S., our organizational structure focuses on oncology and diseases of the central nervous system. Under this structure, Eisai is developing business with an emphasis on brands including oncology products such as the anticancer agent Halaven® and the acute chemotherapy-induced nausea and vomiting preventive agent Aloxi®, as well as BELVIQ®, the first new anti-obesity agent with a new mechanism of action to obtain FDA approval in 13 years. Another key product is the in-house discovered epilepsy treatment Fycompa®, launched in January 2014.

In the fiscal year ending March 2015, Eisai is making proactive investments to accelerate the future growth of Halaven®, BELVIQ®, and Fycompa®. We are working to make a larger contribution to the wellbeing of breast cancer patients, to provide more therapeutic opportunities for patients with obesity, and to satisfy the unmet medical needs of epilepsy patients. In addition, we are expanding our global brands in Canada and advancing preparations for developing business in Brazil, Mexico and other Central and South American countries.
Asian Pharmaceuticals Business

Eisai launched business activities in Asia in the 1960s. Today, the Asian business is expanding rapidly. The primary markets of China and South Korea are growing steadily and sales of the core products Aricept®, Pariet®, and Methycobal® are expanding despite their patents having expired. Eisai is targeting revenue of around ¥120 billion in the fiscal year ending March 2019 by spurring growth in new products such as Halaven® and Fycompa®, along with proactively investing resources. Furthermore, Eisai will widely apply an affordable pricing policy and a tiered pricing policy, in which pricing is tiered according to patients’ income levels within a country. In doing so, Eisai will strive to make an even greater contribution to the wellbeing of patients.

Eisai has also entered rapidly growing markets of Indochina (Thailand, Vietnam, Myanmar, Cambodia, and Laos) and Indonesia. By proactively investing resources, Eisai aims to develop these areas into core markets in the future.

EMEA Pharmaceuticals Business (Europe, the Middle East, Africa, Russia and Oceania)

Our EMEA regional operations are headquartered in the U.K. and based at the European Knowledge Centre in Hatfield, Hertfordshire, where Eisai’s production, drug discovery, clinical research, and marketing functions are integrated at a single site. This center serves as a significant hub from which Eisai expands its marketing operation for prescription pharmaceuticals throughout Europe, the Middle East, and Africa, as well as Russia and Oceania.

In EMEA, we are developing business focused on the oncology and epilepsy fields. In the oncology, our mainstay product Halaven® has been launched in 32 countries in the EMEA region. We will continue to launch Halaven® in even more countries. Furthermore, Eisai received Europe Commission approval in June 2014 of an indication expansion for Halaven® for earlier treatment of metastatic breast cancer. We will take this opportunity to make an even greater contribution to the wellbeing of patients. In the epilepsy field, we have launched four antiepileptic agents: Fycompa®, Inovelon® (brand name in the North America: Banzel®), Zebinix®, and Zonegran®. Aiming to become a leading company in the epilepsy field in Europe, we will continue to actively support the wellbeing of patients.

Strategic Markets (Russia, Brazil, the Middle East, Mexico, Canada and Australia)

Eisai has positioned the following 6 countries/regions as strategic markets: Russia, Brazil, the Middle East, Mexico, Canada, and Australia. Eisai aims to increase the contribution to patients in these countries/regions by selling through cooperation with partners, or on its own.

In Russia, Eisai launched Halaven® in the fiscal year ended March 2014. In the fiscal year ending March 2015, it has launched 4 antiepileptic agents Fycompa®, Zonegran®, Exalief® (brand name in Europe: Zebinix®), and Inovelon® to establish a foundation for its business.

In Mexico and Brazil, Eisai will aim to contribute to patients in the areas of oncology, epilepsy and obesity. Preparations are currently underway for Eisai to commence sales directly in these markets within the fiscal year ending March 2015. In Canada, Eisai will step up sales of five products that it has already launched: Halaven®, Fycompa®, Aloxi®, Banzel® and Gliadel® Wafer. In the Middle East, we will steadily increase the number of launching countries for products such as Halaven® and Fycompa®. In Australia, Eisai is advancing preparations to launch Halaven® within the fiscal year ending March 2015.
Eisai’s Six Types of Capital: Human Capital

Employees

Eisai positions employees as important stakeholders in the Articles of Incorporation, and strives to ensure stable employment, provide worthwhile work and improve opportunities for developing skills. In the realization of the hhc philosophy, Eisai sees employees as important assets, and is establishing an environment enabling each employee to fully realize his/her potential. Eisai refers to human resources as “human assets.”

(1) Promotion of Diversity

Eisai Diversity* Declaration

Eisai is staking its survival as a company on the promotion of diversity.

* Diversity: The utilization of the various ways of thinking and systems of values of individual employees of different genders, citizenships, cultures, regions, ages, education, careers, and lifestyles, into business.

With the achievement of the hhc philosophy as the common objective of all Group employees, Eisai believes that the ideal outcome of the promotion of the diversity is that respect for the diverse thinking and values of its employees will produce innovation and result in contribution to patients.

Eisai utilizes its internal website and organization-based training to instill the concept of diversity in all employees—to empower them to play an active role and exhibit their individuality and abilities to the fullest. At the same time, we encourage diversity by introducing good in-house diversity practices and develop an organizational climate that makes the most of diverse values. In the training given to newly appointed management and organization heads, we have deployed a program to promote diversity and utilize a selection program for women’s career development. In addition, we actively introduce many employees who are fulfilling successful roles within Eisai and support career advancement along with work-life balance.

At Eisai, the best-suited individuals participate in management, regardless of their nationality or gender. In fact, Eisai has six foreign nationals and two women serving as corporate officers, and women account for more than 40% of those in management positions in the U.S., Europe, and Asia. Since April 1, 2014, the U.S. subsidiary Eisai Inc. has had a woman in the post of president and chief operating officer (COO). Amid the severe changes occurring in its business environment, Eisai will respect regional and cultural differences, promote diversity that is distinctive to Eisai, and link it to the provision of further benefits to patients around the world.

(2) Fostering Global Leaders

Eisai is working to develop global leaders to globally realize the hhc philosophy. Eisai is implementing a variety of training programs such as selection program for developing global leader candidates (E-GOLD), programs for training mid-level leaders in Japan, the U.S., Europe and Asia (E-elite), programs for training junior leaders in Japan (E-STAR), and study programs for obtaining MBAs. In the fiscal year ended March 2014, Eisai established an environment enabling the provision of opportunities for cross-border exchanges of personnel in all divisions, and created a training program for learning global business through its operations. Developing the skills of more employees in a wide range of occupations promotes the development of global leaders supporting the growth of Eisai.

(3) Creation of a Workplace With a Rewarding Sense of Satisfaction

Eisai aims to create workplaces where every employee can work toward the achievement of the hhc philosophy with a rewarding sense of satisfaction. Eisai aspires to create a virtuous circle wherein maximizing employees’ motivation to realize the hhc philosophy and supporting their personal growth results in contributions to patients and their families.

In April 2012, Eisai introduced “mandatory retirement at the age of 65” in Japan. Since April 2013, Eisai has also offered a flextime system for medical representatives (MRs) who are taking shortened working hours, as part of initiatives to create a work environment where women can thrive. Eisai has already developed work systems that flexibly respond to each employee’s job type, such as flexible working hours and discretionary work, as well as time-off, long-term leave and shortened working hours for the purpose of providing childcare or nursing care for family members. Eisai will strive to create a working environment in which each employee can work with a rewarding sense of satisfaction.
The growth strategy demanded of the pharmaceutical industry today is to strengthen innovation while at the same time improving access to medicines. Eisai intends to pursue these goals based on the concept of “performing better with fewer resources.” The most critical of these resources is time. It is vital for businesses to try to raise efficiency and productivity in a short period of time. Improved business efficiency and productivity are essential to obtain an even better output from the same input of resources, or to obtain the same output from a smaller input of resources.

Eisai believes that partnerships are effective means of improving business efficiency and productivity. Eisai is developing a diverse array of partnership models. These can be broadly divided into “Technology Best Partnerships” aimed at taking full advantage of cutting-edge science and technology, and “Regional Best Partnerships” aimed at efficiently using resources in each region and maximizing product value. Eisai will continue to make effective use of partnerships to fully satisfy patients around the world.

### Main Technology Best Partnerships (As of the end of August 2014)

#### Partnerships aimed at accelerating clinical development

- Quintiles Inc. (U.S.)
  - Strategic partnership on the development of six types of anti-cancer compound candidates.

- SFU Pharma Ltd. (Cayman Islands)
  - Joint development in Phase III trials of anticancer agent E7080 (generic name: lenvatinib) related to thyroid cancer.

- Biogen Idec, Inc. (U.S.)
  2. Acquisition of option rights related to joint development/joint sales promotion of the anti-Alzheimer’s agents anti-Aβ antibody BIB0207 and the anti-tau antibody under development by Biogen Idec, Inc.

#### Partnerships aimed at discovering new drugs

- BioArctic Neuroscience AB (Sweden)
  - Exclusive license for worldwide research and development, manufacturing and sales of the new humanized monoclonal antibody BAN2401 for the treatment of Alzheimer’s disease.

- FORMA Therapeutics, Inc. (U.S.)
  - Collaboration on research using the compound library and screening platforms of FORMA Therapeutics, Inc. and license on the deliverables.

- Teikoku Selyaku Co., Ltd. (Japan)
  - License in Japan for Alzheimer’s disease treatment Aripiprazole® patch (currently under development).

#### Partnerships aimed at expanding into new specialty fields

- Epizyme, Inc. (U.S.)
  - Worldwide strategic partnership with Epizyme, Inc. to discover, develop and commercialize therapeutic treatments targeting EZH2, an epigenetic enzyme, for the treatment of lymphoma and other cancers in genetically-defined patients.

- PRISM BioLab Co., Ltd. (Japan)
  - Joint research and development concerning CBP/ctatenin inhibitor and similar compounds.

- Johns Hopkins University (U.S.)
  - Joint research on drug discovery in the neurology field.

- Verastem, Inc. (U.S.)
  - Joint research for the generation of small molecule Wnt inhibitors targeting cancer stem cells.

- Sanofi (France)
  - Joint development/joint sales promotion of the anti-Amyloid β (Aβ) antibody Targilumab, for the treatment of Alzheimer’s disease.

- University College London (U.K.)
  - Joint research on the development of a new class of compounds to treat neurological diseases.

- Teikoku Selyaku Co., Ltd. (Japan)
  - License in Japan for Alzheimer’s disease treatment Aripiprazole® patch (currently under development).

- Roche Molecular Systems Inc. (U.S.)
  - Joint development of a companion diagnostic to identify genetic mutations in the epigenetic enzyme EZH2.

- University College London (U.K.)
  - Joint research on the development of new ways of treating neurological diseases.

- Sanofi (France)
  - Joint development/joint sales promotion of the anti-Amyloid β (Aβ) antibody Targilumab, for the treatment of Alzheimer’s disease.
### Main Regional Best Partnerships (As of the end of August 2014)

#### Partnerships aimed at creating new markets

<table>
<thead>
<tr>
<th>Company</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arena Pharmaceuticals, Inc.</td>
<td>Switzerland</td>
</tr>
<tr>
<td>AbiVie Deutschland GmbH &amp; Co. KG</td>
<td>Germany</td>
</tr>
<tr>
<td>Novartis AG</td>
<td>Switzerland</td>
</tr>
</tbody>
</table>

#### Partnerships aimed at strengthening franchises

<table>
<thead>
<tr>
<th>Company</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>AbbVie Deutschland GmbH &amp; Co. KG</td>
<td>Japan, Taiwan and South Korea</td>
</tr>
<tr>
<td>Sumitomo Dainippon Pharma Co., Ltd.</td>
<td>North America, Europe and Asia</td>
</tr>
<tr>
<td>Ajinomoto Pharmaceuticals Co., Ltd.</td>
<td>Japan</td>
</tr>
<tr>
<td>Pfizer Inc.</td>
<td>U.S.</td>
</tr>
<tr>
<td>SyMbo Pharmaceuticals Limited</td>
<td>Japan, Singapore and South Korea</td>
</tr>
</tbody>
</table>

#### Partnerships aimed at expanding access to medicines

<table>
<thead>
<tr>
<th>Company</th>
<th>Region</th>
</tr>
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<tbody>
<tr>
<td>Ligand Pharmaceuticals Inc.</td>
<td>U.S.</td>
</tr>
<tr>
<td>Sunovion Pharmaceuticals Inc.</td>
<td>Japan</td>
</tr>
<tr>
<td>Minophagen Pharmaceutical Co., Ltd.</td>
<td>Japan and Asia</td>
</tr>
<tr>
<td>Helsinn Healthcare S.A.</td>
<td>U.S. and Canada</td>
</tr>
<tr>
<td>Pfizer Inc.</td>
<td>U.S.</td>
</tr>
<tr>
<td>SyMbo Pharmaceuticals Limited</td>
<td>Japan</td>
</tr>
<tr>
<td>BIAL-Portela &amp; Ca. S.A.</td>
<td>Portugal</td>
</tr>
<tr>
<td>Orion Corporation (Finland)</td>
<td>Finland</td>
</tr>
<tr>
<td>PharmaSwiss S.A. (Switzerland)</td>
<td>Switzerland</td>
</tr>
</tbody>
</table>

#### Partnerships at DND/TSI

- **Sabin Vaccine Institute (U.S., non-profit organization)**
  - Supply the Sabin Vaccine Institute with E6020, an in-house developed adjuvant that enhances the immune effects of vaccines, as well as all relevant information pertaining to the compound, to support the development of vaccines for Chagas disease and leishmaniasis

- **Drugs for Neglected Disease initiative (DNDi)**
  - Switzerland, drug research and development partner
  - Eisai and DNDi entered into a collaboration and license agreement for the clinical development of a new treatment for Chagas disease, and are implementing joint development. DNDi is a drug research and development partner in the field of NTDs

- **Fundação Oswaldo Cruz (Fiocruz)**
  - Brazil, national research institution
  - Identify research development collaboration projects targeting Eisai-developed compounds for indications of malaria and NTDs, and implement joint research and development

#### Partnerships with GHIT Fund

- **Global Health Innovative Technology Fund (GHIT Fund)**
  - Japan, public interest incorporated association
  - GHIT Fund is the first public-private partnership in Japan to promote the development of new medicines for particular infectious diseases in developing countries. GHIT Fund is jointly financed by a partnership of Eisai and four other Japanese pharmaceutical companies, the Bill & Melinda Gates Foundation, and the Government of Japan

- **Tuberculosis Drug Accelerator (TBDA)**
  - International partnership
  - TBDA is a partnership jointly launched by pharmaceutical companies and research institutions, with funding by the Bill & Melinda Gates Foundation, to discover innovative new medicines to treat tuberculosis. TBDA targets the early discovery of new tuberculosis treatment methods by sharing information among the participating pharmaceutical companies

- **Liverpool School of Tropical Medicine (U.K., non-profit organization)**
  - University of Liverpool (U.K.)
  - Conduct joint research with a grant from the GHIT Fund to support the development of novel drugs to eradicate filariae, focusing on the Wolbachia bacteria, which are parasitic in filariae, the cause of lymphatic filariasis, and which encourages its proliferation
Eisai's Six Types of Capital: Social and Relationship Capital

Activities for Corporate Social Responsibility

**Social Contribution Activities**
Eisai's corporate social contribution activities primarily promote progress in medical science. Eisai opens the Naito Museum of Pharmaceutical Science and Industry to the public free of charge; provides operational support for the Health Care Science Institute, which supports medical and pharmaceutical research; and has co-sponsored the Health and Medical Care Contributions Awards for healthcare professionals with outstanding medical achievements over many years.

**Naito Museum of Pharmaceutical Science and Industry**
The Naito Museum of Pharmaceutical Science and Industry (Gifu Prefecture), Japan's first museum devoted to pharmaceuticals, was established in 1971 by Toyoji Naito, the founder of Eisai. Admission to the museum is free of charge, and visitors can view approximately 2,000 items selected from the museum's collection of more than 65,000 materials and 62,000 books. The museum aims to educate people about medical research and medical knowledge. Adjacent to the museum is a medicinal herbal garden where 600 different types of medicinal herbs and trees are grown. The garden is also open to visitors free of charge. In the fiscal year ended March 2014, approximately 34,000 people visited the museum.

For further details, please refer to the website: [http://www.eisai.co.jp/museum/english/index.html](http://www.eisai.co.jp/museum/english/index.html)

**The Naito Foundation**
The Naito Foundation was established in 1969 by Eisai and its founder, Toyoji Naito, to contribute to the advancement of science and human welfare by encouraging basic research in natural sciences related to the prevention and treatment of disease. Each year, the Foundation provides financial support for leading-edge researchers. In the fiscal year ended March 2014, the Foundation provided financial support totaling approximately ¥32.15 million for 267 projects, including science promotion prizes and science incentive grants.

For further details, please refer to the website: [https://www.naito-t.or.jp/en/](https://www.naito-t.or.jp/en/)

**The Health Care Science Institute**
The Health Care Science Institute was established in 1990, funded by a donation marking the 50th anniversary of the foundation of Eisai Co., Ltd., with the aim of promoting the progress of medical therapy and human welfare in Japan by conducting economic surveys and research related to medical therapy and pharmaceuticals; conducting economic surveys and research focused on R&D, manufacturing, distribution, and other subjects related to pharmaceuticals; and promoting academic research and surveys related to pharmaceuticals and associated sciences. In addition to publishing the Healthcare and Society periodical outlining related subjects, Eisai controls the “Healthcare and Society Research Database,” which includes approximately 200,000 items of open access research. In the fiscal year ended March 2014, 16 domestic recipients were presented with awards in recognition of their dedicated service over many years in caring for patients with intractable diseases, improving home health care, and providing regional health care in locations with challenging natural conditions, such as outlying islands, mountainous regions and heavy snowfall areas. One overseas recipient was presented with an award for his tireless efforts in advising on public health and hygiene as part of disaster relief activities.

For further details, please refer to the website: [http://www.eisai.com/responsibility/program.html](http://www.eisai.com/responsibility/program.html)

**Eisai hhc Hotline**
The Eisai hhc Hotline responds to inquiries from patients, consumers and health care professionals 24/7, 365 days a year on a toll-free basis. It explains basic information on Eisai products, such as drug efficacy and safety, in a friendly and courteous manner. At the same time, the hotline shares valuable inquiry information within the company and takes a range of initiatives to address the unmet needs of patients and health care professionals.

**Research Ethics Deliberation Committee**
Eisai has established the Research Ethics Deliberation Committee in accordance with the following guidelines: “Ethics Guidelines on Clinical Research,” a set of guidelines issued by the Ministry of Health, Labour and Welfare (MHLW); “Ethics Guidelines for Human Genome/Gene Analysis Research,” a set of ethics guidelines jointly prepared by the Ministry of Education, Culture, Sport, Science and Technology (MEXT), MHLW, and the Ministry of Economy, Trade and Industry (METI); and “Guidelines for Using Human Embryonic Stem Cells” and “Guidelines for Research on the Preparation of Reproductive Cells from Human iPS Cells or Human Somatic Stem Cells” issued by MEXT.

**Disclosure of Information on Relations with Medical Institutions and Other Entities**
Eisai has formulated guidelines in accordance with the "Transparency Guideline for the Relation between Corporate Activities and Medical Institutions" and the “Transparency Guideline for the Relation between Corporate Activities and Patient Groups” established by the Japan Pharmaceutical Manufacturers Association (JPMA). In line with JPMA policies, Eisai will basically adopt the same approaches as those stipulated by guidelines drawn up by the JPMA.

As of August 2014, Eisai is included in the following socially responsible investment indexes: Dow Jones Sustainability Asia Pacific Index (U.S.; Dow Jones & Company, Inc.) and FTSE4Good Global Index (U.K.; FTSE International Limited).
Eisai's Unique Business Models

To Our Stakeholders

Board of Directors and Executive Officers

Corporate Governance

Compliance & Risk Management

Corporate Philosophy

Eisai's Main Products and Investigational Compounds

Results for the Fiscal Year Ended March 2014

Eisai's Value Creation Process and Flow (Editorial Policy)

External Business Environment and Strategy

Eisai's Six Types of Capital

Results for the Fiscal Year Ended March 2014

Fundamental Environmental Protection Policy

Environmental Protection Guidelines

1. ENW is aware of the "dignity and importance of nature" and adopts measures to maintain the global environment in all business operations.
2. ENW places environmental protection as a top priority at all stages of corporate activities from research and development, production, distribution, sales, to product usage and disposal.
3. ENW constructs and operates an environmental management system and promotes environmentally protective operations.
4. ENW complies with all applicable laws, regulations, and agreements concerning environmental protection, and each company implements voluntary standards that exceed the minimum standards set forth in the applicable laws, regulations, and agreements.
5. ENW actively introduces advanced environmental technology to be at the forefront of reducing environmental impacts.
6. ENW reduces usage of resources and energy as well as reduces or recycles waste products in all business operations.
7. ENW reduces usage and promotes the removal of chemical substances that cause environmental pollutant emission and prevents environmental pollution.
8. ENW shares the fundamental policy on environmental protection and implements educational training to strengthen specialties at each workplace progressively and continuously.
9. ENW actively discloses information on policies, objectives, programs and results concerning environmental protection.

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Fig. 1

ENW Environmental Protection Policy

The ENW Environmental Protection Policy is based on the ENW Charter of Business Conduct. It sets out the basic philosophy underpinning the ENW companies’ environmental protection activities and nine concrete guidelines to follow. In Japan, ENW companies are striving to protect the environment in line with this policy.

Environmental Protection Guidelines

1. ENW places global environmental protection as an important component of business operations and strives to maintain the environment.
2. ENW constructs and operates an environmental management system and promotes environmentally protective operations.
3. ENW complies with all applicable laws, regulations, and agreements concerning environmental protection, and each company implements voluntary standards that exceed the minimum standards set forth in the applicable laws, regulations, and agreements.
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Eisai's Six Types of Capital: Natural Capital

Business with Consideration for the Global Environment

As a global company contributing to the healthcare of people worldwide, Eisai regards one of its major social objectives as reducing environmental impact at all stages of pharmaceutical research and development, manufacturing, distribution, sales, use, and disposal. Under our environmental conservation management frameworks based on the ENW* Environmental Protection Policy, all executives and employees carry out business with consideration for the global environment guided by the shared Fundamental Environmental Protection Policy. Further, we quantitatively assess our resource inputs and environmental impact. At the same time, we endeavor to reduce waste and recycle, appropriately manage and reduce the use of chemical substances, and implement further environmental education.

Eisai issues annually the Environmental and Social Report to provide information on our environmental protection-related management frameworks, concrete achievements in this area, and more. We publish the report on our website—we do not produce booklets in order to reduce our environmental footprint.

* ENW (Eisai Network companies): The corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.

Please refer to Environmental and Social Report:

Fig. 1

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TOKIS

Eisai carries out environmental protection activities on a global basis, including obtaining ISO14001 certification at its major production facilities in Japan, Suzhou Factory in China, and Vizag Plant in India.

Environmental Protection Activities at Plants

Vizag Plant (India)

The Vizag Plant strives to reduce the environmental impact of its business activities. It earned ISO14001 certification in March 2012. It also won the 2012 Safety, Health and Environment Award from the Confederation of Indian Industry for its environmental, health, and safety initiatives.

Suzhou Factory (China)

The Suzhou Factory earned ISO14001 certification in 2009. It focuses on educating employees on environmental issues and conducting business with an emphasis on environmental preservation.

Kawashima Industrial Park (Japan)

The Kawashima Industrial Park opened in 1966. It is an eco-friendly park-like complex located in Gifu Prefecture’s Kawashima district, which is situated on a sandbank in the Kiso River. Enamored with the area’s Japanese black pine trees four decades earlier, Eisai’s founder got the idea to build an industrial park in Kawashima. Employees carry on the founder’s view that “If you cut down one tree, you should plant three more.” The Kawashima Industrial Park is based on the concept “All for Patients and Nature.” Activities focus on patients and coexistence with nature and local residents.

Eisai is proud to honor its commitment to production activities that give consideration to nature and the local environment in having established the complex as an “industrial park.” For instance, plant wastewater is thoroughly purified and released to the on-site Japanese garden. Another activity helping to preserve the environment is the care of Japanese black pines within the complex. The species was the official tree of the former town of Kawashima and most of them remaining in the area are found at the industrial park. The Kawashima Industrial Park earned ISO14001 certification in 1999.

The Kawashima Industrial Park's Japanese garden with expansive lush greenery and three ponds, in which receive wastewater that has been purified at the treatment facilities flows.
Eisai has drawn up a financial strategy map to support resilience on its return to a growth trajectory from the fiscal year ending March 2016. Figure 1 Aiming to continuously enhance shareholder value, this strategy consists of three key themes: “Proactive investments to resume growth trajectory,” “Stable dividend policy,” and “Global IR strategy” conveying Eisai’s equity story. With strategic investments, we look to expand global brands, accelerate product creation, and expand Asian and strategic markets1. Additionally, we will dedicate resources to M&As. Through these strategies, Eisai aims to get back on a growth trajectory from the fiscal year ending March 2016. To ensure that strategic investments create shareholder value, Eisai inaugurated Value-Creative Investment Criteria (VCIC) based on NPV2 and the IRR3 spread using a risk-adjusted hurdle rate. In the fiscal year ending March 2015, we will maintain dividends of ¥150, which is an expectation of numerous shareholders, with the intention of ensuring shareholder value. Eisai has also taken into account the “signaling effects” that this stable dividend will generate as a declaration of management’s confidence in profit growth from the fiscal year ending March 2016. Eisai will be affected in the fiscal year ending March 2015 by NHI (National Health Insurance) drug price revisions in Japan and AcipHex®’s loss of exclusivity in the U.S. However, our strong balance sheet will allow both active investments and stable dividends. In the fiscal year ended March 2014, the net debt equity ratio (Net DER) was 0.14, improving to about half the previous fiscal year’s level. The net debt to EBITDA ratio was 0.61, a level where repayment of all debt within one year is possible. The shareholders’ equity ratio topped 50% for the first time since the MGI Pharma, Inc. acquisition (i.e., since the fiscal year ended March 2007). Figure 2 Our debt capacity (ability to borrow) of ¥200 billion is sufficient to cover strategic investments. With equity above ¥500 billion and a KPI4 for dividends—DOE at the 8% level, we believe that Eisai has the financial strength needed to sustain dividends of ¥150.

Eisai will maintain a strong balance sheet to allow both investment for growth and stable dividends, demonstrate accountability to investors through timely and fair disclosure as global IR strategy, and work to continually enhance shareholder value.

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1 Strategic markets: Brazil, Russia, the Middle East, Canada, Mexico and Australia
2 NPV: Net Present Value
3 IRR: Internal Rate of Return
4 KPI: Key Performance Indicator

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Eisai’s Unique Business Models

To Our Stakeholders

Eisai’s Six Types of Capital

Eisai’s Main Products and Investigational Compounds

Results for the Fiscal Year Ended March 2014

Corporate Philosophy

Eisai’s Value Creation Process and Flow (Editorial Policy)

External Business Environment and Strategy

Corporate Governance

Board of Directors and Executive Officers

Compliance & Risk Management

Risk Factors

Corporate Information

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Figure 1

Financial Strategy Map for Resilience of Eisai

Proactive investment to resume growth trajectory
- Expansion of global brand
- Acceleration of product creation
- Expansion in Asia and strategic markets
- M&As and partnerships

Stable dividend policy
- Sustainability of 150 yen/share
- 8% level DOE which surpasses cost of equity

Global IR Strategy
Aim to reduce cost of capital

VOIC (Value-Creative Investment Criteria)

Net DER
Net Interest-bearing Debt
Shareholders’ equity ratio

Enhancement of Shareholder Value on a sustained basis

Strong Balance Sheet

Net DER
Net Interest-bearing Debt
Shareholders’ equity ratio

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1 Net DER: Net Debt Equity Ratio
2 EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization
In 2013, Japanese stock market was active due to the effect of Japanese government's economic policy called “Abenomics.” Further, the Abe government has declared that one strategy for growth is to encourage overseas investors to invest in the Japanese market to revitalize the domestic stock market. As a step to that end, Japan Exchange Group (JPX) and Nikkei Inc. jointly launched the JPX-Nikkei Index 400* on January 6, 2014. This new stock index focuses on return on equity (ROE), a global investment metric. Investors are paying more attention to ROE management, which has been of interest in recent years.

Eisai has been working on ROE management, positioning ROE as a key indicator for ongoing shareholder value creation since the early 2000s when society was less interested in the area than now. With ROE management, we aim for world-class ROE and equity spread over the long term through improvements in margins (ratios of profits to sales), financial leverage, and turnover (total asset turnover ratio). Figure 1

To boost margins, Eisai will expand global brands (e.g., Halaven®, BELVIQ®, Fycompa®, and lenvatinib (generic name)) and Asia and strategic markets. Additionally, Eisai will secure profit by executing effective operation, and seek further effective cost gains. In using financial leverage, Eisai will pursue an optimal capital structure while maintaining financial strength. To improve turnover, Eisai will manage the cash conversion cycle (CCC) to control working capital and strive to improve asset efficiency through steps like selling assets, such as land and marketable securities, and streamlining inventory.

In the fiscal year ending March 2015, we will invest proactively to growth-driving global brands, Asian and strategic markets, and core R&D themes for returning to a growth trajectory. Consequently, ROE is expected to decline from the fiscal year ended March 2014. However, we look to return to growth trajectory and raise ROE from the fiscal year ending March 2016 with a longer-term view to continuous enhancement of shareholder value.

**Figure 1**

**Components of ROE**

**Figure 2**

**Annual ROE trends (Fiscal year ended March 2004 - Fiscal year ended March 2014)**

- **Margin**: Improve the ratio of operating profit by operating efficiently.
- **Financial leverage**: Utilize financial leverage while controlling net DER with medium-term target of 0.3 or less for financial strength.
- **Turnover**: Raise asset efficiency by controlling working capital, converting fixed assets into cash.

Eisai’s Six Types of Capital: Financial Capital

**ROE Management**

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**Eisai is included in the JPX-Nikkei Index 400 (as of August 2014).**
Another metric for assessing shareholder value is the price book-value ratio (PBR, ratio of share price to net assets). PBR is a valuation tool looking at the share price compared with the company’s assets, and PBR indicates how many times market value (market capitalization) the company creates against accounting net assets (book value). PBR can be broken down into the product of the price earnings ratio (PER, ratio of share price to earnings) and ROE.

Figure 3

In the fiscal year ended March 2014, Japanese companies’ PBR tended to improve with help from the so-called “Abenomics” policy. That said, PBR is still at the 1x level. Even looking at the past decade, Japanese companies’ standard PBR level has been 1x—around half the level in Europe and the U.S.

However, Eisai’s PBR is much higher than Japan’s standard level of 1x, thanks to its ROE management initiatives since the early 2000s.

In other words, Eisai’s market value (total market capitalization) exceeds its net assets on an accounting basis. That difference is called Market Value Added, which will be created over the longer term.

Figure 4

Eisai is not only taking steps to implement ROE management, but is also working to raise PER. Therefore, we will try to lower the cost of shareholders’ equity by presenting a clear capital policy, and to ensure timely and fair IR practices. In a report issued by SMBC Nikko Securities Inc. senior analyst, Yasuhiro Nakazawa, on June 19, 2014, Eisai’s PER was noted as being more than 10% above the industry average. The report referred to this as an IR premium and attributed it to investors’ high regard of Eisai’s clear capital policy and adept IR activities.

With IR activities, our goal is to keep earning the esteem of investors and contributing to ongoing shareholders’ value enhancement.
Basic Policy on Profit Appropriation and Dividends

The Company is devoted to providing sustainable and stable dividends to its shareholders under a healthy balance sheet and based on the comprehensive consideration of its consolidated financial performance along with the consolidated dividend on equity ratio*1 (DOE) and the allocation of cash income*2. DOE is composed of 2 indexes for shareholders. The first is the dividend payout ratio (DPR), which shows the proportion of profit distributed to shareholders. The second is the return on equity (ROE), which measures capital efficiency. DOE contributes to the creation of shareholder value that Eisai aims for, and because it represents the dividend to consolidated net assets ratio, it is also an index that reflects balance sheet management.

The acquisition of treasury stock will be carried out on a timely basis in consideration of such factors as the market environment and capital efficiency.

*1 Dividend on equity ratio (DOE) = Dividend payout ratio (DPR) x Return on equity (ROE)
*2 Cash income is the total amount of cash available for investment in future growth, shareholder returns, and the repayment of borrowings, and it can be used as a tool to evaluate the Group’s growth potential and strategies.

Equation: Cash income = Net income (loss) + Depreciation of PP&E and amortization of intangible assets + In-process R&D expenses + Amortization of goodwill + Loss on impairment of long-lived assets (including loss on devaluation of investment securities)

Dividends

Eisai has a Company with Committees System. The Articles of Incorporation provide that the dividend payment should be resolved at the Board of Director’s meeting in order to facilitate flexible payment. Based on the Company’s basic policy to provide sustainable and stable dividends to its shareholders, the Company set the fiscal year ended March 2014 year-end dividend at ¥80 per share. Combined with the interim dividend of ¥70 per share, this resulted in an annual dividend of ¥150 per share (same as the previous year), and DOE was 8.8%.

General Meeting of Shareholders

Eisai’s principal stakeholders are patients, customers, shareholders, and employees. In the interest of providing sufficient information to shareholders, the Chair of the Board of Directors reports on business operations and management policy at general shareholders’ meetings. Eisai also endeavors to respond to lively remarks from shareholders. To create an environment where all shareholders can appropriately exercise their voting rights, Eisai offers an electronic platform for exercising voting rights in addition to the shareholder registry administrator’s website for exercising voting rights, and posts a very informative Notice of Convocation in both the Japanese and English languages on the corporate website.
### Eisai's Six Types of Capital: Financial Capital

#### Status of Shares (As of March 31, 2014)

**Authorized (common stock)**: 1,100,000,000 shares  
**Issued**: 296,566,949 shares (including 11,202,048 shares of treasury stock)  
**Number of shareholders**: 106,981

#### Principal Shareholders

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of shares held</th>
<th>Number of shareholders</th>
<th>Percentage held of all shareholders voting rights (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Service Trust Bank, Ltd. (trust account)</td>
<td>18,649</td>
<td>1,086</td>
<td>6.53</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>14,845</td>
<td>125</td>
<td>5.20</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>13,659</td>
<td>2,923</td>
<td>4.78</td>
</tr>
<tr>
<td>Salama Resona Bank, Limited</td>
<td>8,300</td>
<td>583</td>
<td>2.90</td>
</tr>
<tr>
<td>JPMorgan Chase Bank 385147</td>
<td>6,189</td>
<td>354</td>
<td>2.16</td>
</tr>
<tr>
<td>Eisai Employee Shareholding Association</td>
<td>5,640</td>
<td>2,436</td>
<td>1.97</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>5,398</td>
<td>400</td>
<td>1.89</td>
</tr>
<tr>
<td>The Nato Foundation</td>
<td>4,207</td>
<td>199</td>
<td>1.47</td>
</tr>
<tr>
<td>State Street Bank West Client-Treaty</td>
<td>3,902</td>
<td>1,975</td>
<td>1.36</td>
</tr>
<tr>
<td>The Bank of New York 133522</td>
<td>3,894</td>
<td>1,950</td>
<td>1.36</td>
</tr>
</tbody>
</table>

* (Note) The April 1, 2009, closing prices of the Company’s stock price, Nikkei average, and TOPIX respectively represent the 100 shown in the line graph.

**Further, the holding percentage enclosed in parentheses is the percentage of the total number of outstanding shares, including treasury stock.**

**Please refer to the Notice of Convocation of the 102nd Ordinary General Meeting of Shareholders for the status of stock acquisition rights.**

#### Status of the Company’s Cross-shareholdings with Other Companies

Eisai’s fundamental policy is to use cross-shareholdings as a means of enhancing cooperation with other companies in ways that promote an increase in its own corporate value. As of March 31, 2014, Eisai had cross-shareholding relationships with 21 listed companies, with those companies holding a total of 10,889,000 shares in Eisai (3.67% of outstanding shares). Companies in the wholesale, pharmaceuticals, and electronic medical equipment industrial corporations, which represent the principal industries involved in cross-shareholding relationships, accounted for 69.2%. No shares are held for net investment purposes.

#### Trends in Treasury Stock Holdings over the Past 5 Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2010/3</th>
<th>2011/3</th>
<th>2012/3</th>
<th>2013/3</th>
<th>2014/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock</td>
<td>11,629,579</td>
<td>11,608,283</td>
<td>11,585,989</td>
<td>11,470,897</td>
<td>11,202,048</td>
</tr>
</tbody>
</table>

#### Acquisition, Disposal, and Holding of Treasury Stock

<table>
<thead>
<tr>
<th>Shares held at the end of the preceding fiscal year</th>
<th>Number of shares</th>
<th>Total acquisition cost / total disposal value (Millions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares held at the end of the fiscal year (a)</td>
<td>11,470,897</td>
<td>—</td>
</tr>
<tr>
<td>Acquired shares</td>
<td>8,732</td>
<td>35</td>
</tr>
<tr>
<td>Disposed shares</td>
<td>171,800</td>
<td>584</td>
</tr>
<tr>
<td>Disposal of treasury stock through third-party allotment in accordance with the introduction of a performance-related stock compensation system</td>
<td>105,400</td>
<td>358</td>
</tr>
<tr>
<td>Share increase for odd-lot shares</td>
<td>381</td>
<td>1</td>
</tr>
<tr>
<td>Shares held at the end of the fiscal year (b = a + c - d - e)</td>
<td>11,202,048</td>
<td>—</td>
</tr>
</tbody>
</table>

(No) During the fiscal year under review, there was no “treasury stock acquired as a result of a decision by the Board of Directors as stipulated under the provisions of Article 459-1-1 of the Companies Act.”

#### Stock Price

![Eisai's stock price](http://www.eisai.com/ir/stock/meeting.html)  
![TOPIX](http://www.eisai.com/ir/stock/meeting.html)
**Corporate Governance**

**Corporate Governance System**

In the realization of Eisai's Corporate Philosophy, which is the hyc philosophy, corporate measures and policies must be executed with long-term vision. Such implementation is made possible only with the trust of Eisai's shareholders. Therefore, Eisai is always aiming for the best corporate governance and strives to continually achieve its fulfillment.

Eisai respects the rights of all our shareholders, and considers that the essence of corporate governance is to ensure fair and transparent management and to enhance corporate vitality. **Figure 2** shows the basic framework and mechanism of Eisai's corporate governance.

**Development of the Corporate Governance System**

Eisai believes that the essence of corporate governance is to maximize corporate value, and has been strengthening corporate governance since taking the first step of appointing outside directors 14 years ago in June 2000. **Figure 3** In June 2004, Eisai carried out a change of its Articles of Incorporation at the General Meeting of Shareholders and adopted the Company with Committees System. With the adoption of this system, the Company increased the number of outside directors to comprise more than half of the Board of Directors. In this manner, Eisai has increased the transparency and fairness of management, along with strengthening the supervisory function of the Board of Directors over overall management. Thereafter, Eisai has continuously enhanced the quality of management, and strengthened its corporate governance system to deliver improved benefits to shareholders, customers, employees, and other stakeholders.

![Figure 1: Basic Framework of the Corporate Governance System](image1)

- **Shareholder Relations**
  1. Respect the rights of all shareholders.
  2. Ensure the equality of all shareholders.
  3. Structure favorable and smooth relations with the Company's stakeholders, including shareholders.
  4. Disclose properly and ensure the transparency of Company information.

- **Corporate Governance System**
  1. The Company has adopted a Company with Committees System.
  2. The Board of Directors shall broadly delegate to the corporate officers the power of decision-making over business conduct to the extent permitted by the laws and regulations and shall exercise its management oversight function.
  3. The majority of the Board of Directors shall consist of independent outside directors.
  4. There shall only be one Representative Corporate Officer and CEO who shall be a corporate officer and a director concurrently.
  5. To clarify the management oversight function, the Chair of the Board of Directors, and the Representative Corporate Officer and CEO, shall be separated.
  6. The Nomination Committee and the Compensation Committee shall be entirely composed of outside directors, and the majority of the Audit Committee shall consist of outside directors.
  7. Each of the Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be appointed from the outside directors.
  8. The internal controls system shall operate properly to ensure the credibility of financial reports.

![Figure 2: Eisai's Corporate Governance System](image2)

**Figure 2** shows Eisai's Corporate Governance System as follows:

- **General Meeting of Shareholders**
  - Board of Directors: 11 members (7 outside*, 4 internal)
  - Chair: Outside Director

- **Audit Committee**
  - 5 members (3 outside, 2 internal)
  - Chair: Outside Director

- **Nomination Committee**
  - 3 members (all outside members)

- **Compensation Committee**
  - 3 members (all outside members)

- **Independent Committee of Outside Directors**
  - 7 members (all outside members)

* As of July 2014, 2 of the 7 outside directors are non-Japanese and 1 is a woman.
Features of Eisai’s Corporate Governance

(1) Clear Separation of the Functions of the Supervision of Management and the Execution of Business

The central aspect of the Group’s corporate governance system is the clear separation of the supervision of management and the execution of business operations that makes the most of the Company with Committees System.

The Board of Directors with outside directors making up the majority is able to devote its attention to the supervision of management by entrusting a large portion of decision-making authority to corporate officers. This makes it possible for corporate officers to increase the speed and flexibility of business execution and to enhance the vitality of management, in addition to ensuring autonomy by establishing internal controls. Under this system, in addition to checking the status of execution of operations, the Board of Directors also inspects the status of internal controls such as business execution and decision-making processes from the perspective of shareholders and society.

Furthermore, in order to achieve a clear separation between the supervision of management and the execution of business, the Company has established that the Chair of the Company’s Board of Directors be an outside director. The Chair of the Board of Directors ensures that the selection of agendas and the establishment of annual themes are scrutinized in order to enable the Board of Directors to make fair and appropriate judgments on behalf of shareholders and other stakeholders. Sufficient time is also spent to confirm the content of proposals presented to the Board of Directors. The Board of Directors’ Secretariat is supervised to explain the content of the proposals to each director in advance of meetings. The proceedings of the meetings of the Board of Directors are carried out in ways that enable directors, with their diverse backgrounds, to express their opinions on the basis of their varied knowledge.

(2) Ensuring the Independence and Neutrality of Outside Directors

The presence of seven independent and neutral outside directors, who account for the majority of the members of the Board of Directors, supports the effective operation of the Company’s corporate governance system. Eisai’s Nomination Committee is composed of outside directors only. The Nomination Committee strictly applies the requirements for the independence and neutrality of outside directors, stipulated by the Nomination Committee, for the selection of candidates for outside directors.

(3) Mechanism for Considering the Continuous Enhancement of Corporate Governance

The Company has established and published Corporate Governance Guidelines to outline its approach to ensuring the best corporate governance. Article 26 of the Guidelines stipulates that the Board of Directors shall conduct an annual self-review of the execution of duties by the Board of Directors. In accordance with this stipulation, the Board of Directors carries out a self-review regarding the execution of duties by the Board of Directors. Furthermore, a meeting of outside directors is held on a regular basis to serve as an opportunity for discussion on the state of the Company’s corporate governance as well as its ideal state. This allows the Board of Directors’ meetings to have fruitful discussions, and also to amend the Guidelines as necessary.

Board of Directors

<table>
<thead>
<tr>
<th>Unit</th>
<th>Personnel</th>
<th>Duties, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>11 directors</td>
<td>(1) Determine the material matters required by law, the Articles of Incorporation and the Rules of the Board of Directors, including basic management policies and the appointment of corporate officers.</td>
</tr>
<tr>
<td></td>
<td>7 outside directors</td>
<td>(2) Oversee the execution of duties by the directors and corporate officers on the basis of reports from the Nomination Committee, Audit Committee, the Compensation Committee and the corporate officers.</td>
</tr>
<tr>
<td></td>
<td>4 internal directors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chair: Outside director</td>
<td></td>
</tr>
</tbody>
</table>

a) Nomination Committee

<table>
<thead>
<tr>
<th>Unit</th>
<th>Personnel</th>
<th>Duties, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination Committee</td>
<td>3 persons</td>
<td>(1) Determine the content of the proposals related to the selection or retirement of directors presented to the General Meeting of Shareholders.</td>
</tr>
<tr>
<td></td>
<td>3 outside directors</td>
<td>(2) Establish the “Requirements for the Independence and Neutrality of Outside Directors” for the selection of independent outside directors.</td>
</tr>
<tr>
<td></td>
<td>Chair: Outside director</td>
<td>(3) Establish basic policies, rules, and procedures necessary for the execution of duties by the Nomination Committee.</td>
</tr>
</tbody>
</table>

b) Audit Committee

<table>
<thead>
<tr>
<th>Unit</th>
<th>Personnel</th>
<th>Duties, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>5 persons</td>
<td>(1) Audit the execution of duties by directors and corporate officers.</td>
</tr>
<tr>
<td></td>
<td>3 outside directors</td>
<td>(2) Determine proposals related to the election, dismissal, and non-reappointment of the accounting auditors to be submitted to the General Meeting of Shareholders.</td>
</tr>
<tr>
<td></td>
<td>2 internal directors</td>
<td>(3) Execute accounting audits and other matters stipulated by applicable laws.</td>
</tr>
<tr>
<td></td>
<td>Chair: Outside director</td>
<td>(4) Strive to enhance the quality of audits and achievement of efficient audits through such means as receiving reports from directors, corporate officers, employees and accounting auditors on a timely and proper basis in relation to those matters required for the auditing of the execution of duties by directors and corporate officers, as well as by collaborating with accounting auditors and the Corporate Internal Audit Department.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(5) Establish basic policies, rules, and procedures necessary for the execution of the Audit Committee duties.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(6) Ensure the objectivity of audits by guaranteeing the independence of the Management Audit Department, which executes duties under the resolution of the Audit Committee and the direction of members of the Committees, from corporate officers in relation to directions related to the execution of their duties, personnel evaluations, etc.</td>
</tr>
</tbody>
</table>

c) Compensation Committee

<table>
<thead>
<tr>
<th>Unit</th>
<th>Personnel</th>
<th>Duties, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Committee</td>
<td>3 persons</td>
<td>(1) Determine policies related to the determination of the content of the compensations, etc., of directors and corporate officers, and determine the content of compensations, etc., for individual directors and corporate officers.</td>
</tr>
<tr>
<td></td>
<td>3 outside directors</td>
<td>(2) Proactively incorporate data from external surveys, etc., in order to ensure the objectivity of the determination of the compensations, etc., of directors and corporate officers, as well as review and determine the validity of the decision-making process in relation to compensation, etc.</td>
</tr>
<tr>
<td></td>
<td>Chair: Outside director</td>
<td>(3) Establish basic policies, rules, and procedures necessary for the execution of the duties of the Compensation Committee.</td>
</tr>
</tbody>
</table>
Eisai has a Management Audit Department that operates independently of other organizations within the Company, stringently reviewing internal controls on a day-to-day basis. The Audit Committee to which I belong exchanges all manner of information and opinions with the Management Audit Department, and I’m confident that together we provide a foundation that supports high-quality audits. I also believe that the Management Audit Department’s earnest efforts play a key role in curtailing improper activities and accidents.

From an independent outside director’s perspective, could you tell us what is required for Eisai to further enhance its corporate value and hence, augment stakeholders’ benefits?

A: Eisai is approaching a major turning point in its operations. The Company is transitioning from a two brand structure built upon the Alzheimer’s disease treatment agent Aricept® and the proton-pump inhibitor Pariet®/AcipHex® to a multi-brand structure designed to achieve growth through multiple global brands. It is becoming increasingly difficult to discover and develop blockbuster products. I therefore believe Eisai has made the right choice in seeking to generate revenue progressively through a stable of brands. In my capacity as outside director I aim to support Eisai in this transformation.
Dear Shareholders,

To me, the mission of the modern-day pharmaceutical industry is to understand the feelings of patients and their families, create products that enhance value for patients, ensure stable supplies, provide information, and improve overall access. In this time of sweeping globalization, I want to answer this call across the globe and respond to the needs of our shareholders.

I will do my best to conduct deliberations in meetings of the Board of Directors from the perspectives of promoting corporate activities based on the Company's philosophy, human health care (hhc) and implementing compliance, and further, communicate with the members of the Company, and thereby contribute to society.

Haruo Naito
Representative Corporate Officer and CEO

Tokujji Izumi
(Chair of the Board of Directors, and Member of the Independent Committee of Outside Directors)

Kiyochika Ota
(Chair of the Nomination Committee, Member of the Compensation Committee, and Member of the Independent Committee of Outside Directors)

Activity on the Board of Directors and Committees

In his capacity as the Representative Corporate Officer and CEO, Mr. Naito explained the details of relevant proposals that were submitted at meetings of the Board of Directors, reported on issues, provided explanations as needed, and responded to questions from directors while presenting his own views as appropriate.

Activity on the Board of Directors and Committees

As the Chair of the Board of Directors, Mr. Izumi selected proposals to be presented at meetings of the Board of Directors and presided over the proceedings of those meetings while explaining the agenda, encouraging input from members, and working to harmonize and summarize the opinions of each member. In addition, Mr. Izumi utilized his abundant experience and knowledge as an attorney and high level of management expertise and supervisory capabilities to request explanations and present his opinions as needed.

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Ota utilized his abundant experience and knowledge as a corporate manager and his high level of management expertise and supervisory capabilities to request explanations and present his opinions and advice as needed. In addition, as the Chair of the Nomination Committee, Mr. Ota directed the secretariat of the Committee, made preparations for meetings of the Committee and presided over the proceedings of that Committee. He reported to the Board of Directors on the results of the proceedings and responded to questions and comments at meetings of the Board of Directors. Also, as a member of the Compensation Committee, Mr. Ota presented a variety of proposals and responded to questions from other Committee members. In addition, he requested explanations regarding the opinions expressed by other Committee members and presented his own opinions as needed.

Activity on the Board of Directors and Committees

In his capacity as the Director, Mr. Okada explained the details of relevant proposals that were submitted at meetings of the Board of Directors, reported on issues, provided explanations as needed, and responded to questions from directors while presenting his own views as appropriate.

Activity on the Board of Directors and Committees

As the Chair of the Board of Directors, Mr. Hirasawa selected proposals to be presented at meetings of the Board of Directors and presided over the proceedings of those meetings while explaining the agenda, encouraging input from members, and working to harmonize and summarize the opinions of each member. In addition, Mr. Hirasawa utilized his abundant experience and knowledge as an attorney and high level of management expertise and supervisory capabilities to request explanations and present his opinions as needed.
Dear Shareholders,

In the context of accelerating globalization, there are an increasing number of risks that accompany the business activities of pharmaceutical companies, requiring the further enhancement of their corporate governance systems.

In such a management environment, Eisai was among the first companies to adopt a form of Board of Directors that emphasized the monitoring of management. As an independent, non-executive director, I will contribute to the establishment of structures, with a focus on those related to risk management, which will enable the Company to continue blossoming and existing as a global pharmaceutical company with social value. In addition, through these management monitoring activities, I hope to further increase the transparency and fairness of management, and move forward in increasing joint benefit with a wide range of shareholders.

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Deguchi utilized his abundant experience within the Company and high level of management expertise and supervisory capabilities to request explanations and present his opinions and advice as needed. In addition, as a member of the Audit Committee, Mr. Matuji directed the daily operation of the Management Audit Department and worked to raise the quality of audit activities, in addition to explaining implemented audit activities at meetings of the Audit Committee, while also presenting his own opinions as appropriate.

Attendance (the fiscal year ended March 2014)
Board of Directors 100% (10/10)

Hideaki Matuji
(Member of the Audit Committee)

Reappointment
No. of the Company’s shares held
35,946

Mar. 1971 Joined the Company
Apr. 1995 Senior Director, Corporate Management Planning Department
Jun. 1997 Director of the Company
Jul. 1997 Chairman, Eisai Welfare Pension Fund (currently Eisai Corporate Pension Fund)
Jun. 2000 Director and Group Officer of the Company
Jun. 2001 Director and Senior Vice President of the Company
Jun. 2002 Director and Executive Vice President of the Company
Jun. 2002 Assigned to Management Affairs of the Company
Jun. 2004 Executive Vice President and Representative Corporate Officer of the Company
Jan. 2008 Chief Financial Officer (CFO) of the Company
Apr. 2009 Assigned to Customer Joy
Jun. 2010 Head of Finance & Accounting HQ of the Company
Jun. 2011 Director of the Company (current)
Jun. 2012 Member of the Audit Committee of the Company (current)

Nobuo Deguchi
(Member of the Audit Committee)

Reappointment
No. of the Company’s shares held
21,457

Mar. 1970 Joined the Company
Oct. 1999 Senior Director, Corporate Ethics Compliance Department of the Company
Jun. 2001 Group Officer of the Company, assigned to Corporate Ethics, PL, Legal Affairs of the Company
Jun. 2004 Vice President of the Company, assigned to Corporate Ethics, Legal Affairs, Intellectual Property, Environmental and Safety Affairs of the Company
Jun. 2005 Senior Vice President of the Company, assigned to Corporate Ethics, Legal Affairs, Intellectual Property, Environmental and Safety Affairs of the Company
Jun. 2007 Executive Vice President of the Company, assigned to Internal Control, Compliance, Intellectual Property of the Company
Jun. 2008 Executive Vice President and Representative Corporate Officer of the Company, assigned to Internal Control, Compliance, General Affairs, Intellectual Property of the Company
Jun. 2010 Representative Corporate Officer and Deputy President, Aide to the President, Chief Compliance Officer, and Human Resources and Labor Management of the Company
Nov. 2010 Representative Director and President, Eisai R&D Management Co., Ltd.
Jun. 2011 Chairman, Eisai Welfare Pension Fund
Jun. 2012 Director of the Company (current)

Graham Fry
(Member of the Nomination Committee, Member of the Compensation Committee, Member of the Independent Committee of Outside Directors)

Reappointment
No. of the Company’s shares held
108

Aug. 1972 Joined British Foreign and Commonwealth Office (FCO)
May 1993 Director, Far East and Pacific Department of FCO
Dec. 1995 Director, North Asian and Pacific Bureau of FCO
Sep. 1998 High Commissioner to Malaysia
Oct. 2001 Director General for Economic Affairs of FCO
Jul. 2004 Ambassador of the United Kingdom to Japan
Sep. 2008 Member of the Board of Governors, School of Oriental and African Studies, University of London (current)
Jun. 2012 Director of the Company (current), Member of the Nomination Committee (current), Member of the Compensation Committee, and Member of the Independent Committee of Outside Directors (current)
Jun. 2014 Chair of the Compensation Committee (current)

Dear Shareholders,

The function of the Board at your Company is to ensure that the strategic direction of the Company and the conduct of its management are in accordance with its basic philosophy of serving the interests of patients and of shareholders. This is all the more important in the present, transitional stage of the business as older products lose exclusivity and the Company moves to new sources of growth. After 6 years as a director I should like to continue to serve you and your Company and to contribute to its effective corporate governance and its strategic oversight.

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Sir Fry utilized his abundant experience and knowledge as a British diplomat and his high level of management expertise and supervisory capabilities to request explanations and present his opinions and advice as needed. Also, as a member of the Nomination Committee and Compensation Committee, Sir Fry presented a variety of proposals at meetings of both committees, responded to questions from other Committee members, requested explanations regarding the opinions expressed by other Committee members, and presented his own opinions as appropriate.

Attendance (the fiscal year ended March 2014)
Board of Directors 100% (10/10)

Activity on the Board of Directors and Committees

At meetings of the Board of Directors, Mr. Deguchi utilized his abundant experience within the Company and high level of knowledge of corporate governance and supervisory capabilities to request explanations and present his opinions and advice as needed. In addition, Mr. Deguchi presented proposals and provided his opinions and made other contributions regarding corporate governance issues and the proceedings of the Board of Directors.

Attendance (the fiscal year ended March 2014)
Board of Directors 100% (10/10)
Dear Shareholders,

As a pharmaceutical company, Eisai has a major social mission on a global scale to provide a stable supply of effective and safe drugs to patients through medical institutions and the like. In this sense, I believe that Eisai’s corporate governance structure in which outside directors comprise the majority of the Board of Directors, extremely progressive as a Japanese company, is of importance.

My 2 years of experience as an outside director of Eisai have given me a renewed sense of the importance of Eisai’s current governance structure. As an outside director of Eisai, I will continue to do whatever I can to ensure that the governance function of the Board of Directors lives up to its full potential.

Activity on the Board of Directors and Committees
At meetings of the Board of Directors, Mr. Suzuki utilized his specialized knowledge as an attorney as well as his high level of management expertise and supervisory capabilities to request explanations and present his opinions and advice as appropriate. Also, as a member of the Audit Committee, Mr. Suzuki formulated audit plans, requested explanations regarding the results of investigations and subsequent follow-up actions, and presented his opinions at meetings of the Audit Committee as needed. Further, as Chair of the Independent Committee of Outside Directors, Mr. Suzuki directed the secretariat of the Committee, made preparations for meetings of the Committee and presided over the proceedings of that Committee. He made reports and proposals to the Board of Directors on the results of the proceedings and responded to questions and comments at meetings of the Board of Directors.

Attendance (the fiscal year ended March 2014)
Board of Directors 100% (10/10)

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Dear Shareholders,

Eisai upholds human health care (hhc) as its Corporate Philosophy, focusing on valuing patients, shareholders and employees. Eisai is a leader among Japanese companies in its approach to corporate governance. In particular, I am impressed with how much Eisai values transparency and openness. From the perspective of research on management and leadership, Mr. Nakai is truly a thoughtful leader. I will continue to strive to support Eisai’s managerial oversight so that Eisai may continue to globally enhance its corporate value and value to stakeholders.

Activity on the Board of Directors and Committees
At meetings of the Board of Directors, Ms. Robinson utilized her specialized knowledge regarding business strategies as well as her high level of management expertise and oversight capabilities to request explanations and present her opinions and advice as needed. Also, as a member of the Audit Committee, Ms. Robinson formulated audit plans, requested explanations regarding the results of investigations and subsequent follow-up actions, and presented her opinions at meetings of the Audit Committee as needed.

Attendance* (the fiscal year ended March 2014)
Board of Directors 100% (10/10)

* As Ms. Patricia Robinson was newly appointed as a director and assumed her post at the 101st Ordinary General Meeting of Shareholders held on June 21, 2013, her attendance at meetings of the Board of Directors as shown above indicates attendance at meetings beginning on June 21, 2013.
Dear Shareholders,

In the face of a globalized pharmaceutical market, Eisai is in the midst of a race to develop leading-edge pharmaceuticals that will establish as many primary sources of revenue as quickly as possible. Development of pharmaceuticals will continue to be key to Eisai’s contributions to society.

As such, Eisai is a company that values transparency and fairness in management, as it pursues its Corporate Philosophy. As an outside director, I will utilize the knowledge I have gained through many years of working in the audit and appropriate nature of financial reporting, to play a part in Eisai’s corporate governance during this managerial turning point for the Company. On this foundation, I will strive for further enhancement of the transparency and fairness of management and hope to contribute to shareholders and other stakeholders.

No. of the Company’s shares held 8,008

Noboru Naoe

Dear Shareholders,

It is my desire to do my best to increase corporate value and long-term shareholder value through achieving Eisai’s Corporate Philosophy. Throughout my many years engaged in the sale of prescription drugs, I have promoted the maximization of the Company’s corporate value by contributing to patients through the provision of Eisai’s products. As an inside director, in addition to utilizing these experiences, I would like to expand my knowledge of business and accounting audits and corporate governance, contribute to supervision and decision-making related to management, and meet the expectations of our shareholders.

No. of the Company’s shares held

Ikuo Nishikawa

Please refer to the Corporate Governance Report regarding the reason for selection, and the independence and neutrality, of the outside directors (Japanese only):

http://www.eisai.com/company/cgregulations.html
Corporate Officers (As of June 30, 2014)

Eisai Co., Ltd.
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Representative Corporate Officer and CEO
Haruo Naito
Representative Corporate Officer, CPO and COO
Ichiro Kawanishi
Chief Product Creation Officer, Eisai Product Creation Systems,
Chief Information Officer, CEO’s special mission
Yutaka Tsuchiya
Representative Corporate Officer and CFO
Hajime Shimizu
Representative Corporate Officer and Asia Region President
Hideshi Honda

Executive Vice President
Takafumi Asano
Executive Vice President
Yasushi Okada
Senior Vice President
Kenta Takahashi
Senior Vice President
Edward Stewart Geary
Senior Vice President
Yuji Matsue
Senior Vice President
Gary Hendler

Vice President
Ivan Cheung
Vice President
Takashi Owa
Vice President
Yasunobu Kai
Vice President
Terushige Ikeda
Vice President
Kenji Matsumae
Vice President
Lynn Kramer

Vice President
Haruo Naito
Representative Corporate Officer and CEO

Vice President
Ryohei Yanagi
Vice President
Corporate Affairs,
Executive Director, Government Relations Department

Vice President
Sayoko Sasaki
Vice President
Chief Compliance Officer,
Internal Control,
Executive Director, Corporate Compliance and Risk Management Department

Vice President
Junichi Asatani
Vice President
Frank Ciriello
Vice President
Shaji Procida
Compliance & Risk Management

Eisai defines compliance as “the observance of the highest legal and ethical standards” and positions it at the core of management activities. In addition, Eisai defines internal control as “the systems and processes established and managed internally to ensure proper and efficient operations,” and shares the Policy for Internal Control with all officers and employees. Eisai has appointed a Chief Compliance Officer and corporate officer responsible for internal control as well as audits, who works to enhance compliance and internal control on a global scale in hope of raising awareness of compliance and risks and strengthening the Company’s ability to respond to such issues.

Promotion of Compliance
The Corporate Compliance and Risk Management Department works with compliance and other departments in each region, and the compliance personnel in each ENW* company to promote compliance globally. The promotion of compliance activities periodically undergo objective reviews by a Compliance Committee made up of external experts such as lawyers and consultants from inside and outside Japan. Furthermore, the Compliance Committee provides appropriate advice and recommendations to the Chief Compliance Officer.

Spread of Compliance Awareness
Eisai believes that it is essential to promote compliance awareness among all officers and employees in order to ensure that corporate activities are always conducted in accordance with compliance standards by every officer and employee.

To achieve this, the Compliance Handbook summarizing the ENW Charter of Business Conduct and the Code of Conduct have been created for all officers and employees and published in 18 languages. The handbook has been distributed among all employees along with a Take-along Compliance Card. Furthermore, Eisai has been providing training for newly appointed managers to conduct organization management in line with compliance.

Training continues to be implemented through media such as compliance workshops, e-learning, and e-mail newsletters, in order to foster the compliance mindset.

Use of Compliance Counter
The Compliance Counter has been established as an accessible in-house compliance consultation service for all officers and employees to utilize whenever they are having difficulty making compliance-related decisions, such as interpreting the law, or have compliance concerns about their own conduct or that of their supervisors or colleagues. The counter fields inquiries and consultations on a diverse range of matters, including the Equal Employment Opportunity Act for Men and Women, personal information protection, copyright, the Public Service Ethics Code and industry self-regulation. In addition, external consultation services staffed by outside lawyers and counselors have also been established, thereby creating an environment that encourages compliance.

Risk Management Promotion
The Corporate Compliance and Risk Management Department assesses important company-wide risks through interviews with corporate officers, and implements Control Self-Assessments (CSAs) for all ENW organization leaders as mechanisms for reducing everyday operational risks. These CSA activities serve to energize the risk management cycle (identifying, evaluating, responding to, and monitoring risks that interfere with the achievement of business goals) and enhance internal control as a whole. Furthermore, Eisai has established a management organization or appointed a manager by region or company in Japan, the U.S., Europe, and the Asia region to globally promote internal control through support for risk management.

Execution of High-Quality Internal Audits
Under the supervision of the corporate officer responsible for internal control, Eisai's Corporate Internal Audit Department collaborates with the internal audit staff of Eisai Group companies to carry out internal audits.

The Corporate Internal Audit Department objectively evaluates whether business activities are being carried out properly and efficiently on the basis of the hhc philosophy and compliance standards. Furthermore, it continually confirms the extent of improvements that have been made in regard to issues identified through internal audits.

With the criticality of risks in mind, the Corporate Internal Audit Department formulates internal audit plans as well as ensures the quality of internal audits by carrying out auditing activities in accordance with prescribed methods. Furthermore, it strives to execute high-quality internal audits that meet global standards through continuous improvement as well as regular external assessment.

*ENW (Eisai Network companies): The corporate group comprised of Eisai Co., Ltd. and its subsidiaries and associated companies.
Risk Factors

1. Risks Related to Overseas Operations
The Group conducts production/sales activities for products in countries and regions such as the U.S., Europe, and Asia. However, there is no guarantee that the Group can entirely avoid such risks as legal restrictions and socio-political uncertainty in the development of global business activities. In the event the Group faces such risks, there is a possibility that original projected earnings may not be achieved.

2. Uncertainty of New Drug Development
Development of a drug candidate substance may be discontinued due to shortcomings in its effectiveness or safety profile. Even if clinical trials yield favorable results, approval may not be granted due to changes in pharmaceutical regulations implemented during the development of the product. As a result of the delay or discontinuation of development of a new drug arising from the inherent uncertainties of drug development, future expected profits may not be achieved.

3. Risks in Alliances with Other Companies
The Group has some products for which sales promotion activities are carried out through business alliances with other companies. If partner relationships are not sustained, sales may decrease and significantly impact business results. Furthermore, expected profits may not be achieved due to uncertainties associated with product acquisition and the licensing of products and products under development.

4. Impact of Medical Cost Containment Measures
In Japan, the government enacts price revisions for prescription drugs every 2 years and is adopting measures such as the promotion of generic drugs as part of its efforts to contain medical costs. Efforts to reduce drug costs are intensifying year after year in the U.S. as well as in countries in both Europe and Asia. Such efforts to contain costs may lead to a drop in sales.

5. Risks Related to Generic Products
Pharmaceutical patents have a limited term. Frequently, generic makers launch generic products upon the expiration of a patent for the original drug. Additionally, in countries such as the U.S., an application for a generic product is accepted even during the patent term. Generic products may have a significant impact on market share because of their low price.

6. Risks Related to Intellectual Property
If a patent application is dismissed, a patent is found to be invalid after approval, or if there is a failure to properly protect a patent, competitors may enter the market earlier than expected, which could potentially lead to a decrease in sales. Additionally, if the business activities of the Group infringes on the intellectual property of a third party, it may deteriorate profitability as well as necessitate a change in the business plan of the Group as a result of the third party in question exercising the right, leading to a significant impact on business performance of the Group.

7. Risks of Occurrences of Side Effects
If a product is found to have any serious side effects, there may be a serious impact on performance due to the Group taking measures such as suspending product sales or conducting a product recall.

8. Risks Regarding Regulations
Because the Group’s pharmaceuticals business is subject to various controls including pharmaceutical regulations and product liability, enactment of a law or changes in the regulations may have a significant impact on business results. In the event regulatory nonconformity is found in a product, the Group may issue a product recall, have the product’s marketing approval revoked, or face liability claims.

9. Risks Relating to Lawsuits
Results of pending or future lawsuits may have a significant impact on the Group’s business results.

10. Plant Closure/Shutdown
The Group’s plants may be closed or shut down due to technical problems, raw material shortages, influenza and other pandemics, fire, earthquakes and other natural disasters. In such cases, the provision of products may become difficult, which could significantly impact business results.

11. Risks Concerning the Safety and Quality of Raw Materials
If there is any concern over the safety and quality of raw materials, the Group may take action such as changing materials, conducting a recall, or suspending sales, which may have a significant impact on business results.

12. Risks Associated with Outsourcing
The Group outsources part of its operations, including research and production, to other companies. Business results may be significantly impacted when the provision of business by outside companies is disrupted due to the shutdown of operations of any of the subcontractors for whatever reason.

13. Environmental Risks
If a serious environmental pollution event is reported at any of its business offices, the Group may be required to close the office in question or be subject to other proceedings required by law. Furthermore, the costs necessary to assume liability for payment of compensation to neighboring regions and improve the environment may significantly affect business results.

14. Risks Concerning IT Security and Information Management
Since the Group makes full use of various IT systems for business, its operations may be disrupted due to external factors such as inefficient systems and computer viruses. In addition, the Group faces the risk of technical accidents that involve personal information leakages outside of the Group, which may considerably damage the Group’s social reputation and significantly impact business results.

15. Risks Related to Financial Market Conditions and Currency Movement
As the Group holds stocks and other marketable securities, a decline in the stock market could result in losses on stock sales or valuation losses. In addition, an increase in retirement benefits due to changes in the interest rate may have an impact on business results. Furthermore, foreign exchange fluctuations affect the yen conversion of sales of consolidated subsidiaries, which account for over half of consolidated net sales. The effects of foreign exchange fluctuations on export and import transactions also impact business results.

16. Risks Concerning Internal Control Systems
In accordance with assessment and audit standards as well as implementation standards for internal controls pertaining to financial reporting as mandated by the Financial Instruments and Exchange Law of Japan, the Group establishes effective internal control systems related to financial reporting and strives to appropriately manage those systems. However, major losses that arise due to the malfunction of internal control systems or occurrence of unexpected problems related to internal control systems may have a significant impact on business results.

16. Risks Concerning Disasters
The occurrence of disasters, including natural disasters, such as earthquakes and typhoons, as well as accidents, such as fires, could result in large-scale damage to business facilities and impact the business activities of the Group. In addition, repairs to facilities damaged by these disasters may cause the Company to incur significant expenses and have a major impact on business results.
Corporate Information

Japan and Overseas Operations

Head Office
4-6-10, Koshikawa, Burukyo-ku,
Tokyo 112-8088, Japan
TEL: 81-3-3817-3700

Major Overseas Business Offices

North America

Eisai Inc.
100 Tice Boulevard Woodcliff Lake,
New Jersey 07677, U.S.A.
TEL: 1-201-692-1100
FAX: 1-201-746-3201

Eisai Inc. / Research Triangle Park (RTP)
900 Davis Drive, P.O. Box 14505
RTP, North Carolina 27709, U.S.A.
TEL: 1-919-941-6920
FAX: 1-919-941-6931

Eisai Inc. / Andover Site (Research Laboratory)
4 Corporate Drive, Andover,
Massachusetts 01810, U.S.A.
TEL: 1-978-794-1100
FAX: 1-978-794-4910

Coporate Information

Eisai’s Six Types of Capital

To Our Stakeholders

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Eisai’s Unique Business Models

Corporate Governance

Board of Directors and Executive Officers

Corporate Information

Corporate Philosophy

Results for the Fiscal Year Ended March 2014

Eisai’s Main Products and Investigational Compounds

Compliance & Risk Management

External Business Environment and Strategy

Eisai’s Value Creation Process and Flow
(Editors Policy)

Risk Factors

Limited Liability Company “Eisai”
Business Center Lotte Plaza 8, Novinsky Blvd.,
Moscow 121099, Russia
TEL: 7-495-580-7026
FAX: 7-495-580-7028

Head Office
4-6-10, Koshikawa, Burukyo-ku,
Tokyo 112-8088, Japan
TEL: 81-3-3817-3700

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4 Corporate Drive, Andover,
Massachusetts 01810, U.S.A.
TEL: 1-978-794-1100
FAX: 1-978-794-4910

H3 Biomedicine Inc.
300 Technology Square, 9th floor,
Cambridge, Massachusetts 02139, U.S.A.
TEL: 1-617-423-6199

Eisai Limited
6925 Century Ave, Suite 701,
Mississauga, Ontario L5N 7K2, Canada
TEL: 1-905-381-7130
FAX: 1-732-791-1212

Eisai Europe Ltd.
European Knowledge Centre,
Mosquito Way, Haffield,
Hertfordshire AL10 9SN, U.K.
TEL: 44-845-676-1400
FAX: 44-845-676-1401

Eisai Ltd.
European Knowledge Centre,
Mosquito Way, Haffield,
Hertfordshire AL10 9SN, U.K.
TEL: 44-845-676-1400
FAX: 44-845-676-1401

Eisai Manufacturing Ltd.
European Knowledge Centre,
Mosquito Way, Haffield,
Hertfordshire AL10 9SN, U.K.
TEL: 44-845-676-1400
FAX: 44-845-676-1401

Eisai S.A.S.
Tour Manhattan, 5-6 Place de l’Iris,
92035 Paris La Défense 2 Cedex, France
TEL: 33-1-47670003
FAX: 33-1-47670015

Eisai B.V.
Staatskijnlaan 1141, Toren C, 11e, 1077 XX
Amsterdam, The Netherlands
TEL: 31-20-575-3340
FAX: 31-20-575-3341

Eisai Farmacéutica S.A.
C’Arturo Soria 336, 3ª Planta,
28033 Madrid, Spain
TEL: 34-91-455-9455
FAX: 34-91-721-0500

Eisai S.r.l.
Via dell’Unione Europea 6B
San Donato Milanese (MI), 20097, Italy
TEL: 39-02-518-1401
FAX: 39-02-518-1402

Eisai Pharma AG
Schaffhauserstrasse 611, 8052 Zurich, Switzerland
TEL: 41-44-306-1212
FAX: 41-44-306-1200

Eisai AB
Visiting address: Skarnvagen 3A, 182 33 Danderyd, Sweden
Postal address: P.O. Box 23060, 104 35 Stockholm
TEL: 46-8-501-01-600
FAX: 46-8-501-01-699

Eisai Clinical Research Singapore Pte. Ltd.
152 Beach Road #15-05/08,
Gateway East, Singapore 189721
TEL: 65-6296-6977
FAX: 65-6296-6577

Eisai Clinical Research Singapore Pte. Ltd.
152 Beach Road #15-05/08,
Gateway East, Singapore 189721
TEL: 65-6296-6977
FAX: 65-6296-6577

Eisai (Thailand) Marketing Co., Ltd.
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Corporate Information

Corporate Data (As of March 31, 2014)

<table>
<thead>
<tr>
<th><strong>Year Founded</strong></th>
<th>1941</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Name</strong></td>
<td>Eisai Co., Ltd.</td>
</tr>
<tr>
<td><strong>Corporate Address and Telephone Number</strong></td>
<td>4-6-10, Koishikawa, Bunkyo-ku, Tokyo 112-8088, Japan TEL: 81-3-3817-3700</td>
</tr>
<tr>
<td><strong>Annual Shareholders’ Meeting</strong></td>
<td>The annual shareholders’ meeting of Eisai Co., Ltd., is held in June.</td>
</tr>
<tr>
<td><strong>Stock Exchange Listings</strong></td>
<td>Eisai common stock is listed on the Tokyo Stock Exchange.</td>
</tr>
<tr>
<td><strong>Securities Code Number</strong></td>
<td>4523</td>
</tr>
<tr>
<td><strong>Independent Public Accountants</strong></td>
<td>Deloitte Touche Tohmatsu LLC</td>
</tr>
<tr>
<td><strong>Paid-in Capital</strong></td>
<td>¥44,985 million</td>
</tr>
<tr>
<td><strong>Number of Employees</strong></td>
<td>4,003 (Non-consolidated basis) 10,419 (Consolidated basis)</td>
</tr>
<tr>
<td><strong>Number of Shares Outstanding</strong></td>
<td>296,566,949</td>
</tr>
<tr>
<td><strong>Number of Shareholders</strong></td>
<td>106,981</td>
</tr>
<tr>
<td><strong>Transfer Agent</strong></td>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
</tr>
<tr>
<td><strong>Depository for Eisai American Depositary Receipts</strong></td>
<td>JPMorgan Chase Bank, N.A.</td>
</tr>
<tr>
<td><strong>ADR Ticker Symbol</strong></td>
<td>ESALY</td>
</tr>
<tr>
<td><strong>Public Notices</strong></td>
<td>Available online at <a href="http://www.eisai.com">http://www.eisai.com</a> However, if circumstances so dictate, publication will be made in the Nihon Keizai Shimbun.</td>
</tr>
</tbody>
</table>

For further information:
Investor Relations
Eisai Co., Ltd.
4-6-10, Koishikawa, Bunkyo-ku,
Tokyo 112-8088, Japan
TEL: 81-3-3817-5327 FAX: 81-3-3811-6032

http://www.eisai.com/