

1. CONSOLIDATED ANNUAL FINANCIAL RESULTS (APRIL 1, 1999 - MARCH 31, 2000)

(1) RESULTS OF ANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 1999- March 31, 2000	¥302,470 mil.	6.2%	¥37,132 mil.	(3.8%)	¥36,858 mil.	(7.3%)
April 1, 1998- March 31, 1999	¥284,860 mil.	(5.6%)	¥38,612 mil.	(18.7%)	¥39,755 mil.	(15.8%)

Period	Net Income	Percent Change	Earnings per Share (EPS)	Fully Diluted EPS	Return on Equity	Ordinary Income/ Total Assets	Ordinary Income/ Sales
April 1, 1999- March 31, 2000	¥11,275 mil.	(29.0%)	¥38.04	¥37.70	3.5%	7.8%	12.2%
April 1, 1998- March 31, 1999	¥15,878 mil.	(19.8%)	¥53.57	¥53.06	5.2%	8.7%	14.0%

- Note: 1. Equity in earnings of companies accounted for using the equity method was ¥248 mil. in gain and ¥325 mil. in gain for the fiscal year 1999 (ended March 2000) and 1998 (ended March 1999), respectively.
2. Unrealized gains on marketable securities as of March 31, 2000: ¥7,420 million.
Unrealized gains on derivative financial instruments as of March 31, 2000: ¥386 million.
3. There have been no accounting changes.
4. The numbers in () represent a minus in Percent Change.

(2) FINANCIAL POSITION

Year End	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity per Share
March 31, 2000	¥485,673 mil.	¥329,385 mil.	67.8%	¥1,111.15
March 31, 1999	¥463,383 mil.	¥308,566 mil.	66.6%	¥1,041.07

(3) CASH FLOW CONDITION

Year End	Operating Cash Flow	Investing Cash Flow	Financial Cash Flow	Cash & Cash Equivalents
March 31, 2000	¥27,174 mil.	(¥4,043 mil.)	(¥15,357 mil.)	¥52,555 mil.
March 31, 1999	¥35,886 mil.	(¥33,876 mil.)	(¥10,017 mil.)	¥46,918 mil.

(4) NUMBER OF CONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES APPLIED FOR EQUITY METHOD

Number of consolidated subsidiaries: 35
Equity method applied for 1 unconsolidated subsidiary
Equity method applied for 5 associated companies.

(5) CHANGES IN NUMBER OF CONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES APPLIED FOR EQUITY METHOD

- Number of newly consolidated subsidiaries: 2
- Number of companies omitted from consolidation: 1
- Number of companies to which equity method is newly applied: 0
- Number of companies omitted from application of equity method: 2

2. FORECASTED CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2001

Period	Net Sales	Ordinary Income	Net Income
April 1, 2000- September 30, 2000	¥ 163,000 mil.	¥ 20,000 mil.	¥ 3,000 mil.
April 1, 2000- March 31, 2001	¥ 340,000 mil.	¥ 41,000 mil.	¥ 12,500 mil.

Note: Forecasted earnings per share (consolidated) : ¥42.17

1. Outline of Eisai Group Companies

The Eisai Group consists of 36 subsidiaries (35 consolidated and one unconsolidated subsidiary to which the Equity Method is applied) and five associated companies.

Business Segment	Principal Companies	
Pharmaceuticals Prescription Pharmaceuticals Consumer Healthcare Products Diagnostics, etc.	Japan	Eisai Co., Ltd, Sannova Co., Ltd. Kan Research Institute, Inc. Sanko Junyaku Co., Ltd. Clinical Supply Co., Ltd. Elmed Eisai Co., Ltd. 2 other companies (Total 8 companies)
	Overseas	Eisai Inc. Eisai Research Institute of Boston, Inc. Eisai Corporation of North America Eisai Ltd. Eisai B.V. Eisai GmbH Eisai S.A. Eisai London Research Laboratories, Ltd. P.T. Eisai Indonesia Eisai Taiwan, Inc. Eisai (Suzhou) Pharmaceutical Co., Ltd. Eisai Malaysia Sdn. Bhd. Eisai Asia Regional Services Pte., Ltd. 9 other companies (Total 22 companies)
Others Animal Health Care Feed Additives Food Additives Chemicals Machinery Others	Japan	Eisai Co., Ltd. Eisai Seikaken Co., Ltd. Herusu Co., Ltd. Eisai Distribution Co., Ltd. Takehaya Co., Ltd. Kawashima Co., Ltd. 4 other companies (Total 10 companies)
	Overseas	Eisai U.S.A., Inc. Eisai Machinery GmbH Eisai Pharma-Chem Europe Ltd. (Total 3 companies)

Notes: 1. Segments outlined above are the same as those presented in segment information in the consolidated financial report.
 2. On April 1, 1999 Eisai Research Institute of Boston, Inc. and Eisai Merrimack Valley Laboratories, Inc. merged.
 3. Sannova Co., Ltd. was formerly named Sansho Co., Ltd.

Business Flows Within the Group

<Pharmaceuticals Segment> [Overseas]

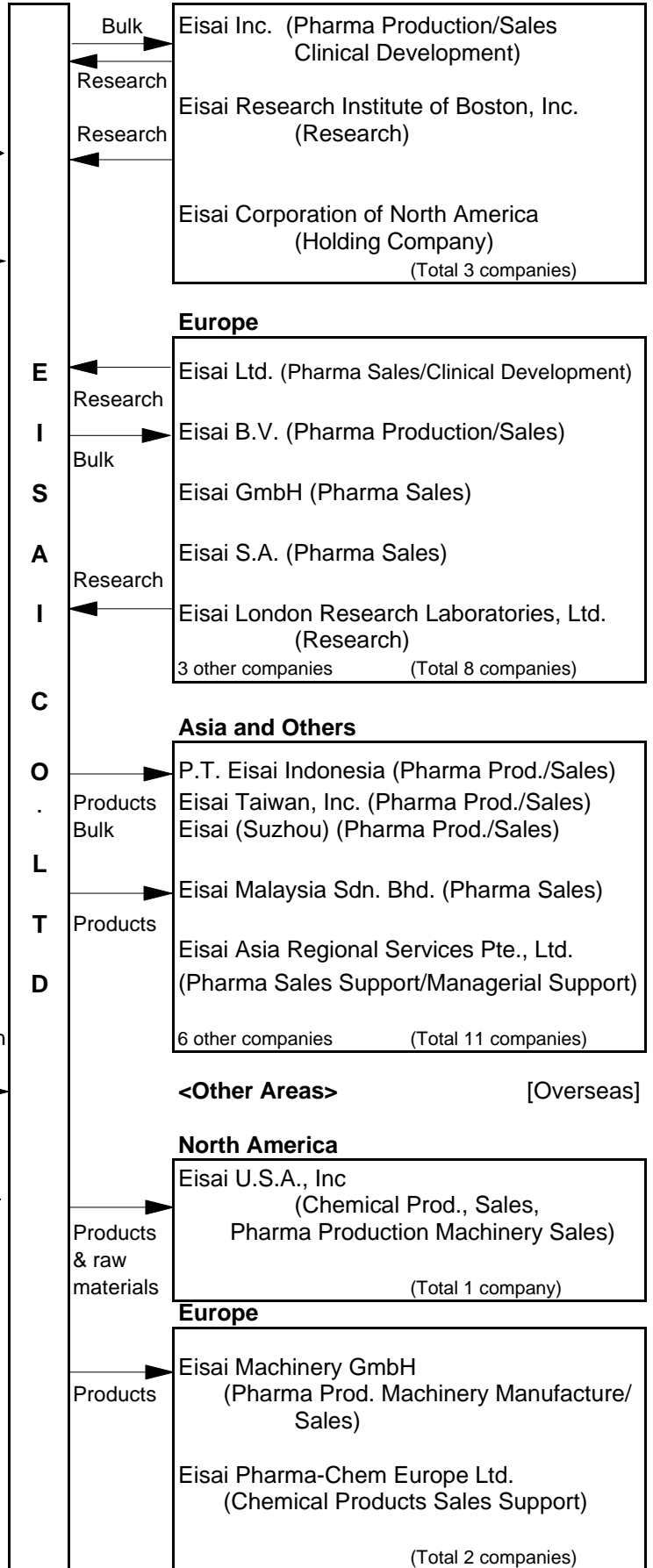
<Pharmaceuticals Segment> [Japan]



Other Segment Areas [Japan]



← Shows Sales Flow



SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2000

(2) MANAGERIAL POLICY

1. Fundamental Managerial Policy

The Company's fundamental managerial policy is to be a global human health care (*hhc*) company capable of operating under diverse health care systems by providing products after careful consideration of the health care needs of patients and their families. In addition, the Company also seeks to comply with the laws and the highest standards of ethics in each country in which the Company does business as well as meet the expectations of shareholders and make contributions to society.

2. Mid & Long-term Managerial Strategy

To fulfill the objectives of an *hhc* company focusing on prescription pharmaceuticals, Eisai is actively seeking to address unmet global medical needs through the development of innovative pharmaceuticals. In order to achieve this objective, the Company will utilize managerial resources concentrating on specific therapeutic areas to foster continued new product discovery as our primary strategic focus while simultaneously strengthening drug discovery research functions and the clinical development network in Japan, the U.S., and Europe with the ability to achieve global marketing clearance for our new products. Furthermore, in consideration of the rapidly changing global business conditions, the Company will continue to make aggressive efforts in the areas of information technology and human resources, and strengthen our group management and implement structural managerial reforms to increase corporate value.

3. Corporate Governance

In order to meet the changing business environment, the Company will strengthen the functions of the Board of Directors, establish a corporate governance committee, and implement a corporate officer system as part of measures to reform the managerial system.

In order to enhance the decision-making and executive oversight of the Board of Directors, measures including the following will be undertaken: the number of the members of the Board of Directors will be reduced, thereby promoting transparency and speed of managerial and executive decision-making, and a corporate governance committee will be established. As well, an outside director will be appointed. Moreover, a corporate officer system will be implemented, whereby, the corporate officers will be responsible for administrative operations in each area.

In addition, with a continuing objective to increase Company value and unify Company objectives, a new compensation system for the Board of Directors and corporate officers will be implemented based on business performance which will include the introduction of a stock option system.

4. Topics/Issues Facing the Company

The Company is focusing on enhancing research and development efforts, promoting aggressive international development, strengthening operations in Japan, and improving profitability.

Within the research and development area, the Company is strengthening research in specific therapeutic areas in the U.S., Europe, and Japan with the objective of developing global products.

In the area of international development, the Company desires to ensure growth in sales and profitability in each country where *ARICEPT*, an Alzheimer's disease treatment, and *ACIPHEX/PARIET*, a proton pump inhibitor, are sold and to promote independent research, production and sales activities

Regarding Japanese operations, in April 1999, the Company implemented a new sales system for prescription pharmaceuticals; and in the coming fiscal year, the Company will continue reforms in the area of information technology in order to strengthen the provision of appropriate information to the medical community.

In the production area, the Company will pursue operations in the international provision of products and reduce material costs in all production operations.

In addition, each subsidiary in the Company will revise operations and reduce expenses to improve efficiency and managerial structure.

Compliance

With respect to anti-trust matters in the U.S. and Canada involving sales of synthetic vitamin E, the company deeply regrets the occurrences and is taking a number of measures to regain trust. For the company's operations to fully guarantee legal compliance, a Board of Director responsible for Corporate Ethics Compliance has been appointed and a Corporate Ethics Compliance Committee of internal and external experts in the field, has been established to produce company ethics policies and in the future the company and its consolidated subsidiaries will continue compliance efforts to prevent any recurrence. With respect to the above issues in the U.S. and Canada involving sales of synthetic vitamin E, the company has reached settlements with governmental authorities as well as direct users of synthetic vitamin E and settlement negotiations are continuing with indirect users. In addition, the company is fully cooperating with investigations by the European Commission and the Japanese Fair Trade Commission.

Retirement Allowance Countermeasure

From April 1, 2000 a new accounting policy (Change in Accounting Standards for Retirement Allowances) for the treatment of retirement reserves came into effect. The Company's retirement liabilities are estimated at ¥136.9 billion yen utilizing a discount rate of 3.5%. As of the end of March 2000, pension assets were ¥74.7 billion and accrued retirement allowances were ¥28.3 billion resulting in an unfunded accrual of ¥33.9 billion in accordance with the new accounting standard.

The Company plans on April 28, 2000 to place ¥15.1 billion of treasury stock in a retirement allowance trust to fund the remaining unfunded amount in average equal amounts over a five year period beginning from March 2001

5. Dividend Policy

The Company maintains a fundamental policy of rewarding shareholders with stable dividends while simultaneously retaining sufficient funds for new product development, expanding production facilities, and resources for information technology investment in all business operations to ensure managerial efficiency and increased competitiveness.

(3) MANAGERIAL RESULTS

1. Overview

During the period under review, sales in the U.S. continued significant growth supported by overall strong economic growth and sales in Europe continued to grow steadily. In Japan there were no new revisions of pharmaceutical prices and overall market growth returned. However, amid the background of the international consolidation of pharmaceutical companies and fundamental reform of medical care systems to reduce medical costs, competitive conditions remained severe.

Operational Results

The Company posted consolidated net sales of ¥302,470 million, a 6.2% increase from the previous year's period; operating income of ¥37,132 million (a 3.8% decrease); ordinary income of ¥36,858 million (a 7.3% decrease); and net income of ¥11,275 million (a 29.0% decrease).

With respect to sales, *ARICEPT* recorded sales of ¥57.6 billion and *ACIPHEX/PARIET* ¥18.4 billion, which were both significant increases over the previous period. The market introduction of *ACIPHEX* in the U.S. during the period reduced operating and ordinary profits in comparison to the previous period. Measures taken to deal with anti-trust issues involving the sales of vitamin E with governmental authorities in the U.S. and Canada and civil cases, etc., led the Company to record a special loss of ¥9,971 million and was one of the reasons for a significant reduction in net income compared to the previous year.

From this period, the Company adopted tax allocation accounting and deferred income taxes of ¥3,213 million were recorded.

Cash Flows

Cash Flows for the period were:

Operating Cash Flows	¥27,174 million	(a ¥8,712 million decrease)
Investing Cash Flows	¥-4,043 million	(a ¥29,832 million increase)
Financial Cash Flows	¥-15,357 million	(a ¥5,339 million decrease)
Cash and Cash Equivalents	¥52,555 million	(a ¥5,637 million increase)

The decrease in operating cash flows reflected the payments on the losses on vitamin E cases, etc. The increase in investing cash flow was due to the decline in investments in major research and production facilities. In addition, the reduction in financial cash flows from the previous period was due to the repayment of short-term corporate bonds. The above resulted in an increase in cash and time deposits. Operational cash flow serves to maintain existing operations yielding a free cash flow of ¥12,628 million which was a reduction of ¥8,424 million over the previous period last year.

Sales by Segment

The breakdown of sales by business segment is noted as follows. The "Pharmaceutical" segment sales, reflecting sales increases of *ARICEPT* and *ACIPHEX/PARIET*, were ¥270,871 million (an 8.6% increase). Operating profits, affected by the market introduction promotion expenses of *ACIPHEX/PARIET* and partially offset by administrative efficiency, were ¥45,934 million (a 10.4% increase).

Sales in the "Others" segment amounted to ¥31,598 million (an 11.0% decrease) and an operating loss of ¥1,119 million. Although sales of pharmaceutical machinery increased, the sales of chemical products and animal health care products decreased.

Sales by Area

Among sales by area, in Japan sales amounted to ¥223,529 million (a 1.4% decrease) with operating profits of ¥47,089 million which was a 2.6% increase over the previous period reflecting increases in administrative efficiency.

Sales in North America were ¥64,613 million (a 33.6% increase) whereas an operating loss of ¥463 million was recorded due to promotional expenses for the marketing introduction of *ACIPHEX* and difficult market conditions for Food Additives and Chemicals.

Sales in Europe were ¥11,540 million (a 37.2% increase). Although operating expenses continued to be rationalized, an operating loss of ¥998 million was recorded.

Sales in Asia and other areas were ¥2,786 million (an 89.6% increase). Operating profits were ¥90 million (a 296.3% increase). In this fiscal year, *ARICEPT* was launched in China and an additional three Asian countries. *PARIET* was launched in Thailand and an additional three Asian countries.

(Note: Sales in the segments above include eliminations from internal sales.)

Overseas sales including the U.S. and Europe increased significantly in the pharmaceutical segment to ¥90,344 million yen which was an increase of 29.6% over the previous fiscal year.

Progress in R&D

In March 2000, a marketing application for an MRI contrast medium, E7155, was filed in Japan. In October 1999 manufacturing approval was received for E2020 (*ARICEPT*), an Alzheimer's disease treatment. As of March 2000 marketing approval had been received in 58 countries with approval awaiting in an additional seven countries. Marketing approval for E3810 (*ACIPHEX/PARIET*), a proton pump inhibitor, was received in August 1999 in the U.S. As of March 2000, *ACIPHEX/PARIET* had received marketing clearance in 46 countries and is awaiting approval in an additional 35 countries. Also in August 1999 all 15 EU countries approved, via the Mutual Recognition Procedure, the new indication of GORD (GERD) maintenance for *PARIET*.

Research and development expenses were ¥46,703 million and represented 15.4 percent of total sales.

Production

In order to increase the stability of supply of products and ensure the highest quality, the Company has continued investments to strengthen the global production system. In May 1999, production commenced at the Eisai (Suzhou) Pharmaceutical Co., Ltd.'s newly constructed production facility. ISO 14001 certifications were received for environmental management systems by the Kashima Plant in September 1999 and by the Misato Plant in March 2000.

Investment and Financing

The Company's capital expenditure in the period under review amounted to approximately ¥13,022 million. These expenditures principally involved the transfer of production facilities of Sannova Co., Ltd. to Gunma Prefecture, expansion of production facilities at the Misato Plant for the production of *ACIPHEX/PARIET*, and other investments at each production facility

Year 2000 Computer Problem

The Year 2000 Computer Problem was considered a major managerial issue and as a result of successful countermeasures the issue did not affect normal operations.

Dividend Policy

The Company has decided on a year end dividend of ¥11.50 per share which is the same as the ¥11.50 paid in the previous year end period. Together with the interim dividend of ¥10.00 per share, this will result in a total annual dividend of ¥21.50 per share. As a result the Company's payout ratio will be 56.5%; the ratio of dividends to equity will be 1.9%; the Return on Equity will be 3.5%.

2. OUTLOOK FOR FISCAL YEAR 2000

The Company projects consolidated net sales of ¥340,000 million, a 12.4% increase from the prior year; operating income of ¥41,000 million, a 10.4% increase; ordinary income of ¥41,000 million, a 11.2% increase; and net income of ¥12,500 million, a 10,9% increase, for the fiscal period ending March 31, 2001. Principal foreign currency exchange rates utilized in the projection above are: 1U.S. \$=¥105, 1 Pound Sterling=¥170, 1 Deutsche Mark=¥54, and 1 French Franc=¥16.)

With respect to dividends, it is the fundamental policy of the Company to pay the same dividend in the future period as in the past, namely an annual total dividend of ¥21.50 per share.

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2000 and 1999

(Millions of yen)

	2000	1999	Increase (Decrease)
Net Sales	¥302,470	¥284,860	¥17,610
Cost of sales	91,681	87,220	4,460
Reversal of reserve for sales returns	97	117	(19)
Gross Profit	210,886	197,757	13,129
Research and development expenses	46,703	43,697	3,006
Selling, general and administrative expenses	127,050	115,447	11,603
Operating Income	37,132	38,612	(1,479)
Non-operating income	4,116	6,894	(2,778)
Interest and dividend income	2,388	2,575	(186)
Amortization of excess of net assets over cost	19	17	1
Equity in earnings	248	325	(76)
Other non-operating income	1,459	3,975	(2,516)
Non-operating expenses	4,390	5,751	(1,360)
Interest expense	1,134	1,004	130
Other non-operating expenses	3,255	4,747	(1,491)
Ordinary Income	36,858	39,755	(2,897)
Special profit	1,107	422	685
Gains on sales of property	873	131	741
Other special profits	233	290	(56)
Special losses	12,429	3,501	8,927
Loss on disposal of inventory	-	2,807	(2,807)
Losses on Vitamin E cases	9,971	-	9,971
Other special losses	2,458	694	1,763
Income Before Income Taxes	25,536	36,675	(11,139)
Income Taxes - current	17,413	20,986	(3,573)
Income Taxes - deferred	(3,213)	-	(3,213)
Minority Interests	61	(188)	250
Net Income	¥11,275	¥15,878	(4,602)

Notes: 1. Accounting for the allocation of income taxes is explained in the Basis of Presenting Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

March 31, 2000 and 1999

(Millions of yen)

ASSETS	2000	1999	Increase (Decrease)
Current Assets:			
Cash and time deposits	¥49,122	¥47,278	¥1,843
Trade receivables	107,483	111,856	(4,372)
Short-term investments	99,276	105,386	(6,109)
Inventories	33,988	31,539	2,448
Deferred tax assets	9,703	-	9,703
Other current assets	13,449	5,266	8,183
Allowance for doubtful receivables	(600)	(723)	123
Total current assets	312,424	300,603	11,820
Fixed Assets:			
Property, plant and equipment	109,536	113,923	(4,387)
Buildings & structures	58,650	59,581	(931)
Machinery & vehicles	22,763	23,802	(1,039)
Land	19,071	18,397	674
Construction in progress	1,547	4,013	(2,466)
Others	7,502	8,128	(625)
Intangible assets	8,037	591	7,445
Investments and other assets	49,616	44,620	4,995
Investments in securities	5,705	5,616	88
Long-term loans receivable	188	246	(57)
Deferred tax assets	11,780	-	11,780
Other investments	32,374	38,844	(6,470)
Allowance for doubtful receivables	(431)	(86)	(345)
Total fixed assets	167,190	159,136	8,054
Deferred Charges	517	707	(189)
Foreign Currency Translation Adjustments	5,540	2,936	2,604
Total Assets	¥485,673	¥463,383	¥22,289

Note: Software has been reclassified from the Other investments of the Investments and other assets category to the Intangible assets category from this fiscal year period.

CONSOLIDATED BALANCE SHEETS

March 31, 2000 and 1999

(Millions of yen)

LIABILITIES, MINORITY INTERESTS, AND SHAREHOLDERS' EQUITY	2000	1999	Increase (Decrease)
Current Liabilities:			
Trade payables	¥14,188	¥14,131	¥56
Short-term borrowings	7,488	6,457	1,030
Current portion of long-term borrowing	1,550	51	1,499
Current portion of straight bonds	10,000	10,000	-
Accrued income taxes	7,955	15,077	(7,122)
Accrued expenses	22,498	26,776	(4,278)
Reserve for sales returns, write off of goods returned, and rebates of sales	1,683	1,117	566
Other current liabilities	31,496	13,698	17,797
Total current liabilities	96,861	87,311	9,549
Long-term Liabilities:			
Straight bonds	10,100	20,200	(10,100)
Convertible bonds	5,489	5,552	(63)
Long-term borrowings	117	1,564	(1,447)
Retirement allowances	32,621	31,509	1,112
Unamortized excess of net assets over cost	32	35	(2)
Deferred tax liabilities	1,113	-	1,113
Other long-term debt	438	397	41
Total long-term liabilities	49,913	59,259	(9,345)
Total Liabilities	146,774	146,570	204
Minority Interests	9,513	8,246	1,266
Shareholders' Equity:			
Common stock	44,885	44,853	31
Additional paid-in-capital	55,122	55,090	31
Retained earnings	229,414	208,666	20,747
Treasury stock	(36)	(44)	7
Total shareholders' equity	329,385	308,566	20,818
Total Liabilities, Minority Interests, and Shareholders' Equity	¥485,673	¥463,383	¥22,289

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended March 31, 2000 and 1999

(Millions of yen)

	2000	1999	Increase (Decrease)
Retained Earnings, beginning balance			
- Retained earnings brought forward from previous year	¥208,666	199,291	¥9,374
- Adjustment of retained earnings for newly applied tax allocation	15,965	-	15,965
Total	224,631	199,291	25,340
Decrease in Retained Earnings			
- Dividends	6,372	6,372	0
- Bonus for directors and corporate auditors	115	130	(14)
- Other	4	-	4
Total decrease	6,492	6,503	(10)
Net Income	11,275	15,878	(4,602)
Retained Earnings, Ending Balance	¥229,414	¥208,666	¥20,748

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2000 and 1999

(Millions of yen)

	2,000	1,999	Inc./Dec.
I. Operating Activities:			
Income Before Income Taxes	25,536	36,675	(11,139)
Depreciation and Amortization	15,135	12,950	2,184
Amortization of excess of net assets over cost	(19)	(17)	(1)
Increase (decrease) in allowance for doubtful accounts	225	(231)	456
Interest and dividend income	(2,388)	(2,575)	186
Interest expense	1,134	1,004	130
Equity in Earnings	(248)	(325)	76
Loss on disposal of fixed assets	253	28	225
Provision for retirement allowances	4,530	3,692	838
Gain on sales of securities, investments	(216)	(2,671)	2,454
Securities investments evaluation loss	685	962	(276)
Losses on Vitamin E cases	9,971	-	9,971
Decrease in trade receivables	2,791	3,503	(712)
Increase in inventories	(3,584)	(2,040)	(1,543)
Increase in trade payables	1,537	1,786	(249)
Others	4,661	1,321	3,339
Sub-total	60,004	54,064	5,940
Interest and dividends received	2,653	2,868	(215)
Interest Paid	(944)	(987)	43
Payments on Vitamin E cases	(9,748)	-	(9,748)
Cash paid for income taxes	(24,791)	(20,058)	(4,732)
Net cash provided by operating activities	27,174	35,886	(8,712)
II. Investing Activities:			
Purchases of short-term investments	(25,074)	(43,744)	18,669
Proceeds from sales and maturities of short-term investments	31,607	31,865	(257)
Purchases of property, plant and equipment	(13,022)	(13,850)	828
Proceeds from sales of property, plant and equipment	1,091	771	320
Purchases of intangible assets	(3,280)	(331)	(2,949)
Purchases of investment securities	(533)	(1,019)	486
Proceeds from sales of investment securities	220	8	211
Increase (decrease) in Time deposits (exceeding 3 months)	3,045	(6,508)	9,553
Others	1,901	(1,067)	2,969
Net cash used in investing activities	(4,043)	(33,876)	29,832
III. Financing Activities:			
Increase (decrease) in short-term bank borrowings	1,112	(1,641)	2,754
Income from long-term borrowing	100	-	100
Repayment of long-term debt	(58)	(1,938)	1,879
Issuance of Corporate bond receipt	100	200	(100)
Corporate bond repayment	(10,200)	(200)	(10,000)
Increase (decrease) in treasury stock	7	(25)	32
Dividends paid	(6,372)	(6,372)	0
Dividends paid to minority interests	(46)	(39)	(6)
Net cash used in financing activities	(15,357)	(10,017)	(5,339)
Effect of exchange rate changes on cash and cash equiv.	(2,446)	(996)	(1,449)
Net increase (decrease) in cash and cash equivalents	5,326	(9,004)	14,330
Cash and cash equivalents at the beginning of year	46,918	55,923	(9,004)
Newly consolidated subsidiary cash and cash equivalents at year end	310	-	310
Cash and cash equivalents at end of year	52,555	46,918	5,637

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation

Consolidated subsidiaries : 35 Companies Major subsidiaries: Sanko Junyaku Co., Ltd.
Eisai Corporation of North America

Unconsolidated subsidiaries : 1 Company

Note: Seiansha Co., Ltd. and Eisai (Thailand) Marketing Co., Ltd., are newly consolidated subsidiaries and Eisai Merrimack Valley Laboratories, Inc., a former consolidated subsidiary, was merged with Eisai Research Institute of Boston, Inc.

2. Number of Companies to which Equity Method was Applied

Unconsolidated subsidiaries: 1 Company
Associated companies: 5 Companies

3. Treatment of Subsidiary in which the Fiscal Year End is Other than that of the Parent Company

The fiscal year end of Eisai (Suzhou) Pharmaceutical Co., Ltd is December 31. The financial statements of Eisai (Suzhou) Pharmaceutical Co., Ltd., are prepared based on business transactions as of December 31, 1999 with necessary adjustments for material transactions being made in the Parent company's financial statements subsequent to that date.

4. Significant Accounting Policies

(1) Marketable and Investment Securities

Listed securities included in marketable and investments securities are stated at the lower of cost or market, cost being determined by the moving-average method. Other securities are stated at cost determined by the moving-average method.

(2) Inventories

Inventories are stated at cost, principally determined by the average method.

(3) Fixed Assets

Property, plant and equipment

1. Property, plant and equipment are stated at cost. Depreciation is computed by the declining balance method at rates based on estimated useful asset lives.

Intangible assets

2. Depreciation for intangible assets is computed by the same method in the Company and all consolidated subsidiaries. Depreciation for software utilized internally is computed by the straight-line method over useful lives of five (5) years. Depreciation of other intangible assets is computed on a straight-line method basis.

(Additional Information)

In the previous annual period, software was included in Long-term prepaid expenses whereas in this period they are reclassified to and presented as Software in the Intangible assets category.

(4) Deferred charges

Stock issuance costs are charged to income as incurred. Organization costs incurred in certain subsidiaries are capitalized as deferred charges.

(5) Allowances

1. Allowance for doubtful receivables

The allowance for doubtful receivables is provided at an amount sufficient to cover possible losses on collection. It is stated principally at an estimated amount of probable bad debts plus the maximum amount permitted to be charged to income under the Japanese income tax law.

2. Retirement allowances

Parent company - The annual provision for retirement allowances is calculated to state the liability for employee benefits principally at the amount that would be required if all employees voluntarily terminated their employment at each balance sheet date, less amounts funded by a contributory pension plan, and for directors and corporate auditors at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

Consolidated subsidiaries - The annual provision for retirement allowances is calculated to state liability for employee benefits principally at the amount that would be required if all employees voluntarily terminated their employment at each balance sheet date. In addition, in certain consolidated subsidiaries, the retirement allowances for employees benefits is provided if all employees voluntarily terminated their employment based on qualified (vested) retirement allowance amounts.

(6) Leases

Finance leases that do not transfer ownership of the leased property to the lessee are accounted for as an operating lease.

(7) Consumption taxes

Income and expenses are recorded net of consumption taxes.

5. Elimination of the Company's investments in subsidiaries and shareholders' equity of subsidiary.

Regarding the elimination of investments in shares of consolidated subsidiaries, together with the underlying equity in net assets of such subsidiaries, the Company follows the step-by-step acquisition method to include equity in net income of subsidiaries subsequent to the date of acquisition in the consolidated financial statements.

6. Amortization of excess of net assets over cost

Any difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary is treated as either an asset or a liability, and amortized over a period of five years on a straight-line basis.

7. Appropriation of retained earnings

The consolidated statements of retained earnings are prepared according to the consolidated subsidiaries' statements of appropriation of retained earnings which have been approved in the accounting period of consolidation.

8. Cash Equivalents in Consolidated Statements of Cash Flows

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include certificates of deposit, mutual funds invested in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

Additional Information to the Basis of Presenting Consolidated Financial Statements

Internally utilized software

In the previous annual period, software was included in Long-term prepaid expenses whereas in this period they are reclassified to, and presented as, Software in the Intangible assets category.

NOTES TO BALANCE SHEETS

	March-31-2000	March-31-1999
1. Accumulated depreciation of property, plant and equipment	¥141,103 mil.	¥133,809 mil.
2. Trade notes receivable discounted	¥618 mil.	¥732 mil.
3. Pledged assets	¥1,323 mil.	¥1,377 mil.
4. Guarantees	¥26 mil.	¥53 mil.
5. Treasury Stock	14,984 shares	18,960 shares

NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation between cash and cash equivalents and the related accounts shown in the consolidated balance sheets at year end.

	March-31-2000	March-31-1999
Cash and time deposits	¥49,122 mil.	¥47,278 mil.
Time Deposits in which maturities are over three months	(¥6,318 mil.)	(¥9,233 mil.)
MMF and investment funds for short-term bonds (within 3 months or less maturity)	¥9,751 mil.	¥8,873 mil.
Cash and Cash Equivalents	¥52,555 mil.	¥46,918 mil.

NOTES TO NEW ACCOUNTING STANDARD

1 New Accounting Standard

Effective April 1, 1999, the Company has adopted accounting for allocation of income taxes based on the asset and liability method in accordance with an amendment to regulations for annual financial reporting. The effect of this change was to increase net income for the period ended March 31, 2000 and unappropriated retained earnings as of March 31, 2000 by 3,213 million yen and 19,178 million yen respectively.

2. Deferred tax assets (liabilities) are comprised of the following:

Deferred tax assets	Unit: Millions of yen
Retirement allowances	¥8,349
Clinical research	¥3,765
Depreciation	¥2,788
Operating loss carried forward	¥2,336
Unrealized gain on intercompany sales of inventory	¥2,143
Accrued bonus	¥1,256
Tax credits	¥ 841
Unpaid enterprise taxes	¥ 734
Deferred charges	¥ 648
Other	<u>¥2,345</u>
Sub-Total	¥25,211
Less valuation allowance	<u>(¥1,873)</u>
 Total deferred tax assets	 ¥23,338
 Deferred tax liabilities	
Depreciation	¥(1,173)
Book value revision for consolidation purpose	¥ (895)
Retained earnings for reduction of fixed assets costs	¥ (676)
Other	¥ (221)
 Total deferred tax liabilities	 ¥ (2,967)
 Net deferred tax assets	 <u>¥20,370</u>

3. The effective income tax rates of the Company differed from the statutory tax rate for the following reasons:

Normal effective statutory tax rate	41.6%
Losses on vitamin E cases (not deductible for tax purposes)	7.4%
Other costs/expenses permanently not deductible for income tax purposes	5.7%
Others	0.9%
Actual effective tax rate	55.6%

NOTES TO LEASE TRANSACTIONS

Finance leases other than those that transfer ownership of the leased property to the lessee.

1. Acquisition cost, Accumulated depreciation, Net balance (Millions of yen)

	March-31-2000			
	Buildings and structures	Tools, furniture and fixtures	Others	Total
Acquisition cost	¥2	¥803	¥4,902	¥5,709
Accumulated depreciation	0	180	2,829	3,011
Net balance	¥2	¥623	¥2,072	¥2,698

(Millions of yen)

	March-31-1999			
	Buildings and structures	Tools, furniture and fixtures	Others	Total
Acquisition cost	¥2	¥341	¥6,595	¥6,940
Accumulated depreciation	0	137	3,739	3,877
Net balance	¥2	¥204	¥2,855	¥3,062

(2) Future minimum lease payments (Millions of yen)

	March-31-2000	March-31-1999
Due within one year	¥1,207	¥1,411
Due over one year	1,540	1,714
Total	¥2,747	¥3,125

(3) Actual lease payments, depreciation charges, Interest payments (Millions of yen)

	March-31-2000	March-31-1999
Actual lease payments	¥1,565	¥1,705
Depreciation charges	¥1,505	¥1,662
Interest payments	¥109	¥147

(4) Depreciation charges for leased assets are calculated using the straight-line method. The period is considered to be the useful life of the leased asset.

(5) Interest payments for leased assets are calculated based on the differences between the lease fees and the respective assets' acquisition cost, which are considered to be interest-bearing. The allocation of interest payments to each year is in accordance with the interest method.

2. Operating Leases (Millions of yen)

	March-31-2000	March-31-1999
Due within one year	¥641	¥525
Due over one year	1,919	1,437
Total	¥2,561	¥1,963

8. SEGMENT INFORMATION

1. Industry Segment Information

1) For the fiscal year ended March 31, 2000

(Millions of yen)

	Pharma- ceuticals	Others	Total	Eliminations and Corporate	Consolidated
1. Sales and operating income					
(1) Sales to customers	¥270,871	¥31,598	¥302,470	-	¥302,470
(2) Intersegment sales	61	9,411	9,472	(¥9,472)	-
Total sales	270,933	41,010	311,943	(9,472)	302,470
Operating expenses	224,999	42,129	267,128	(1,790)	265,337
Operating income	¥45,934	(¥1,119)	¥44,814	(¥7,681)	¥37,132
2. Assets, depreciation and capital expenditures					
- Assets	¥332,184	¥36,396	¥368,581	¥117,092	¥485,673
- Depreciation	13,614	1,011	14,625	509	15,135
- Capital expenditures	14,380	853	15,233	1,069	16,302

2) For the fiscal year ended March 31, 1999

(Millions of yen)

	Pharma- ceuticals	Others	Total	Eliminations and Corporate	Consolidated
1. Sales and operating income					
(1) Sales to customers	¥249,368	¥35,492	¥284,860	-	¥284,860
(2) Intersegment sales	110	6,822	6,933	(¥6,933)	-
Total sales	249,478	42,314	291,793	(6,933)	284,860
Operating expenses	207,854	38,855	246,709	(462)	246,247
Operating income	¥41,624	¥3,458	¥45,083	(¥6,470)	¥38,612
2. Assets, depreciation and capital expenditures					
- Assets	¥306,034	¥37,312	¥343,346	¥120,037	¥463,383
- Depreciation	11,734	860	12,594	355	12,950
- Capital expenditures	11,412	1,535	12,947	1,234	14,181

Note:

(1) The Company classifies its consolidated operations into two segments: Pharmaceuticals, including prescription pharmaceuticals, consumer health care products and diagnostics, and Others, which encompasses all operations other than pharmaceuticals.

(2) Major products in each segment are as follows:

Business segment	Major products
Pharmaceuticals	Prescription pharmaceuticals; Consumer health care products; Diagnostics, etc; Others
Others	Animal health care; Feed additives; Food additives; Chemicals; Machinery; Others

(3) Operating expenses, which are not allocated to each segment and are included in Eliminations and Corporate, consist mainly of expenses incurred at the central administrative office.

For the year ended March 31, 2000: ¥7,672 million
 For the year ended March 31, 1999: ¥7,049 million

(4) Some of the Parent company's assets such as cash, investments and certain assets related to administration are included in Elimination and Corporate.

As of March 31, 2000: ¥119,485 million
 As of March 31, 1999: ¥122,715 million

2. Geographical Segment Information

1) For the fiscal year ended March 31, 2000

(Millions of yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
1. Sales and operating income							
(1) Sales to customers	¥223,529	¥64,613	¥11,540	¥2,786	¥302,470	–	¥302,470
(2) Intersegment sales	23,297	9,394	1,521	207	34,421	(¥34,421)	–
Total sales	246,826	74,008	13,062	2,994	336,891	(34,421)	302,470
Operating expenses	199,736	74,471	14,061	2,903	291,172	(25,834)	265,337
Operating income/(losses)	¥47,089	(¥463)	(¥998)	¥90	¥45,719	(¥8,586)	¥37,132
2. Assets	¥345,513	¥55,073	¥14,094	¥6,524	¥421,207	¥64,466	¥485,673

2) For the fiscal year ended March 31, 1999

(Millions of yen)

	Japan	North America	Europe	Asia and Others	Total	Eliminations and Corporate	Consolidated
1. Sales and operating income							
(1) Sales to customers	¥226,630	¥48,346	¥8,413	¥1,469	¥284,860	–	¥284,860
(2) Intersegment sales	18,065	9,102	1,781	253	29,202	(¥29,202)	–
Total sales	244,696	57,448	10,195	1,723	314,063	(29,202)	284,860
Operating expenses	198,821	53,871	12,732	1,700	267,125	(20,878)	246,247
Operating income/(losses)	¥45,874	¥3,576	(¥2,536)	¥22	¥46,937	(¥8,324)	¥38,612
2. Assets	¥325,658	¥45,901	¥12,081	¥5,498	¥389,139	¥74,244	¥463,383

Note:

(1) Segmentation of country or areas are based on geographical proximity.

(2) Major countries and areas included in each category

- North America: The United States of America and Canada.
- Europe : The United Kingdom, France, Germany, etc.
- Asia and Others: East Asia, South-East Asia and South-Central America, etc.

(3) Intersegment sales in Japan principally represent product sales from the Parent company to overseas subsidiaries. Intersegment sales in North America, Europe and Asia

and Others are principally sales from overseas subsidiaries, who manage research and development for the Parent company.

(4) Operating expenses which are not allocated to each segment, and are included in Eliminations and Corporate, consist mainly of expenses incurred at the central administrative office.

For the year ended March 31, 2000: ¥7,672 million

For the year ended March 31, 1999: ¥7,049 million

(5) Some of the Parent company's assets such as cash, investments and certain assets related to administration are included in Eliminations and Corporate.

As of March 31, 2000: ¥119,485 million

As of March 31, 1999: ¥122,715 million

3. Overseas Sales

1) For the year ended March 31, 2000
(yen)

(Millions of

	North America	Europe	Asia and Others	Total
1. Overseas Sales	¥67,362	¥16,360	¥6,621	¥90,344
2. Consolidated Sales				¥302,470
3. Share of Overseas Sales	22.3%	5.4%	2.2%	29.9%

2) For the year ended March 31, 1999
(yen)

(Millions of

	North America	Europe	Asia and Others	Total
1. Overseas Sales	¥49,646	¥14,254	¥5,829	¥69,730
2. Consolidated Sales				¥284,860
3. Share of Overseas Sales	17.4%	5.0%	2.1%	24.5%

Note:

(1) Segmentation of the country or other areas are based on geographical proximity.

(2) Major countries and areas included in each category

- North America: The United States of America and Canada.
- Europe: The United Kingdom, France, Germany, etc.
- Asia and Other: East Asia, South-East Asia and South-Central America, etc.

(3) Overseas sales are sales to customers located outside Japan from the Parent company and its subsidiaries.

9. PRODUCTION, PRODUCTION BY ORDER, AND SALES INFORMATION

1. Production Results

1. Production Results

(Unit: Millions of Yen)

	<u>April 1, 1999 to March 31, 2000</u> Amount
Pharmaceuticals	245,235
Others	26,947
Total	¥272,182

2. Product Purchases

(Unit: Millions of Yen)

	<u>April 1, 1999 to March 31, 2000</u> Amount
Pharmaceuticals Segment	20,424
Other	10,531
Total	¥30,955

3. Production by Order

The Company did not produce by order. Production was made based on sales forecasts.

4. Sales Results

Sales Results by Business Segment	April 1, 1999 to March 31, 2000	
	Amount	%
Pharmaceuticals	¥270,871 mil.	89.6
Japan	¥199,935 mil.	66.1
Overseas	¥70,936 mil.	23.5
Others	¥31,598 mil.	10.4
Japan	¥23,594 mil.	7.8
Overseas	¥8,004 mil.	2.6
Total	¥302,470 mil.	100.0
(Overseas)	(¥78,940 mil.)	(26.1)

Note: The above table shows sales to outside customers.

10. SECURITIES

1. MARKET VALUE OF MARKETABLE SECURITIES

(Millions of yen)

	March-31-2000		
	Book value	Market value	Valuation Gain (Loss)
(1) Current assets			
Stocks	¥33,063	¥39,556	¥6,493
Bonds	9,103	9,016	(86)
Other	9,152	9,052	(100)
Subtotal	51,318	57,625	6,306
(2) Fixed assets			
Stocks	4,064	5,178	1,114
Bonds	8	8	0
Other	-	-	-
Subtotal	4,072	5,186	1,114
Total	¥55,391	¥62,812	¥7,420

Notes:

1. Market value calculation methods:

- (a) Listed stocks: closing prices on the Tokyo Stock Exchange.
- (b) OTC stocks: closing prices announced by the Japan Securities Dealers Association.
- (c) Quotations, etc. of securities: standard quoted prices announced by the Japan Securities Dealers Association.
(excluding listed securities and OTC stocks)
- (d) Unlisted fund trusts: standard price.

2. The following securities have been excluded from the above table:

(Millions of yen)

	<u>March-31-2000</u>
(Current assets)	
Unlisted foreign bonds	¥ 30,148
Reserve Funds	1,894
Unlisted bonds with maturity within one year	1,201
Unlisted domestic bonds	500
Money management fund	8,765
Mid-term domestic bond fund	957
Free financial funds	100
Closed funds entrusted to securities companies	4,389
(Fixed assets)	
Unlisted stocks, except OTC traded stocks <denotes those in associated companies>	¥1,632 <274>

11. DERIVATIVE FINANCIAL INSTRUMENTS

Currency related derivatives

(Unit: Millions of yen)

	Type	Consolidated Year End ,March-31-2000			
		Contract Amount		Fair value	Valuation Gain
			Over 1 Year		
Transactions outside of formal derivative markets	Currency Options				
	Put Yen	5,248	-	5,634	386
	Total	¥5,248	-	¥5,634	¥386

Notes:

1. Market value calculation methods:

The fair market values of these quotations were estimated based on market quotations.

2. Receivables/payables denominated in foreign currencies and converted into Japanese yen by the rates stated in forward exchange contracts are excluded in the above schedule.

12. Transactions with Related Parties

There were no significant transactions with related parties.

1. NON-CONSOLIDATED ANNUAL FINANCIAL RESULTS (APRIL 1, 1999 - MARCH 31, 2000)

(1) RESULTS OF ANNUAL OPERATIONS

Period	Net Sales	Percent Change	Operating Income	Percent Change	Ordinary Income	Percent Change
April 1, 1999- March 31, 2000	¥230,597 mil.	0.1%	¥38,740 mil.	3.0%	¥38,431 mil.	(1.4%)
April 1, 1998- March 31, 1999	¥230,289 mil.	(11.0%)	¥37,595 mil.	(17.7%)	¥38,995 mil.	(13.8%)

Period	Net Income	Percent Change	Earnings per Share (EPS)	Fully Diluted EPS	Return on Equity	Ordinary Income/ Total Assets	Ordinary Income/ Sales
April 1, 1999- March 31, 2000	¥12,045 mil.	(31.4%)	¥40.63	¥40.27	3.7%	8.9%	16.7%
April 1, 1998- March 31, 1999	¥17,565 mil.	(27.3%)	¥59.26	¥58.69	5.7%	9.3%	16.9%

Note 1: Average number of shares outstanding:

March 2000: 296,434,525

March 1999: 296,413,122

Note 2: There have been no accounting changes.

Note 3: The numbers in () represent a minus in Percent Change.

(2) DIVIDENDS

Period	Dividend per Share			Dividends Paid	Payout Ratio	Dividends on Equity
	Annual	Interim	Year End			
April 1, 1999- March 31, 2000	¥21.50	¥10.00	¥11.50	¥6,373 mil.	52.9%	1.9%
April 1, 1998- March 31, 1999	¥21.50	¥10.00	¥11.50	¥6,372 mil.	36.3%	2.0%

(3) FINANCIAL POSITION

Year End	Total Assets	Shareholders' Equity	Ratio of Shareholder's Equity	Shareholders' Equity per Share
March 31, 2000	¥438,281 mil.	¥334,962 mil.	76.4%	¥1,129.91
March 31, 1999	¥425,431 mil.	¥314,988 mil.	74.0%	¥1,062.66

Note 1: Number of shares issued and outstanding:

As of March 2000: 296,450,675

As of March 1999: 296,414,231

2. FORECASTED NON-CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2001.

Period	Net Sales	Ordinary Income	Net Income	Dividend per Share		
				Interim	Year End	Annual Total
April 1, 2000- September 30, 2000	¥116,000 mil.	¥19,000 mil.	¥2,000 mil.	¥10.00	-	-
April 1, 2000- March 31, 2001	¥235,000 mil.	¥36,000 mil.	¥10,000 mil.	-	¥11.50	¥21.50

Note: Forecasted annual earnings per share ¥33.73

EISAI CO., LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2000 and 1999

(Millions of Yen)

	2000	1999	Increase (Decrease)
Net Sales	¥230,597	¥230,289	¥307
Cost of sales	78,808	77,796	1,011
Reversal of reserve for sales returns	87	114	(27)
Gross Profit	151,876	152,607	(731)
Research and development expenses	45,003	43,416	1,586
Selling, general and administrative expenses	68,133	71,595	(3,462)
Operating Income	38,740	37,595	1,144
Non-operating Income:			
Interest and dividend income	1,589	1,739	(149)
Other non-operating income	1,634	4,751	(3,117)
Total non-operating income	3,223	6,490	(3,266)
Non-operating Expenses:			
Interest expense	687	753	(66)
Other non-operating expenses	2,844	4,336	(1,491)
Total non-operating expenses	3,532	5,090	(1,557)
Ordinary Income	38,431	38,995	(563)
Special Profit			
Gain on sales of property	55	388	(333)
Profit on sales of investments in securities	107	-	107
Reversal of allowance for doubtful receivables	167	203	(35)
Total special profit	329	591	(261)
Special Losses			
Loss on disposal of property	754	297	456
Loss on disposal of inventory	-	2,807	(2,807)
Losses on vitamin E cases	9,971	-	9,971
Other special losses	3,076	-	3,076
Total special losses	13,801	3,104	10,697
Income before Income Taxes	24,959	36,482	(11,522)
Income taxes-current	16,683	18,917	(2,234)
Income taxes-deferred	(3,768)	-	(3,768)
Net Income	12,045	17,565	(5,520)
Retained earnings brought forward	5,891	5,059	832
Undistributed income from merger	-	1,470	(1,470)
Adjustment of retained earnings for newly applied tax allocation	14,338	-	14,338
Adjustment of deferred tax regarding earnings for reduction of assets cost	90	-	90
Interim dividends paid	2,964	2,964	(0)
Transfer to legal reserve	296	296	(0)
Unappropriated Retained Earnings for the Period	¥29,105	¥20,834	¥8,270

Note: Accounting for the allocation of income taxes is explained in the Notes to the New Accounting Standard.

EISAI CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS

March 31, 2000 and 1999 (Millions of Yen)

ASSETS	2000	1999	Increase (Decrease)
Current Assets:			
Cash and time deposits	¥26,380	¥29,263	(¥2,882)
Notes receivable-trade	18,550	19,107	(557)
Accounts receivable-trade	82,307	86,651	(4,343)
Short-term investments	91,496	97,789	(6,293)
Treasury stock	36	44	(7)
Finished goods and merchandise	12,541	9,888	2,652
Semi-finished goods and work-in-process	8,409	8,621	(211)
Raw materials and supplies	4,250	4,556	(306)
Short-term deposits	4,809	-	4,809
Deferred tax assets	6,749	-	6,749
Other current assets	6,852	5,836	1,016
Allowance for doubtful receivables	(493)	(667)	174
Total current assets	261,891	261,092	799
Fixed Assets:			
Property, Plant and Equipment:			
Buildings	37,679	39,176	(1,496)
Structures	2,058	2,156	(98)
Machinery and equipment	12,821	13,215	(394)
Vehicles	71	56	14
Tools, furniture and fixtures	5,061	4,972	88
Land	10,496	10,519	(23)
Construction in progress	1,096	1,843	(746)
Total property, plant and equipment	69,285	71,941	(2,655)
Intangible Assets:			
Software	6,477	5,314	1,162
Patents, telephone rights and others	449	521	(72)
Total intangible assets	6,927	5,836	1,090
Investments and Other Assets:			
Investments in securities	5,394	4,962	431
Investments in subsidiaries	50,545	48,260	2,285
Long-term loans receivable	2,904	1,541	1,363
Funds designated for severance payments	21,739	20,808	931
Long-term prepaid expenses	1,476	1,777	(300)
Deferred tax assets	11,357	-	11,357
Other investments	8,201	9,307	(1,105)
Allowance for doubtful receivables	(1,444)	(95)	(1,348)
Total investments and other assets	100,176	86,561	13,615
Total fixed assets	176,389	164,339	12,050
Total Assets	¥438,281	¥425,431	¥12,849

Note: Software has been reclassified to the Intangible assets category from Long-term prepaid expenses ; figures for the fiscal year ended March 31, 1999 have been restated to conform with the presentation for the fiscal year ended March 31, 2000.

EISAI CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS

March 31, 2000 and 1999

(Millions of Yen)

LIABILITIES AND SHAREHOLDERS' EQUITY	2000	1999	Increase (Decrease)
Current liabilities:			
Notes payable-trade	¥803	¥934	(¥131)
Accounts payable-trade	7,928	8,014	(86)
Current portion of straight bonds	10,000	10,000	-
Current portion of long-term borrowing	1,000	-	1,000
Other accounts payable	9,985	2,378	7,606
Accrued income taxes	7,615	14,344	(6,729)
Consumption tax payable	802	602	200
Accrued expenses	14,323	14,568	(245)
Deposits received	2,520	2,367	152
Reserve for sales return	636	723	(87)
Reserve for write-off of goods returned	385	399	(14)
Reserve for rebates of sales	678	-	678
Other current liabilities	568	669	(101)
Total current liabilities	57,245	55,002	2,243
Long-term Liabilities:			
Straight bonds	10,000	20,000	(10,000)
Convertible bonds	5,489	5,552	(63)
Long-term borrowing	-	1,000	(1,000)
Retirement allowances	29,813	28,888	924
Provision for losses on investments in subsidiaries	770	-	770
Total long-term liabilities	46,072	55,440	(9,368)
Total liabilities	103,318	110,442	(7,124)
Shareholders' Equity			
Common stock	44,885	44,853	31
Additional paid-in capital	55,122	55,090	31
Legal reserve	6,843	6,186	656
Retained earnings:			
Retained earnings			
for reduction of assets cost	126	142	(15)
General reserve	198,880	187,880	11,000
Unappropriated retained earnings			
for the period	29,105	20,834	8,270
Total shareholders' equity	334,962	314,988	19,974
Total Liabilities and Shareholders' Equity	¥438,281	¥425,431	¥12,849

NON-CONSOLIDATED APPROPRIATED RETAINED EARNINGS

Years ended March 31, 2000 and 1999

(Millions of yen)

	2000	1999	Increase (Decrease)
Unappropriated Retained Earnings	¥29,105	20,834	¥8,270
Restoration of Retained Earnings for the reduction of assets cost	0	1	(0)
Total Unappropriated Retained Earnings	¥29,106	20,836	¥8,270
Legal Reserve	360	360	-
Dividends	3,409	3,408	0
(Dividend per Share)	(11.50)	(11.50)	
Bonus for Directors	-	100	(100)
Voluntary Appropriated Retained Earnings			
Retained earnings for the reduction of assets cost	-	75	(75)
General Reserve	20,000	11,000	9,000
Retained Earnings Carried Forward	¥5,337	¥5,891	(¥554)

Notes:

1. Dividends for treasury stock of 14,984 shares are excluded from dividends shown above.
2. On December 7, 1999, ¥2,964 million (¥10.00 per share) was paid as an interim dividend.
3. Restoration of retained earnings for reduction of assets costs and retained earnings for reduction of assets costs were made in accordance with the Special Taxation Measures Law

SIGNIFICANT ACCOUNTING POLICIES

1. Marketable and Investment Securities

Listed securities included in marketable and investment securities are stated at the lower of cost or market, cost being determined by the moving-average method. Other securities are stated at cost determined by the moving-average method.

2. Inventories

Inventories are stated at cost determined by the average method.

3. Fixed Assets

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method at rates based on estimated useful lives of the assets.

Intangible Assets

Depreciation for software utilized internally is computed by the straight line method over estimated useful lives of five (5) years. The depreciation for other intangible assets is computed on the straight-line method basis.

(Additional Information)

In the previous annual period, software was included in Long-term pre-paid expenses whereas in this period they are reclassified to, and presented as, Software in Intangible assets category.

Long-term Pre-paid Expenses

Depreciation is computed by the straight line method.

4. Deferred charges

Stock issuance costs are charged to income as incurred.

5. Allowances

- **Allowance for doubtful receivables:**

The allowance for doubtful receivables is provided at an amount sufficient to cover possible losses on collection. It is stated principally at an estimated amount of probable bad debts plus the maximum amount permitted to be charged to income under the Japanese income tax law.

- **Reserve for sales returns:**

The reserve for sales returns is provided at an amount sufficient to cover possible losses on sales returns. It is stated at the maximum amount permitted to be charged to income under the Japanese income tax law.

- **Reserve for write-off of goods returned:**

The reserve for write-off of goods returned is provided at an amount sufficient to cover possible losses on write-off of goods returned. It is stated at the amount calculated by the average write-off of goods returned over the last two years.

- **Reserve for rebates of sales:**

The reserve for rebates of sales is provided at an amount sufficient to cover possible expenses on rebates of sales. It is stated at the amount calculated by the average percentage of rebates of sales for the year to the estimated balance of inventories held by wholesalers at the end of the year.

(Additional Information)

In previous annual periods, rebates of sales were recorded at the time of sales whereas this year, this amount is placed in reserve. This has resulted in a reduction of operating income, ordinary income and income before income taxes by the amount of ¥669 million respectively.

- **Retirement allowances:**

The annual provision for retirement allowances is calculated to state the liability for employee benefits at the amount that would be required if all employees voluntarily terminated their employment at each balance sheet date, less amounts funded by a contributory pension plan, and for directors and corporate auditors at the amount that would be required for benefits if all directors and corporate auditors retired at each balance sheet date.

- **Provision for losses on investments in subsidiaries:**

The reserve for losses on investments in subsidiaries is provided at the estimated loss computed in accordance with financial conditions of the subsidiary.

6. Leases

Finance leases that do not transfer ownership of the leased property to the lessee are accounted for as operating leases.

7. Consumption tax

Income and expenses are recorded net of consumption taxes.

NOTES TO STATEMENTS OF INCOME

1. Transactions with subsidiaries

	April 1, 1999- March-31-2000	April 1, 1998- March-31-1999
Sales	¥26,251 mil.	¥20,744 mil.
Purchases	¥26,011 mil.	¥26,791 mil.
Non-operating transactions	¥1,327 mil.	¥1,772 mil.

2. Losses on Vitamin E cases

The Company has recorded a special loss of ¥9,971 million and has agreed to pay federal fines and civil settlements for anti-trust violations in the sales of synthetic vitamin E in the U.S. and Canada. Information of this issue outside of that noted above regarding details of damage compensation is not specified.

3. Other special losses

Provision for doubtful accounts	¥1,341	million
Provision for losses on investments in subsidiaries	¥ 770	million
Losses for re-evaluation of golf club membership	¥ 514	million
Losses for the re-evaluation of investments in subsidiaries	¥ 449	million

NOTES TO BALANCE SHEETS

	<u>March-31-2000</u>	<u>March-31-1999</u>
1. Short-term receivables from subsidiaries	¥15,683 mil.	¥9,984 mil.
2. Long-term receivables from subsidiaries	¥2,772 mil.	¥1,336 mil.
3. Short-term payables to subsidiaries	¥2,267 mil.	¥2,034 mil.
4. Accumulated depreciation of tangible fixed assets	¥122,595 mil.	¥117,040 mil.
5. Contingent liabilities	¥49 mil.	¥196 mil.

6. The category of Short-term Deposits recorded in the balance sheets is an escrow account established for the payment of civil settlements with direct purchasers of synthetic vitamin E relating to anti-trust violations in the U.S.
7. Fixed assets recorded in the balance sheets do not include lease contracts of fixed assets such as electronic computational devices (computers).
8. The provision of retirement allowances for directors, and corporate auditors is ¥1,885 million in accordance with Commercial Law 287-2.
9. Shares issued for the year ended March 31, 2000:

	Number of shares issued	Increase of Common stock	Conversion Price
4th unsecured convertible bond	36,444 shares	31.0 mil.	¥1,728.60

10. Earnings per share: ¥40.63

NOTES TO NEW ACCOUNTING STANDARD

1 New Accounting Standard

Effective April 1, 1999, the Company has adopted accounting for allocation of income taxes based on the asset and liability method in accordance with an amendment to the regulations. The effect of this change was to increase net income for the period ended March 31, 2000 and unappropriated retained earnings as of March 31, 2000 by 3,768 million yen and 18,197 million yen respectively.

2. Deferred tax assets (liabilities) are comprised of the following:

Deferred tax assets	
Retirement allowances	¥7,785 million
Clinical research	¥3,764 million
Depreciation	¥2,270 million
Other special losses	¥1,279 million
Accrued bonus	¥1,119 million
Accrued enterprise taxes	¥ 710 million
Other	<u>¥1,268 million</u>
Total	¥18,197 million
Deferred tax liabilities	
Reduction of assets cost	¥ (89 million)
Net deferred tax assets	¥18,107 million

3. Income taxes

The effective income tax rates of the Company differed from the statutory tax rate for the following reasons:

Normal effective statutory tax rate	41.6%
Losses on vitamin E cases (not deductible for tax purposes)	7.5%
Other costs/expenses permanently not deductible for income tax purposes	5.7%
Dividend income (non-taxable)	(0.7%)
Others	(2.4%)
Actual effective tax rate	51.7%

NOTES TO LEASE TRANSACTIONS

1 Finance leases other than those that transfer ownership of the leased property to the lessee

(1) Acquisition cost, Accumulated depreciation, Net estimated balance (Millions of yen)

	March-31-2000	March-31-1999
Vehicles:		
Acquisition cost	¥39	¥11
Accumulated depreciation	17	5
Net balance	¥21	¥5
Tools, furniture and fixtures:		
Acquisition cost	¥4,079	¥5,823
Accumulated depreciation	2,485	3,327
Net balance	¥1,594	¥2,495
Software:		
Acquisition cost	¥211	¥211
Accumulated depreciation	82	59
Net balance	¥129	¥151
Total:		
Acquisition cost	¥4,329	¥6,046
Accumulated depreciation	2,584	3,393
Net balance	¥1,744	¥2,653

(2) Future minimum lease payments (Millions of yen)

	March-31-2000	March-31-1999
Due within one year	¥982	¥1,270
Due over one year	838	1,419
Total	¥1,820	¥2,690

(3) Actual lease payments, Depreciation charges, Interest payments (Millions of yen)

	March-31-2000	March-31-1999
Actual lease payments	¥1,333	¥1,474
Depreciation charges	1,293	1,448
Interest payments	84	127

(4) Depreciation charges for leased assets are calculated using the straight-line method. The lease period is considered to be the useful life of the leased asset.

(5) Interest payments for leased assets are calculated based on the differences between the lease fees and the respective assets' acquisition cost, which is considered to be interest-bearing. The allocation of interest payments to each year is in accordance with the interest method.

2. Operating Leases

(Future minimum lease payments)

(Millions of yen)

	March-31-2000	March-31-1999
Due within one year	-	¥4
Due over one year	-	-
Total	-	¥4

Board of Director Changes

In order for the Company to meet the changing environment, the functions of the Board of Directors will be strengthened and a corporate officer system will be implemented to ensure transparency and effective managerial activities.

1. Change in Legal Representative

(1) Proposed candidate

Director (Representative)	Hiromasa Nakai
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2. Other Board of Director Changes

(1) New Board of Director candidate

Director	Ichiro Kataoka
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(2) Board of Director Resignations

Executive Vice President	Yoshito Kishi (Executive Vice President)*
Managing Director	Koichi Ogawa (Senior Corporate Officer)*
Managing Director	Tatsuo Komaki (Senior Vice President)*
Managing Director	Tadashi Nakai (Senior Corporate Officer)*
Managing Director	Ichiro Shinkai (Senior Corporate Officer)*
Director	Yukio Akimoto (Corporate Officer)*
Director	Hiroshi Yamauchi (Corporate Officer)*
Director	Nobukatsu Hashimoto (Corporate Officer)*
Director	Mitsuhiro Ebata (Corporate Officer)*
Director	Koichi Katayama (Corporate Officer)*
Director	Matsuo Ohara (Corporate Officer)*
Director	Jiro Hasegawa (Corporate Officer)*
Director	Kenji Toda (Corporate Officer)*

*Denotes to be named Corporate Officer

3. Board of Directors

Chairman (Representative)	Yuji Naito
President (Representative)	Haruo Naito
Director(Representative)*	Hiromasa Nakai(Executive Vice President)*
Director	Soichi Matsuno (Senior Vice President)*
Director	Aishin Shinoda (Senior Vice President)*
Director	Isao Okabayashi*
Director	Teruo Osawa*
Director	Yoji Takaoka*
Director	Hideaki Matsui*
Director	Ichiro Kataoka

*Denotes to be named Corporate Officer

4. Corporate Officer Candidates (At the conclusion of June 29, 2000 General Shareholders' Meeting the 13 resigning Board of Director Members named above and the seven Board of Director candidates with Corporate officer responsibilities, in addition to the four names noted below, are expected to be appointed as Corporate Officers.)

Corporate Officer	Akiyoshi Uchiyama
Corporate Officer	Yasuhiro Mita
Corporate Officer	Makoto Shiina
Corporate Officer	Masao Jimbo

New Board of Director Position Name:

Representative Director

Name: Hiromasa Nakai

Date of Birth: October 13, 1940

Education: March 1964, B. A. in Economics, Kansai University

Career:	February 1959	Entered Eisai Co., Ltd.
	June 1989	Appointed Member, Board of Directors
	June 1993	Appointed Managing Director
	June 1997	Appointed Senior Vice President
	June 2000	Appointed Executive Vice President (Planned)

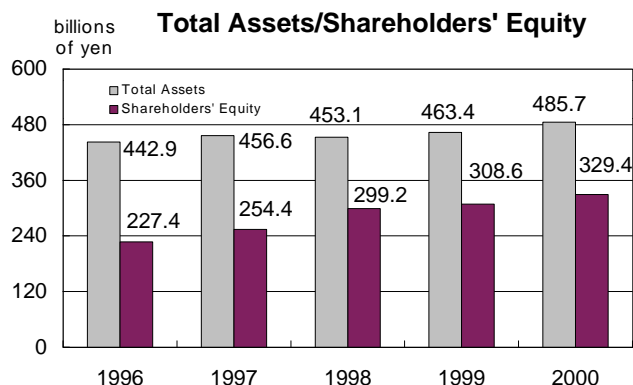
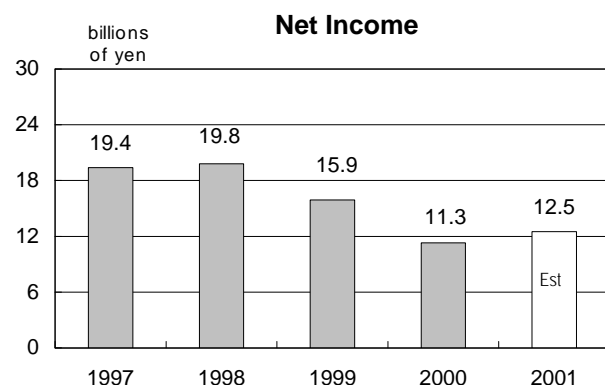
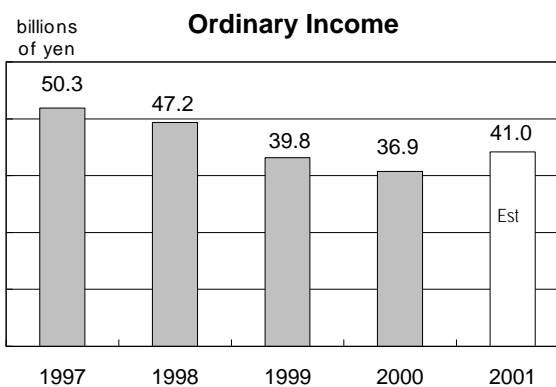
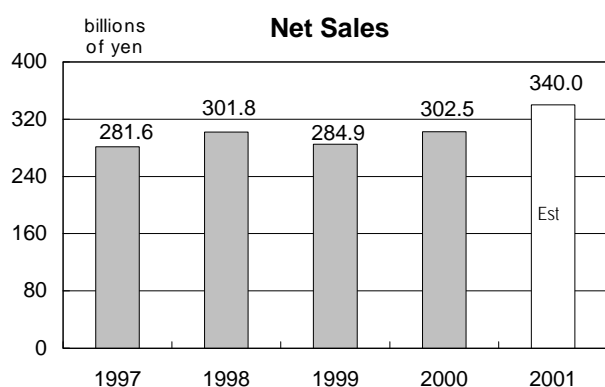
I. Consolidated Financial Highlights

Unless otherwise noted, all figures have been rounded to their nearest specified unit.

Years ended March 31	1997	1998	1999	2000	% Chg.	2001 (e)
<Statements of Income Data>						
Net Sales (billions of yen)	281.6	301.8	284.9	302.5	106.2%	340.0
Operating Income (billions of yen)	50.4	47.5	38.6	37.1	96.2%	41.0
Ordinary Income (billions of yen)	50.3	47.2	39.8	36.9	92.7%	41.0
Net Income (billions of yen)	19.4	19.8	15.9	11.3	71.0%	12.5
Earnings per Share (EPS) (yen)	71.0	70.0	53.6	38.0	-	42.2
Fully Diluted Earnings per Share (yen)	66.9	67.1	53.1	37.7	-	-
<Balance Sheets Data>						
Total Assets (billions of yen)	456.6	453.1	463.4	485.7	104.6%	-
Shareholders' Equity (billions of yen)	254.4	299.2	308.6	329.4	106.9%	-
<Cash Flow Data>						
Free Cash Flow (billions of yen)	-	-	21.1	12.6	-	-
<Others>						
Return on Equity (Fiscal Year Begin - End Average)(%)	8.1%	7.2%	5.2%	3.5%	-	-
Return on Assets (Fiscal Year Begin - End Average)(%)	4.3%	4.4%	3.5%	2.4%	-	-
Turnover Ratio of Total Capital (Fiscal Year Begin - End Average)(Times)	0.63	0.66	0.62	0.64	-	-
Equity Ratio (%)	55.7%	66.0%	66.6%	67.8%	-	-
Number of Consolidated Subsidiaries	34	35	34	35	-	-

Note: Certain reclassifications have been made in the financial accounts of years prior to 1999 in accordance with changes in accounting principles implemented in 1999.

Note: In the net income forecast for the year ending March 2001, this includes a net special loss of ¥13.7 billion of securities transferred to a trust fund for retirement allowances.



II. Consolidated Statements of Income

1. CONSOLIDATED STATEMENTS OF INCOME & EXPLANATION

(billions of yen)

Years ended March 31	1999	Sales %	2000	Sales %	Chg. %	Change	
Net sales	284.9	100.0%	302.5	100.0%	106.2%	17.6	<Explanation> Net sales
Cost of sales	87.2	30.6%	91.7	30.3%	105.1%	4.5	<Increase Factor(s)> -Aciphex Sales Launch in the U.S.
Reversal of reserve for sales returns	0.1	0.0%	0.1	0.0%	83.1%	(0.0)	-International Sales of Aricept
Gross profit	197.8	69.4%	210.9	69.7%	106.6%	13.1	R&D expenses
Research and development expenses	43.7	15.3%	46.7	15.4%	106.9%	3.0	<Increase Factor(s)> -Adoption of new R&D accounting principles in Japan
Selling, general and administrative expenses	115.4	40.5%	127.1	42.0%	110.1%	11.6	-Aricept clinical development in the U.S.
Operating income	38.6	13.6%	37.1	12.3%	96.2%	(1.5)	SG&A expenses <Increase Factor(s)>
Non-operating income	6.9	2.4%	4.1	1.4%	59.7%	(2.8)	-Aciphex sales launch expenses in the U.S.
Interest and dividend income	2.6		2.4			(0.2)	
Amortization of net assets over cost	0.0		0.0			0.0	■ Non-operating income/expenses
Equity in Earnings	0.3		0.2			(0.1)	See page 6
Other non-operating income	4.0		1.5			(2.5)	
Non-operating expenses	5.8	2.0%	4.4	1.5%	76.3%	(1.4)	
Interest expense	1.0		1.1			0.1	
Other non-operating expenses	4.7		3.3			(1.5)	
Ordinary income	39.8	14.0%	36.9	12.2%	92.7%	(2.9)	
Special profit	0.4	0.1%	1.1	0.3%	262.3%	0.7	■ Gains on sales of property
Gains on sales of property	0.1		0.9			0.7	<Increase Factor(s)>
Other special profits	0.3		0.2			(0.1)	-Sale of land upon transfer of a Japanese subsidiary production facility
Special loss	3.5	1.2%	12.4	4.1%	354.9%	8.9	
Loss on disposal of assets	0.4		1.1			0.7	
Loss on disposal of inventory	2.8		-			(2.8)	
Losses on vitamin E cases	-		10.0			10.0	
Other special losses	0.3		1.3			1.1	
Income Before Income Tax	36.7	12.9%	25.5	8.4%	69.6%	(11.1)	
Income Taxes - current	21.0	7.4%	17.4	5.8%	83.0%	(3.6)	■ Income Taxes-Deferred
Income Taxes - deferred	-		(3.2)	-1.1%		(3.2)	Adoption of tax allocation accounting
Minority interests	(0.2)	-0.1%	0.1	0.0%		0.1	
Net Income	15.9	5.6%	11.3	3.7%	71.0%	(4.6)	

2. CONSOLIDATED SALES DATA

<Consolidated Net Sales by Business Segment>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	281.6	301.8	284.9	302.5	340.0
Pharmaceuticals	243.2	264.6	249.4	270.9	-
Others	38.4	37.1	35.5	31.6	-

<Consolidated Net Sales by Geographical Segment>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	281.6	301.8	284.9	302.5	340.0
Japan	269.8	263.3	226.6	223.5	-
Outside Japan	11.8	38.5	58.2	78.9	-
North America		34.0	48.3	64.6	-
Europe		2.6	8.4	11.5	-
Asia & Others		1.8	1.5	2.8	-

Note: Geographical sales outside Japan include the areas noted below:

1. North America: U.S., Canada
2. Europe: U.K., France, Germany, etc.
3. Asia & Others: East Asia, Southeast Asia and Central and South America, etc.

<Overseas Sales>

(billions of yen)

Years ended March 31	1998	1999	2000	2001 (e)
Net sales	301.8	284.9	302.5	340.0
Overseas Sales	50.3	69.7	90.3	-
North America	34.7	49.6	67.4	-
Europe	9.0	14.3	16.4	-
Asia & Others	6.6	5.8	6.6	-
Ratio of Overseas Sales to sales (%)	16.7%	24.5%	29.9%	-

<Reference- Eisai Inc.> (USA)

(billions of yen)

Years ended March 31	1999	2000	change %
Net sales	45.0	63.0	140.1%
Ordinary income	3.1	1.1	35.9%
Net income	1.7	0.6	35.7%

<Aricept Sales by Country>

Area	Currency	Apr-96 - Mar-97	Apr-97 - Mar-98	Apr-98 - Mar-99	Apr-99 - Mar-00	Apr-00 - Mar-01 (Est)
Japan	Yen Billions	-	-	-	1.8	10.0
U.S.	Yen Billions	3.7	27.2	40.1	47.6	49.9
	US\$ millions	(32)	(222)	(313)	(427)	(475)
U.K.	Yen Billions	-	1.0	1.0	1.1	-
	UK£ Millions	-	(5)	(5)	(6)	-
Germany	Yen Billions	-	0.5	1.8	1.8	-
	DM millions	-	(7)	(25)	(31)	-
France	Yen Billions	-	0.2	3.4	4.8	-
	FFr millions	-	(9)	(156)	(276)	-
Europe Total	Yen Billions	-	1.6	6.2	7.8	9.3
Asia	Yen Billions	-	-	0.2	0.5	0.8
Total	Yen Billions	3.7	28.8	46.5	57.6	70.0

Note: Sales in other territories as of the end of March 2000 were 10.4 billion yen. Alliance company calculations.

Note: Average exchange rates in the period ended March 31, 2000 were: US\$/¥111.60; UK£/¥179.80, DM/¥59.01, and FFr/¥17.59.

Note: Sales in Pfizer exclusive territories are not included in the sales forecast total for fiscal year ending March 31, 2001.

Note: Sales launches, approvals, and applications are on page 31.

<Pariet/Aciphex Sales by Country>

Area	Currency	Apr-97 - Mar-98	Apr-98 - Mar-99	Apr-99 - Mar-00	Apr-00 - Mar-01 (Est)
Japan	Yen Billions	2.1	5.6	5.9	7.5
U.S.	Yen Billions	-	-	9.9	38.9
	US\$ millions	-	-	(89)	(370)
U.K.	Yen Billions	-	0.5	1.8	-
	UK£ Millions	-	(2)	(10)	-
Germany	Yen Billions	-	0.5	0.8	-
	DM Millions	-	(7)	(14)	-
Europe Total	Yen Billions	-	1.0	2.6	3.3
Asia	Yen Billions	-	-	0.0	0.3
Total	Yen Billions	2.1	6.6	18.4	50.0

Note: Sales in other territories as of the end of March 2000 were 1.1 billion yen. Alliance company calculations.

Note: Average exchange rates in the period ended March 31, 2000 were: US\$/¥111.60; UK£/¥179.80, and DM/¥59.01.

Note: Sales in Janssen exclusive territories are not included in the sales forecast total for fiscal year ending March 31, 2001.

Note: Sales launches, approvals, and applications are on page 31.

3. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

<Research and Development (R&D) Expenses>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	281.6	301.8	284.9	302.5	340.0
R&D expenses	38.3	45.1	43.7	46.7	53.0
Ratio of R&D expenses to sales (%)	13.6%	14.9%	15.3%	15.4%	15.6%

<Selling, General and Administrative (SG&A) Expenses>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	281.6	301.8	284.9	302.5	340.0
SG&A expenses	97.8	115.3	115.4	127.1	150.0
Personnel expenses	44.2	45.4	45.1	45.2	-
Promotional expenses	32.0	45.9	47.9	60.7	-
Administrative expenses	21.1	23.2	21.3	20.2	-
Others	0.5	0.8	1.1	0.9	-
Ratio of SG&A Expenses to sales (%)	34.7%	38.3%	40.5%	42.0%	44.1%

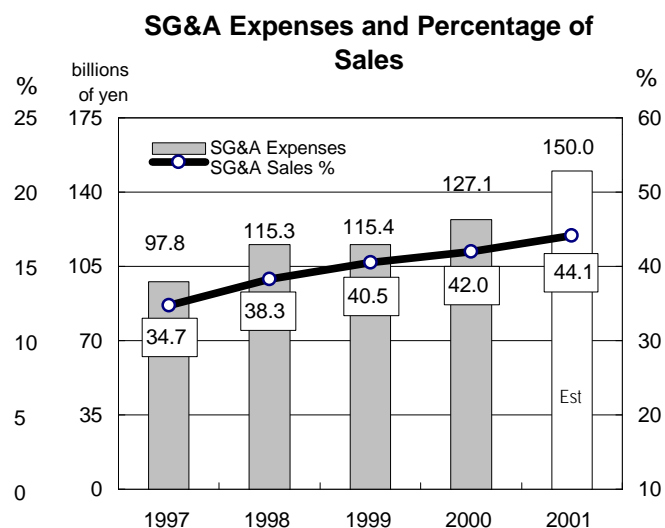
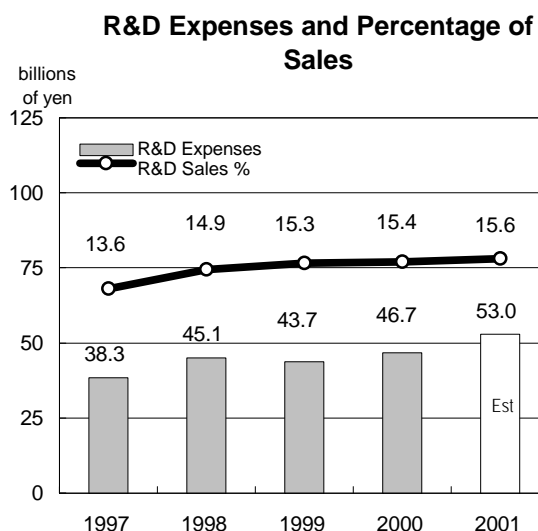
Note: Before March 1998 consolidated financial statements, "Enterprise taxes" were included in SG&A Expenses. Past years numbers have been adjusted to reflect this reclassification.

<SG&A Expenses (including R&D expenses)>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	281.6	301.8	284.9	302.5	340.0
SG&A expenses (including R&D expenses)	136.2	160.4	159.1	173.8	203.0
Ratio of SG&A expenses to sales (%)	48.4%	53.2%	55.8%	57.4%	59.7%

Note: Before March 1998 consolidated financial statements, "Enterprise taxes" were included in SG&A Expenses. Past years numbers have been adjusted to reflect this reclassification.



4. NON-OPERATING INCOME/EXPENSES

(billions of yen)

Years ended March 31	1999	% Sales	2000	% Sales	% Chg.	Change
Non-operating income	6.9	2.4%	4.1	1.4%	59.7%	(2.8)
Interest income	1.9		1.8			
Dividend income	0.7		0.6			
Rental income	0.2		0.2			
Profits on sales of marketable securities	2.7		0.1			
Amortization of excess of net assets over cost	0.0		0.0			
Gains on Equity in Earnings	0.3		0.2			
Others	1.1		1.1			
Non-operating expenses	5.8	2.0%	4.4	1.5%	76.3%	(1.4)
Interest paid	1.0		1.1			
Foreign exchange losses	1.6		1.1			
Write down of marketable securities	0.7		0.6			
Others	2.4		1.5			
Non-operating income/expenses	1.1	0.4%	(0.3)	0.1%	-	(1.4)

III. Consolidated Balance Sheets

1. Consolidated Balance Sheets & Explanation

(billions of yen)

March 31	1999	%	2000	%	% Chg.	Change	<Explanation>
ASSETS							
Current assets:							
Cash and time deposits	47.3		49.1			1.8	■Trade receivables <Reduction Factor(s)> -Decrease of Japanese wholesalers stock of prescription pharmaceuticals
Trade receivables	111.9		107.5			(4.4)	
Short-term Investments	105.4		99.3			(6.1)	■Deferred tax assets <Increase Factor(s)> -Adoption of tax allocation accounting
Inventories	31.5		34.0			2.4	
Deferred tax assets	-		9.7			9.7	■Other current assets <Increase Factor(s)> -Parent company deposits received and accrued expenses
Other current assets	5.3		13.4			8.2	
Allowance for doubtful receivables	(0.7)		(0.6)			0.1	
Total current assets	300.6	64.9%	312.4	64.3%	103.9%	11.8	
Fixed assets:							
Property, plant, & equipment							■Property, plant & equipment <Reduction Factor(s)> -Decrease in investment by Parent company
Buildings & structures	59.6		58.7			(0.9)	
Machinery & vehicles	23.8		22.8			(1.0)	-Impact of the increase in value of the yen
Land	18.4		19.1			0.7	
Construction in progress	4.0		1.5			(2.5)	
Others	8.1		7.5			(0.6)	
Total property, plant and equipment	113.9	24.6%	109.5	22.5%	96.1%	(4.4)	
Intangible assets	0.6	0.1%	8.0	1.7%		7.4	■Intangible assets <Increase Factor(s)> -Application of new Japanese accounting standards
Investments and other assets							
Investments in securities	5.6		5.7			0.1	■Deferred tax assets <Increase Factor(s)> -Adoption of tax allocation accounting
Long-term loans receivable	0.2		0.2			(0.0)	
Deferred tax assets	-		11.8			11.8	■Deferred tax assets <Decrease Factor(s)> -Reclassification of Software to Intangible assets
Other investments	38.8		32.4			(6.5)	
Allowance for doubtful receivables	(0.1)		(0.4)			(0.3)	
Total investments and other assets	44.6	9.6%	49.6	10.2%	111.2%	5.0	
Total fixed assets	159.1	34.3%	167.2	34.4%	105.1%	8.1	
Deferred charges	0.7	0.2%	0.5	0.1%	73.2%	(0.2)	■Foreign currency translation adjustments <Increase Factor(s)> -Impact of the increase in the value of the yen
Foreign currency translation adjustments	2.9	0.6%	5.5	1.2%	188.7%	2.6	
Total Assets	463.4	100.0%	485.7	100.0%	104.8%	22.3	

(billions of yen)

March 31	1999	%	2000	%	% Chg.	Change	<Explanation>
LIABILITIES, MINORITY INTERESTS, AND SHAREHOLDERS' EQUITY							
Current Liabilities:							
Trade payables	14.1		14.2			0.1	■Current Liabilities <Increase Factor(s)> -Transfer from Non-current portion to Current portion of Long-term borrowing -Increase in Accounts payable in Parent company <Decrease Factor(s)> -Reduction in the Parent company's accrued income taxes ■Current portion of straight bonds <Increase Factor(s)> -Transfer from Non-current portion to Current portion in parent company ■Straight Bonds/Long-term Borrowings <Reduction Factor(s)> -Transfer from Non-current to current portion in parent company ■Retained Earnings <Increase Factor(s)> -Adoption of tax allocation accounting
Short-term borrowings	6.5		7.5			1.0	
Current portion of long-term borrowing	0.1		1.6			1.5	
Current portion of straight bonds	10.0		10.0			-	
Accrued income taxes	15.1		8.0			(7.1)	
Accrued expenses	26.8		22.5			(4.3)	
Reserve for sales returns and write-off of goods returned	1.1		1.7			0.6	
Other current liabilities	13.7		31.5			17.8	
Total current liabilities	87.3	18.8%	96.9	19.9%	110.9%	9.5	
Long-term Liabilities:							
Straight bonds	20.2		10.1			(10.1)	
Convertible bonds	5.6		5.5			(0.1)	
Long-term borrowings	1.6		0.1			(1.4)	
Retirement allowances	31.5		32.6			1.1	
Unamortized excess of net assets over cost	0.0		0.0			(0.0)	
Deferred taxes	-		1.1			1.1	
Other long-term debt	0.4		0.4			0.0	
Total long-term liabilities	59.3	12.8%	49.9	10.3%	84.2%	(9.3)	
Total Liabilities	146.6	31.6%	146.8	30.2%	100.1%	0.2	
Minority Interests	8.2	1.8%	9.5	2.0%	115.4%	1.3	
Shareholders' Equity:							
Common stock	44.9		44.9			0.0	
Additional paid-in capital	55.1		55.1			0.0	
Retained earnings	208.7		229.4			20.7	
Treasury stock	(0.0)		(0.0)			0.0	
Total Shareholders' Equity	308.6	66.6%	329.4	67.8%	106.7%	20.8	
Total Liabilities, Minority Interests, And Shareholders' Equity	463.4	100.0%	485.7	100.0%	104.8%	22.3	

2. CAPITAL EXPENDITURES & DEPRECIATION

<Capital Expenditures & Depreciation>

(billions of yen)

Years ended March 31	1998	1999	2000	2001 (e)
Capital Expenditures	30.8	13.9	13.0	14.5
Japan total	-	-	11.4	-
Overseas total	-	-	1.6	-
Depreciation	10.8	12.9	12.6	13.0

Note: The above capital expenditures encompass fixed assets.

<Principal Capital Expenditures>

(billions of yen)

Years ended March 31		2000
Eisai Co., Ltd.	Pharmaceuticals Production	1.7
Eisai Co., Ltd.	New Synthetic Production Facility	1.2
Sannova Co., Ltd.	Pharmaceuticals Production	1.2

3. Flotation of Bonds

<Straight Bonds>

As of March 31, 2000

Type/Date of Issue	Amount	Balance	Maturity Date	Coupon Rate
No.3 unsecured straight bonds Dec-14-1995	10.0 billions of yen	10.0 billions of yen	Dec-14 2000	2.10% per year
No.4 unsecured straight bonds Dec-14-1995	10.0 billions of yen	10.0 billions of yen	Dec-14 2001	2.40% per year
Secured straight bonds Mar-29-2000	0.1 billions of yen	0.1 billions of yen	Mar-29 2004	1.50% per year

<Convertible Bonds>

As of March 31, 2000

Type/Date of Issue	Amount	Conversion Amount	Conversion Percentage	Balance	Maturity Date	Conversion Price	Coupon Rate
No.4 unsecured convertible bonds Nov-16-1995	10.0 billions of yen	4.5 billions of yen	45.1 %	5.5 billions of yen	Mar-31 2003	1,728.60 yen	0.60% per year

4. Stock Information

<Issued Stock and Shareholder Information>

As of March 31, 2000

Total Number of Authorized Shares	Number of Shares Outstanding	Number of Shareholders	Average Number of Shares per Shareholder
700,000,000 shares	296,450,675 shares	23,224	12,764 shares

<Top 10 Shareholders>

As of March 31, 2000

Name	Shares	Percentage
Nippon Life Insurance Co.	16,364 Thousands	5.52%
The Asahi Bank, Ltd.	14,765 Thousands	4.98%
The Fuji Bank, Ltd.	12,848 Thousands	4.33%
The Dai-Ichi Kangyo Bank, Ltd.	12,717 Thousands	4.29%
The Dai-Ichi Mutual Life Insurance Co.	10,300 Thousands	3.47%
Sumitomo Mutual Life Insurance Co.	8,844 Thousands	2.98%
Eisai Employee Shareholding Association	8,368 Thousands	2.82%
State Street Bank and Trust Company	8,256 Thousands	2.78%
Sumitomo Trust & Banking Co., Ltd. (Trust Account)	6,922 Thousands	2.33%
State Street Bank and Trust Company 505772	6,806 Thousands	2.30%

<Number of Shareholders by Category>

	3/1999	%	3/2000	%	Change
Financial Institutions	133	0.6%	134	0.6%	1
Securities Companies	30	0.1%	33	0.1%	3
Other Domestic Corporations	1,249	5.5%	1,219	5.3%	(30)
Foreign Corporations, etc.	366	1.6%	369	1.6%	3
Individuals and Others	20,859	92.2%	21,469	92.4%	610
Total	22,637	100.0%	23,224	100.0%	587

<Number of Shares Held by Category>

(One unit = 1,000 shares)	3/1999	%	3/2000	%	Change
Financial Institutions	141,185	47.6%	142,035	47.9%	849
Securities Companies	578	0.2%	872	0.3%	294
Other Domestic Corporations	23,524	7.9%	23,127	7.8%	(397)
Foreign Corporations, etc.	76,371	25.8%	77,338	26.1%	967
Individuals and Others	54,754	18.5%	53,076	17.9%	(1,677)
Total	296,414	100.0%	296,450	100.0%	36

IV. Consolidated Statements of Cash Flows

(billions of yen)				
Years ended March 31	1999	2000	Change	<Explanation>
Operating Activities				■Operating Cash Flow
Income before income taxes	36.7	25.5	(11.1)	
Depreciation and amortization	13.0	15.1	2.2	
Other non-cash losses/gains	4.1	5.2	1.1	>>Increase in provision for retirement allowances, increase in allowance for doubtful accounts
Operating assets/liability increase/decrease	3.2	0.7	(2.5)	>>Decrease in trade receivables in Japan
Others	(2.9)	13.4	16.3	
Subtotal	54.1	60.0	5.9	
Interest paid	1.9	1.7	(0.2)	
Payments on vitamin E cases		(9.7)	(9.7)	
Cash paid for income taxes	(20.1)	(24.8)	(4.7)	>>Decrease in Parent company
Net cash provided by operating activities	35.9	27.2	(8.7)	
Investing Activities				■Investing Cash Flow
Capital expenditure etc.	(14.2)	(16.3)	(2.1)	
Other continuous activities asset increase/decrease	(0.7)	1.8	2.4	
Purchases of investment securities	(43.7)	(25.1)	18.7	>>Payment of Parent company corporate bonds led to reductions in purchase of investment securities
Sales of investment securities	31.9	31.6	(0.3)	
Others	(7.2)	4.0	11.1	
Net cash used in investing activities	(33.9)	(4.0)	29.8	
Financing Activities				■Financing Cash Flow
Dividends paid	(6.4)	(6.4)	0.0	
Long-term debt increase/decrease	(1.9)	(10.1)	(8.1)	>>Corporate bond repayment
Short-term debt increase/decrease	(1.6)	1.1	2.8	>>Increase in short-term bank borrowing by subsidiaries in Japan
Others	(0.1)	(0.0)	0.0	
Net cash used in investing activities	(10.0)	(15.4)	(5.3)	
Effect of exchange rate changes on cash and cash equivalents	(1.0)	(2.4)	(1.4)	■Effect of Exchange rate changes on cash and cash equivalents >>Effect of exchange rate changes
Net increase (decrease) in cash and cash equivalents	(9.0)	5.3	14.3	
Cash and cash equivalents at beginning of year	55.9	46.9	(9.0)	
Newly consolidated subsidiary cash and cash equivalents at year end		0.3	0.3	
Cash and cash equivalents at end of year	46.9	52.6	5.6	
(billions of yen)				
Years ended March 31	1999	2000	Change	Free Cash Flow
Free Cash Flow	21.1	12.6	(8.4)	<Reduction Factor(s)> -Decrease in Operating Cash Flows

Note: Free Cash Flow equals the net cash provided by operating activities minus the cash from capital expenditures and Other continuous activities asset increase/decrease.

V. Subsidiaries-Affiliated Companies

<Consolidated Subsidiaries: 35>

As of March 31, 2000

Company Name	Location	Common Stock	Equity (%) Ownership ¹	Description of Operations
<Domestic Subsidiaries: 14>				
Sanko Junyaku Co., Ltd.	Tokyo	¥5,262 million	50.59%	Diagnostic product prod./sales
Sannova Co., Ltd. ⁴	Gunma Pref.	¥927 million	79.28%	Pharmaceutical prod./sales
Elmed Eisai Co., Ltd.	Tokyo	¥450 million	100.00%	Pharmaceutical sales
Eland Co., Ltd.	Tokyo	¥400 million	100.00%	Real estate management
Kan Research Institute, Inc.	Kyoto	¥70 million	100.00%	Basic research
Eisai Distribution Co., Ltd.	Kanagawa Pref.	¥60 million	100.00%	Pharmaceutical distribution
Clinical Supply Co., Ltd.	Gifu Pref.	¥80 million	84.80%	Medical instruments sales/prod.
Takehaya Co., Ltd.	Tokyo	¥68 million	82.17%	Printing/admin. services
Herusu Co., Ltd.	Tokyo	¥64 million	75.00%	Pharma. machinery, etc. sales
Eisai Seikaken Co., Ltd.	Tokyo	¥50 million	70.00%	Agro-chemical prod./sales
Kawashima Co., Ltd.	Gifu Pref.	¥50 million	63.16%	Catering /admin. services
Dimec Co., Ltd.	Chiba Pref.	¥30 million	84.80%	Medical instruments prod./sales
Seiansha Co., Ltd.	Tokyo	¥30 million	50.00%	Promotion/sales production
Hisakata Co., Ltd.	Tokyo	¥10 million	82.17%	Insurance agency services
<Subsidiaries Outside Japan: 21>				
Unit: thousand				
Eisai Corporation of North America	New Jersey, USA	179,100 US\$	100.00%	U.S. subsidiaries holding company
Eisai Inc.	New Jersey, USA	83,600 US\$	100.00%	Pharma. prod./sales/clinical research
Eisai Research Institute of Boston, Inc. ²	Massachusetts, USA	65,300 US\$	100.00%	Basic research/clinical trial process research
Eisai U.S.A., Inc.	Texas, USA	29,500 US\$	100.00%	Bulk chemical prod./sales & machinery sales
Eisai London Research Laboratories Ltd.	London, U.K.	12,000 UK£	100.00%	Basic research
Eisai Ltd.	London, U.K.	15,549 UK£	100.00%	Pharma. sales/clinical research
Eisai Pharma-Chem Europe Ltd.	London, U.K.	100 UK£	100.00%	Bulk chemical sales support
Eisai Europe Ltd. ³	London, U.K.	3,825 UK£	100.00%	-
Eisai GmbH	Frankfurt, FRG	15,000 DM	100.00%	Pharmaceutical sales
Eisai Machinery GmbH	Cologne, FRG	2,500 DM	100.00%	Pharm. machinery prod./sales
Eisai S.A.	Paris, France	130,000 Fr	100.00%	Pharmaceutical sales
Eisai B.V.	Amsterdam, Netherlands	1,200 GL	100.00%	Pharmaceutical prod./sales
P.T. Eisai Indonesia	Jakarta, Indonesia	5,000 US\$	79.60%	Pharmaceutical prod./sales
Eisai Asia Regional Services Pte. Ltd.	Singapore	26,400 S\$	100.00%	Pharm. management/sales support
Eisai (Malaysia) Sdn. Bhd.	Petaling Jaya, Malaysia	470 M\$	98.09%	Pharmaceutical sales
Eisai (Thailand) Marketing Co., Ltd.	Bangkok, Thailand	11,000 Baht	49.90%	Pharmaceutical prod./sales
Eisai Hong Kong Co., Ltd.	Hong Kong	500 HK\$	100.00%	Pharmaceutical prod./sales
Eisai Taiwan, Inc.	Taipei, Taiwan	250,000 NT\$	100.00%	Pharmaceutical prod./sales
Weizai Co., Ltd.	Taipei, Taiwan	20,000 NT\$	100.00%	Pharmaceutical sales
Eisai (Suzhou) Pharmaceutical Co., Ltd.	Suzhou, China	139,274 RMB	100.00%	Pharmaceutical prod./ sales
Eisai Korea Inc.	Seoul, Korea	2,512,000 Won	100.00%	Pharmaceutical sales

Notes: 1. Direct/Indirect Ownership percentage.

2. Eisai Merrimack Valley Laboratories, Inc. merged with Eisai Research Institute, Inc. on April 1, 1999.

3. Eisai Europe Ltd., as a registered company, remains in existence.

4. Sansho Co., Ltd. changed its name on August 1, 1999 to Sannova Co., Ltd.

<Equity in Earnings Method Subsidiary: 1 company>

As of March 31, 2000

Company Name	Location	Common Stock	Equity (%) Ownership ¹	Description of Operations
[Subsidiaries Outside Japan: 1]		Unit: thousand		
Shenyang Eisai Pharmaceutical Co., Ltd.	Shenyang, China	13,790 RMB	70.96%	Pharmaceutical production/sales

<Equity in Earnings in Affiliated Companies: 5 companies>

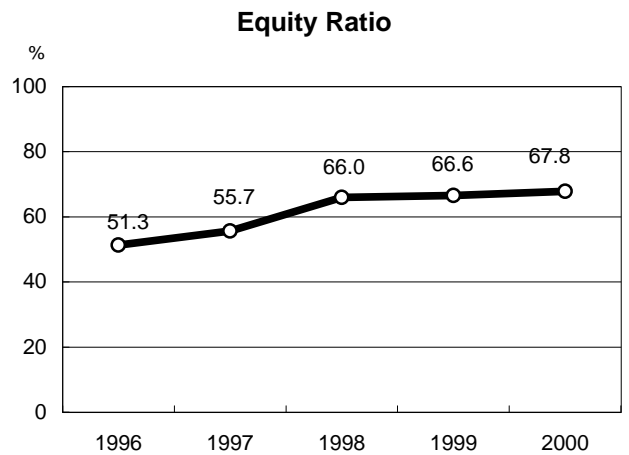
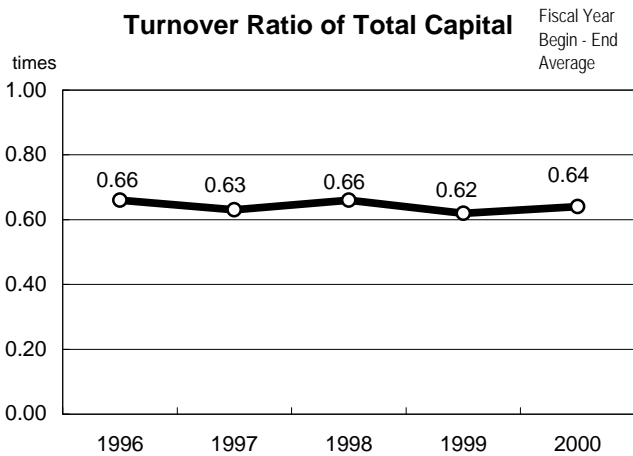
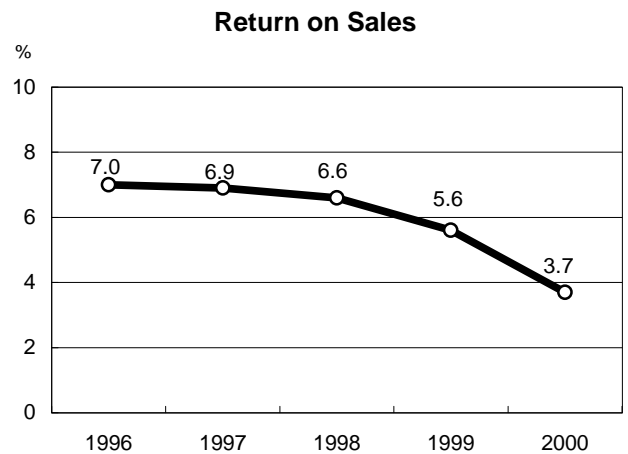
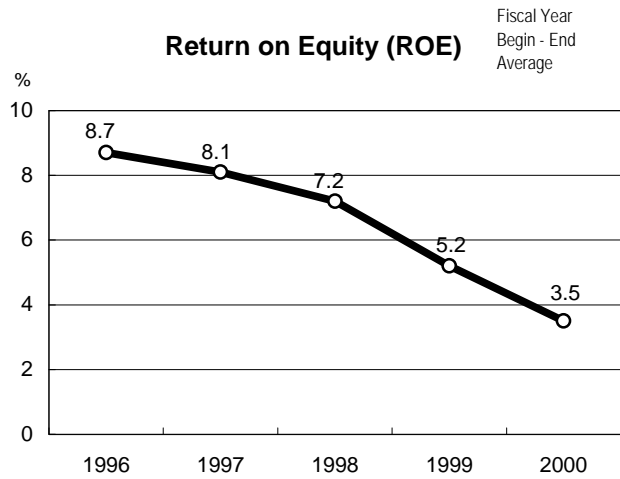
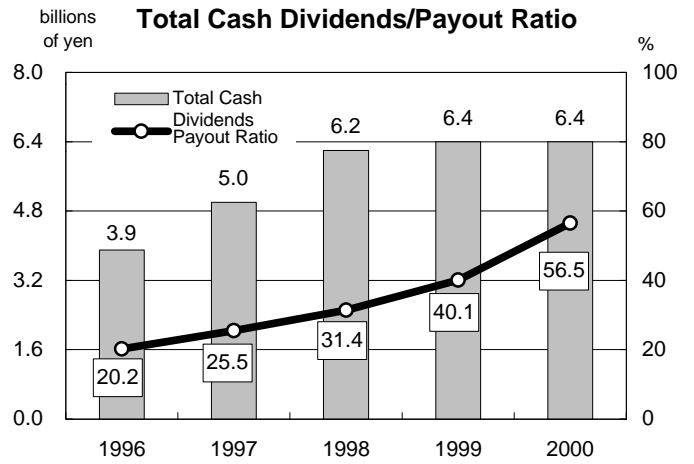
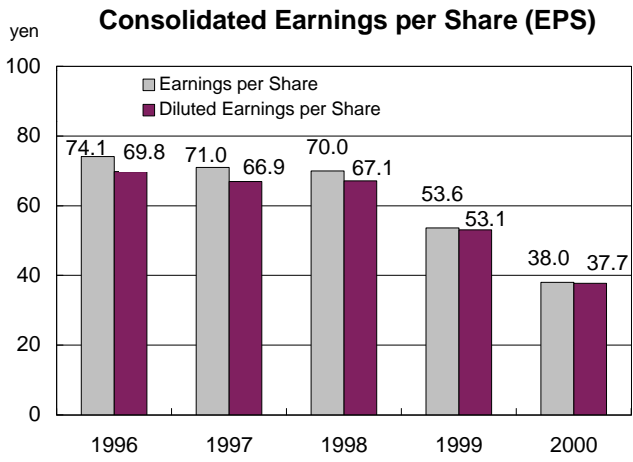
As of March 31, 2000

Company Name	Location	Common Stock	Equity (%) Ownership ¹	Description of Operations
[Affiliated companies in Japan: 2]				
Bracco-Eisai Co., Ltd.	Tokyo	¥340 million	49.00%	Contrast media prod./sales/import/export
Gakuen Shoji Co., Ltd.	Ibaragi Pref.	¥20 million	37.81%	Catering & admin. services
[Affiliated companies outside Japan: 3]		Unit: thousand		
Eisai-Novartis GmbH & Co. KG	Nuremberg, FRG	2,500 DM	50.00%	Pharmaceutical sales
Eisai-Novartis Verwaltungs GmbH	Nuremberg, FRG	50 DM	50.00%	Joint venture management
Hi-Eisai Pharmaceutical Inc.	Manila, Philippines	25,000 Peso	49.90%	Pharmaceutical sales

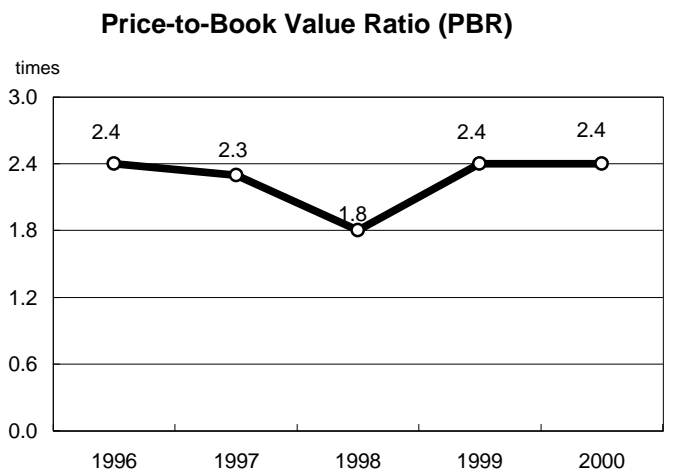
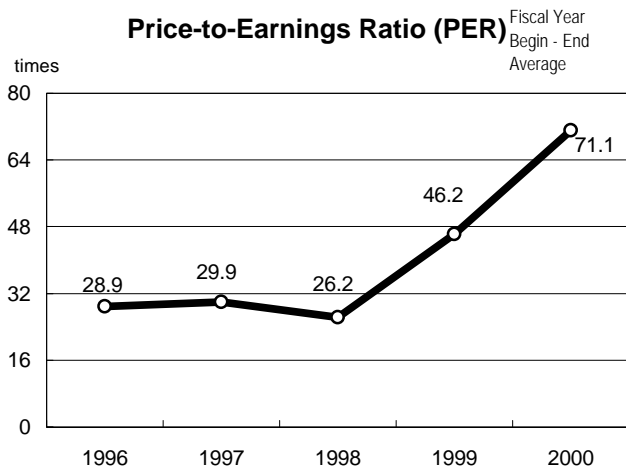
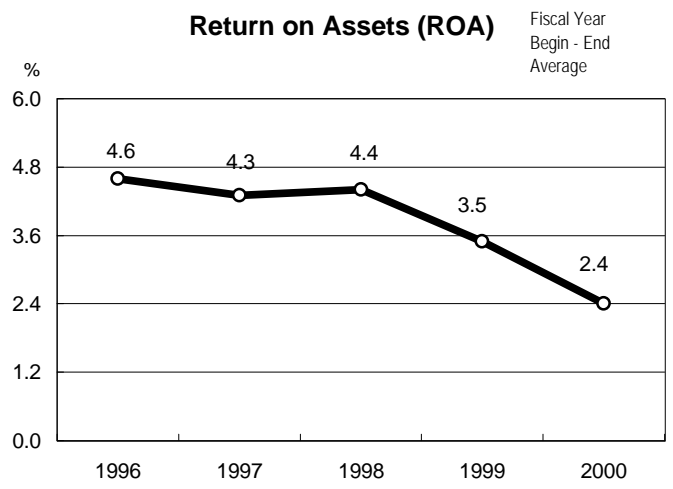
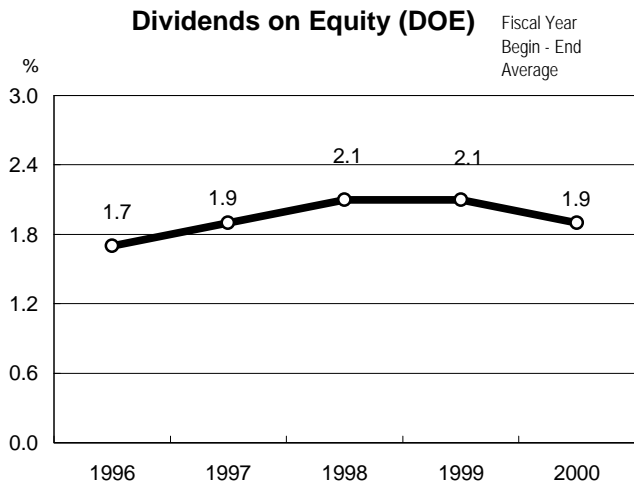
Note 1: Indirect/Direct ownership percentage.

VI. Major Consolidated Management Indices

Years ended March 31



Years ended March 31



VII. Consolidated Financial Trend

Years ended March 31	1992	1993	1994	1995	1996	1997	1998	1999	2000
<Income Statements Data>									
Net Sales (billions of yen)	224.3	230.8	236.3	258.3	273.4	281.6	301.8	284.9	302.5
Operating Income (billions of yen)	30.3	32.2	33.8	39.2	49.1	50.4	47.5	38.6	37.1
Ordinary Income (billions of yen)	32.1	32.4	33.5	38.9	48.7	50.3	47.2	39.8	36.9
Net Income (billions of yen)	15.0	15.1	15.1	17.4	19.1	19.4	19.8	15.9	11.3
Earnings per Share (yen)	64.5	59.0	58.7	67.6	74.1	71.0	70.0	53.6	38.0
Fully Diluted Earnings per Share (yen)	-	-	-	-	69.8	66.9	67.1	53.1	37.7
<Balance Sheets Data>									
Common Stock (billions of yen)	23.5	23.5	23.5	23.5	23.5	29.6	44.9	44.9	44.9
Total Assets (billions of yen)	331.7	319.1	360.7	389.2	442.9	456.6	453.1	463.4	485.7
Shareholders' Equity (billions of yen)	171.5	183.2	195.2	211.9	227.4	254.4	299.2	308.6	329.4
<Others>									
Return on Equity (Fiscal Year Begin - End Average)(%)	9.2%	8.5%	8.0%	8.5%	8.7%	8.1%	7.2%	5.2%	3.5%
Equity Ratio (%)	51.7%	57.4%	54.1%	54.5%	51.3%	55.7%	66.0%	66.6%	67.8%
Payout Ratio (%)	18.6%	20.5%	20.4%	19.2%	20.2%	25.5%	31.4%	40.1%	56.5%
Number of Consolidated Subsidiaries	5	5	5	28	32	34	35	34	35

Note: Figures for years ending in and after March 1996 have been adjusted for comparative reference in accordance with a reclassification in the disclosure of consolidated financial statements applicable in the year ended March 1999.

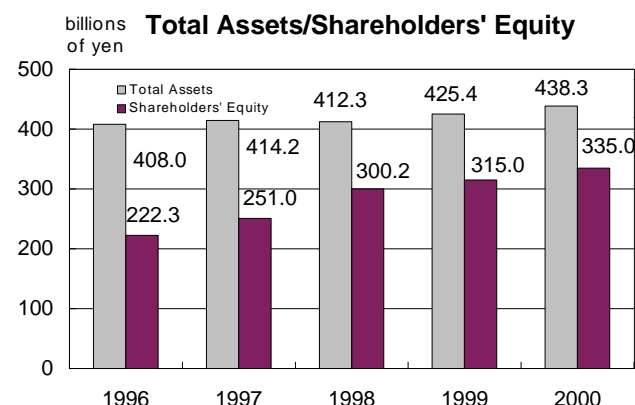
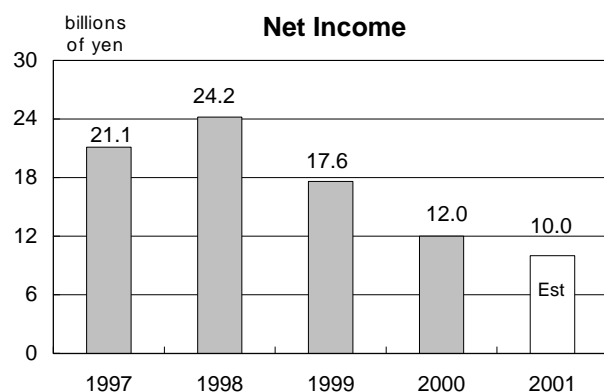
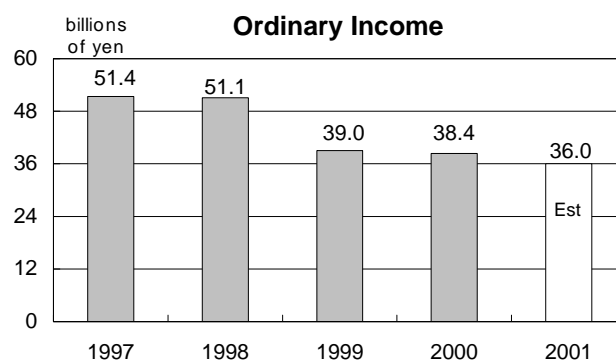
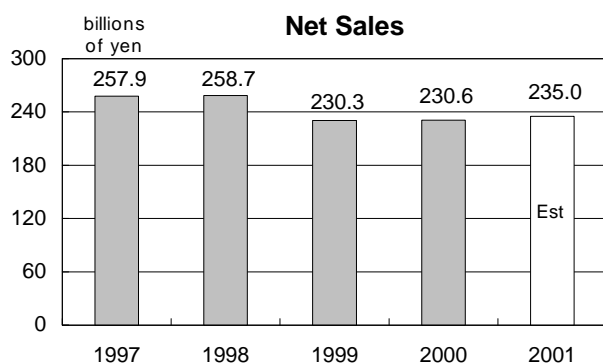
I. Non-Consolidated Financial Highlights

Unless otherwise noted, all figures have been rounded to their nearest specified unit.

Years ended March 31	1997	1998	1999	2000	% Chg.	2001 (e)
<Statements of Income Data>						
Net Sales (billions of yen)	257.9	258.7	230.3	230.6	100.1%	235.0
Operating Income (billions of yen)	52.0	51.5	37.6	38.7	103.0%	36.0
Ordinary Income (billions of yen)	51.4	51.1	39.0	38.4	98.6%	36.0
Net Income (billions of yen)	21.1	24.2	17.6	12.0	68.6%	10.0
Earnings per Share (EPS) (yen)	77.1	85.4	59.3	40.6	-	33.7
Fully Diluted Earnings per Share (yen)	72.4	81.7	58.7	40.3	-	-
<Balance Sheet Data>						
Total Assets (billions of yen)	414.2	412.3	425.4	438.3	103.0%	-
Shareholders' Equity (billions of yen)	251.0	300.2	315.0	335.0	106.3%	-
<Others>						
Return on Equity (Period Begin-End Average) (%)	8.9%	8.8%	5.7%	3.7%	-	-
Return on Assets (Period Begin-End Average) (%)	5.1%	5.8%	4.2%	2.8%	-	-
Turnover Ratio of Total Capital (Period Begin - End Average) (Times)	0.63	0.63	0.55	0.53	-	-
Ratio of Shareholders' Equity (%)	60.6%	72.8%	74.0%	76.4%	-	-
Number of Shares Outstanding (Thousands)	277,823	296,412	296,414	296,451	-	-

Note: Operating income and ordinary income reflect the reclassification of Enterprise taxes from the period ending March 31, 1999.

Note: In the net income forecast for the year ending March 2001, this includes a net special loss of ¥13.7 billion of securities transferred to a trust fund for retirement allowances.



II. Non-Consolidated Statements of Income

1. STATEMENTS OF INCOME & EXPLANATION

(billions of yen)

Years ended March 31	1999	Sales %	2000	Sales %	Chg. Change %	<Explanation>
Net sales	230.3	100.0%	230.6	100.0%	100.1%	0.3
Cost of sales	77.8	33.8%	78.8	34.2%	101.3%	1.0
Reversal of reserve for sales returns	0.1	0.1%	0.1	0.0%		(0.0)
Research and development expenses	43.4	18.9%	45.0	19.5%	103.7%	1.6
Selling, general and administrative expenses	71.6	31.1%	68.1	29.5%	95.2%	(3.5)
Operating income	37.6	16.3%	38.7	16.8%	103.0%	1.1
Non-operating income	6.5	2.8%	3.2	1.4%	49.7%	(3.3)
Interest and dividend income	1.7		1.6			(0.1)
Other non-operating income	4.8		1.6			(3.1)
Non-operating expenses	5.1	2.2%	3.5	1.5%	69.4%	(1.6)
Interest expense	0.8		0.7			(0.1)
Other non-operating expenses	4.3		2.8			(1.5)
Ordinary income	39.0	16.9%	38.4	16.7%	98.6%	(0.6)
Special profit	0.6	0.2%	0.3	0.1%		(0.3)
Gains on sales of property	0.4		0.1			(0.3)
Gains on sales of securities	-		0.1			0.1
Reversal of allowance for doubtful receivables	0.2		0.2			(0.0)
Special losses	3.1	1.3%	13.8	6.0%		10.7
Loss on disposal of property	0.3		0.8			0.5
Loss on disposal of inventory	2.8		-			(2.8)
Losses on vitamin E cases	-		10.0			10.0
Other special losses	-		3.1			3.1
Income before income tax	36.5	15.8%	25.0	10.8%	68.4%	(11.5)
Income taxes - current	18.9	8.2%	16.7	7.2%	88.2%	(2.2)
Income taxes - deferred	-		(3.8)			(3.8)
Net income	17.6	7.6%	12.0	5.2%	68.6%	(5.5)
Retained earnings brought forward	5.1		5.9			0.8
Undistributed income from merger	1.5		-			(1.5)
Adjustment of retained earnings for newly applied tax allocation	-		14.3			14.3
Adjustment of deferred tax regarding earnings for reduction of assets cost	-		0.1			0.1
Interim dividends paid	3.0		3.0			(0.0)
Transfer to legal reserve	0.3		0.3			(0.0)
Unappropriated retained earnings for the period	20.8		29.1		139.7%	8.3

2. SALES DATA

<Non-Consolidated Net Sales by Segment>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net Sales	257.9	258.7	230.3	230.6	235.0
Pharmaceuticals	229.2	230.0	200.9	203.2	208.0
Prescription Pharmaceuticals	204.6	205.3	177.3	181.1	186.0
Ratio of in-house developed products to Prescription Pharmaceuticals (%)	68.2%	69.6%	71.7%	71.6%	-
Consumer Health Care Products	24.6	24.7	23.6	22.1	22.0
Animal Health, Food Additives/Chemicals, Machinery, etc.	23.3	24.5	24.0	19.2	18.5
Industrial Property Rights, etc.	5.4	4.1	5.4	8.3	8.5

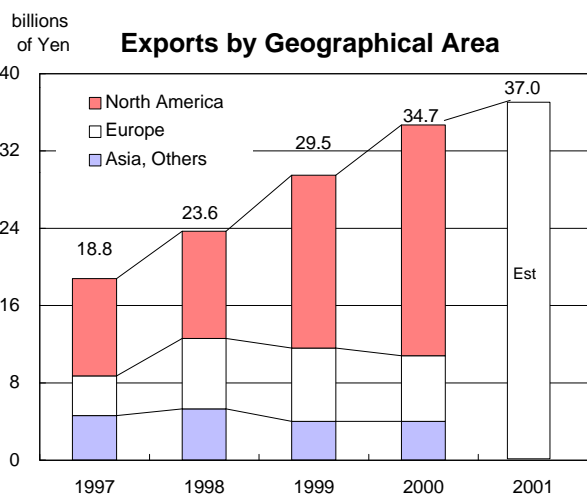
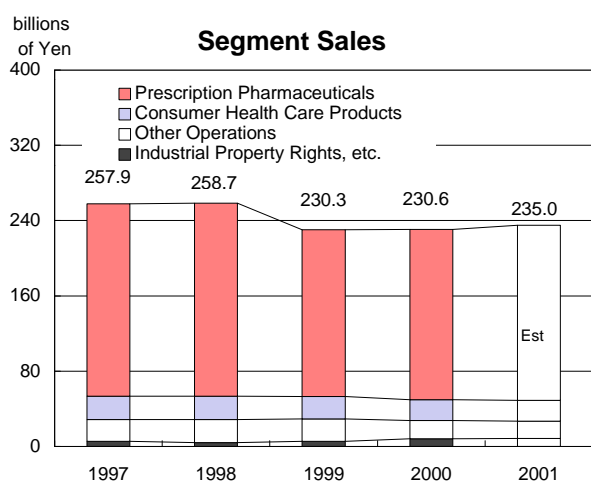
<Exports by Geographical Area>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net Sales	257.9	258.7	230.3	230.6	235.0
Export	18.8	23.6	29.5	34.7	37.0
North America	10.1	11.1	17.9	23.9	-
Europe	4.1	7.3	7.6	6.8	-
Asia & Others	4.6	5.3	4.0	4.0	-
Ratio of Exports to Sales (%)	7.3%	9.1%	12.8%	15.0%	15.7%

Note: Export segment areas noted below:

1. North America: U.S., Canada
2. Europe: U.K., France, Germany, etc.
3. Asia & Others: East Asia, Southeast Asia, Central and South America, others



<PRESCRIPTION PHARMACEUTICALS>

(billions of yen)

Product	Description	Years ended March 31					
		1997	1998	1999	2000	Chg.	2001 (e)
SELBEX	Gastritis/gastric ulcer medication	45.6	43.7	30.1	29.8	(0.3)	30.0
METHYCOBAL	Peripheral neuropathies treatment	25.6	27.2	24.8	25.0	0.3	24.0
GLAKAY	Osteoporosis treatment	8.1	11.1	11.5	12.0	0.5	13.0
IOMERON	Non-ionic contrast medium	13.9	13.8	12.2	10.8	(1.4)	10.5
MYONAL	Muscle relaxant	11.1	10.6	9.0	8.8	(0.1)	8.0
AZEPTIN	Anti-allergy agent	11.2	10.6	8.2	7.4	(0.8)	6.5
NITOROL-R	Long-acting isosorbide dinitrate	9.1	8.8	8.0	7.3	(0.7)	7.0
PARIET	Proton pump inhibitor	-	2.1	5.6	6.0	0.4	7.5
INHIBACE	Long-acting ACE inhibitor	7.2	6.9	5.9	5.0	(0.9)	5.0
RULID	Long-acting macrolide antibiotic	5.3	4.7	4.6	4.2	(0.4)	5.0
GLUCAGON G NOVO	Endoscopic examination/hypoglycemia treatment	-	-	-	3.9	3.9	5.0
ARICEPT	Alzheimer's disease treatment	-	-	-	1.8	1.8	10.0
CLEACTOR	Thrombolytic agent, myocardial infarction treatment	-	-	0.8	0.9	0.1	1.0
ARICEPT drug substance (bulk export)		2.1	4.6	7.1	7.5	0.4	7.5
PARIET bulk tablets (bulk export)		-	-	1.8	7.5	5.8	10.0
Others		65.4	61.2	47.7	43.2	(4.5)	36.0
Prescription Pharmaceuticals Total		204.6	205.3	177.3	181.1	3.8	186.0

<CONSUMER HEALTH CARE PRODUCTS>

(billions of yen)

Product Group	Main Product/Description	Years ended March 31					
		1997	1998	1999	2000	Chg.	2001(e)
CHOCOLA BB Group	CHOCOLA BB / Vitamin B ₂ preparation	7.2	7.6	7.5	7.1	(0.4)	8.0
Vitamin-E Group	JUVELUX / Natural Vitamin E preparation	4.8	4.9	4.4	4.1	(0.3)	4.0
SACLON Group	SACLON / Indigestion & heartburn treatment	4.2	4.0	3.9	3.5	(0.4)	3.5
NABOLIN Group	NABOLIN / Active-type Vitamin B ₁₂	1.3	1.7	2.1	1.9	(0.2)	2.0
Bayer Product Group	BAYCLEAR / Athlete's foot treatment	1.2	1.6	1.4	1.3	(0.1)	1.3
Others		5.9	4.9	4.3	4.1	(0.1)	3.2
Consumer Health Care Products Total		24.6	24.7	23.6	22.1	(1.5)	22.0

3. GROSS PROFIT/MANUFACTURING COST

<Breakdown of Cost of Sales>

(billions of yen)

Years ended March 31	1997	1998	1999	2000
Net Sales	257.9	258.7	230.3	230.6
Cost of Sales	86.9	86.1	77.7	78.7
Beginning inventory (+)	10.0	12.6	11.4	9.9
Manufacturing cost (+)	55.5	49.0	43.6	43.9
Adjustment for returned goods (+)	(0.1)	0.1	(0.1)	(0.1)
Product purchase (+)	31.8	35.4	33.2	36.7
Account transfer (+)	2.3	0.4	(0.5)	0.9
Ending inventory (-)	12.6	11.4	9.9	12.5
Cost of Sales %	33.7%	33.3%	33.7%	34.1%
Gross Profit	171.1	172.5	152.6	151.9

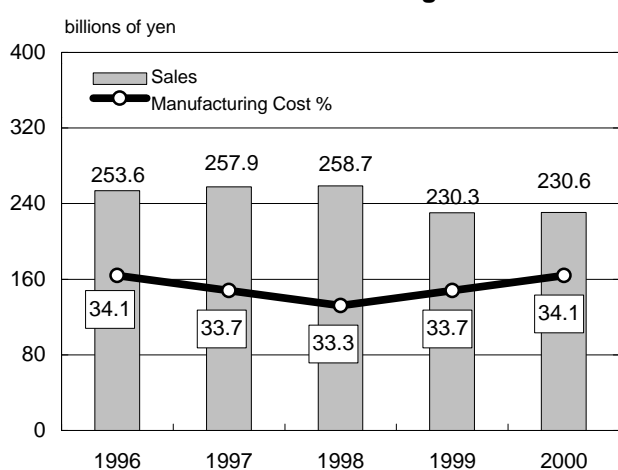
<Breakdown of Manufacturing Costs>

(billions of yen)

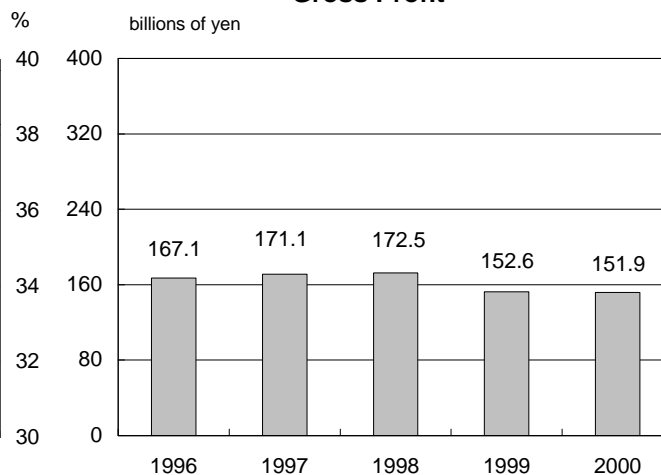
Years ended March 31	1997	1998	1999	2000
Total manufacturing cost	59.3	49.3	48.0	47.3
Raw materials	30.9	25.9	23.5	21.6
Labor cost	13.6	12.7	12.8	13.4
Expenses	14.8	10.8	11.8	12.3
Beginning inventory of semi-finished goods and work-in-process (+)	7.2	8.0	7.6	8.6
Ending inventory of semi-finished goods and work-in-process (-)	8.0	6.7	8.6	8.4
Account transfer (+)	(2.2)	(2.3)	(3.9)	(3.9)
Cost variances (+)	(0.8)	0.8	0.5	0.3
Manufacturing cost (+)	55.5	49.0	43.6	43.9

*In the term ended March 31, 1999 beginning inventory of semi-finished goods and work-in-process from the merger with Eisai Chemical Co., Ltd. totaled 0.8 billion yen.

Sales & Manufacturing Costs



Gross Profit



4. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

<R&D Expenses>

(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	257.9	258.7	230.3	230.6	235.0
R&D expenses	36.2	41.4	43.4	45.0	49.0
Ratio of R&D expenses to sales (%)	14.0%	16.0%	18.9%	19.5%	20.9%

<Selling, General and Administrative (SG&A) Expenses>

(billions of yen)

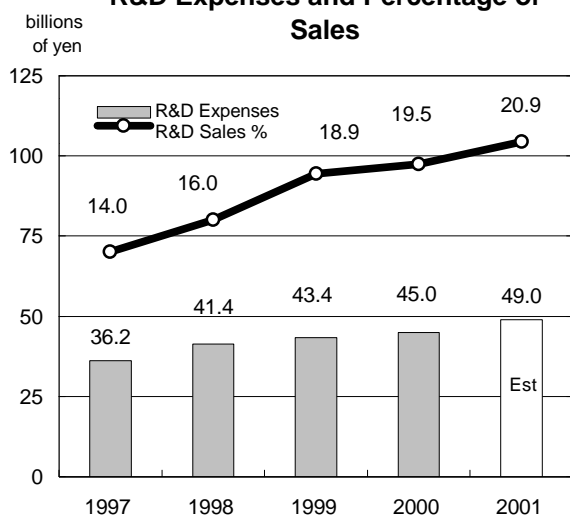
Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	257.9	258.7	230.3	230.6	235.0
SG&A expenses	82.9	79.6	71.6	68.1	70.0
Ratio of SG&A expenses to sales (%)	32.1%	30.8%	31.1%	29.5%	29.8%
Personnel expenses	36.3	35.2	34.7	33.2	-
Promotional expenses	28.4	27.0	20.6	19.8	-
Administrative expenses	18.1	17.4	16.3	15.2	-

<Selling, General and Administrative Expenses (SG&A) (including R&D expenses)>

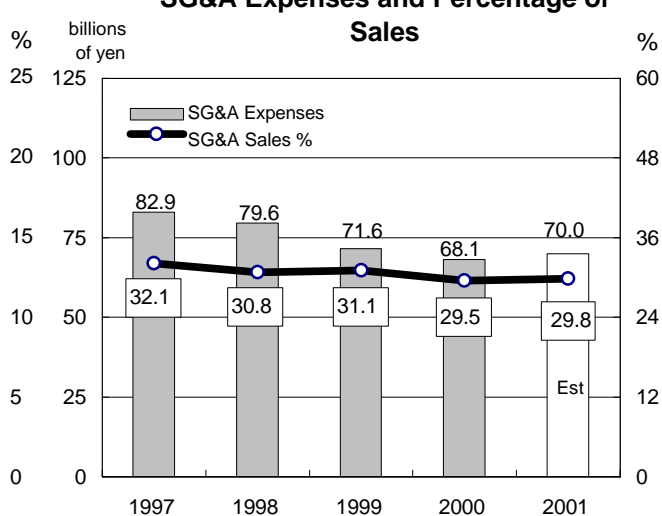
(billions of yen)

Years ended March 31	1997	1998	1999	2000	2001 (e)
Net sales	257.9	258.7	230.3	230.6	235.0
SG&A expenses (including R&D expenses)	119.1	121.1	115.0	113.1	119.0
Ratio of SG&A expenses to sales (%)	46.2%	46.8%	49.9%	49.1%	50.6%

R&D Expenses and Percentage of Sales



SG&A Expenses and Percentage of Sales



5. NON-OPERATING INCOME/EXPENSES

(billions of yen)

Years ended March 31	1999	% Sales	2000	% Sales	% Chg.	Change
Non-operating income	6.5	2.8%	3.2	1.4%	49.7%	(3.3)
Interest/dividend income	1.7		1.6			(0.1)
Rental assets income	0.8		0.6			(0.2)
Profits on sales of marketable securities	2.7		0.1			(2.6)
Others	1.3		0.9			(0.4)
Non-operating expenses	5.1	2.2%	3.5	1.5%	69.4%	(1.6)
Interest paid	0.8		0.7			(0.1)
Foreign exchange losses	1.6		0.9			(0.7)
Write down of marketable securities	0.8		0.6			(0.2)
Others	2.0		1.4			(0.6)
Non-operating income/expenses	1.4	0.6%	(0.3)	-0.1%	-	(1.7)

6. PERSONNEL INFORMATION

(persons)

Years ended March 31	1997	1998	1999	2000
Total Employees	4,422	4,372	4,313	4,182
Increase/decrease from previous year	-18	-50	-59	-131
Research & Development	987	1,010	1,049	1,040
Production	959	1,000	942	946
Sales, Marketing & Administration	2,476	2,362	2,322	2,196
Recruited Number	126	108	83	9
Total Personnel cost (billions of yen)	62.8	62.3	63.0	62.5

III. Non-Consolidated Balance Sheets

1. Balance Sheets & Explanation

(billions of yen)

March 31	1999	%	2000	%	% Chg.	Change	<Explanation>
ASSETS							
Current assets:							
Cash and time deposits	29.3		26.4	90.1%		(2.9)	■Trade notes/ trade accounts receivable <Reduction Factor(s)> -Decrease in Japanese wholesalers stock of prescription pharmaceuticals
Notes receivable-trade	19.1		18.6	97.1%		(0.6)	
Accounts receivable-trade	86.7		82.3	95.0%		(4.3)	
Short-term investments	97.8		91.5	93.6%		(6.3)	■Short-term Investments <Reduction Factor(s)> -Corporate bond repayment
Treasury stock	0.0		0.0	82.3%		(0.0)	
Finished goods and merchandise	9.9		12.5	126.8%		2.7	
Semi-finished goods and work in process	8.6		8.4	97.5%		(0.2)	
Raw materials and supplies	4.6		4.3	93.3%		(0.3)	■Deferred tax assets Adoption of tax allocation accounting
Short-term deposits	-		4.8	-		4.8	
Deferred tax assets	-		6.7	-		6.7	
Other current assets	5.8		6.9	117.4%		1.0	
Allowance for doubtful receivables	(0.7)		(0.5)	-		0.2	
Total current assets	261.1	61.4%	261.9	59.8%	100.3%	0.8	
Fixed assets:							
Property, plant and equipment							
Buildings	39.2		37.7	96.2%		(1.5)	■Fixed Assets <Reduction Factor(s)> -Decrease in capital expenditures
Structures	2.2		2.1	95.4%		(0.1)	
Machinery and equipment	13.2		12.8	97.0%		(0.4)	
Vehicles	0.1		0.1	124.9%		0.0	
Tools, furniture and fixtures	5.0		5.1	101.8%		0.1	
Land	10.5		10.5	99.8%		(0.0)	
Construction in progress	1.8		1.1	59.5%		(0.7)	
Total property, plant and equipment	71.9	16.9%	69.3	15.8%	96.3%	(2.7)	
Intangible assets:							
Software	5.3		6.5	121.9%		1.2	
Patents, telephone rights and others	0.5		0.4	86.2%		(0.1)	
Total intangible assets	5.8	1.4%	6.9	1.6%	118.7%	1.1	
Investments and other assets:							
Investments in securities	5.0		5.4	108.7%		0.4	■Deferred tax assets Adoption of tax allocation accounting
Investments in subsidiaries	48.3		50.5	104.7%		2.3	
Long-term loans receivable	1.5		2.9	188.5%		1.4	
Funds designated for severance payments	20.8		21.7	104.5%		0.9	
Long-term prepaid expenses	1.8		1.5	83.1%		(0.3)	
Deferred tax assets	-		11.4	-		11.4	
Other investments	9.3		8.2	88.1%		(1.1)	
Allowance for doubtful receivables	(0.1)		(1.4)	-		(1.3)	
Total investments and other assets	86.6	20.3%	100.2	22.8%	115.7%	13.6	
Total fixed assets	164.3	38.6%	176.4	40.2%	107.3%	12.1	
Total Assets	425.4	100.0%	438.3	100.0%	103.0%	12.8	

Note: Software has been reclassified to the Intangible assets category from Long-term prepaid Expenses and figures for the fiscal year ended March 31, 1999 have been restated to conform with the presentation for the fiscal year ended March 31, 2000.

(billions of yen)

March 31	1999	%	2000	%	% Chg.	Change	<Explanation>
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Notes payable - trade	0.9		0.8	85.9%		(0.1)	
Accounts payable - trade	8		7.9	98.9%		(0.1)	■ Current portion of straight bonds
Current portion of straight bonds	10.0		10.0	100.0%		-	<Increase Factor(s)>
Current portion of long-term borrowing	-		1.0	-		1.0	-Transfer from Non-current to Current portion
Other accounts payable	2.4		10.0	419.8%		7.6	
Accrued income taxes	14.3		7.6	53.1%		(6.7)	■ Accrued expenses
Consumption tax payable	0.6		0.8	133.2%		0.2	<Increase Factor(s)>
Accrued expenses	14.6		14.3	98.3%		(0.2)	-Losses on vitamin E cases
Deposits received	2.4		2.5	106.4%		0.2	
Reserve for sales return	0.7		0.6	88.0%		(0.1)	■ Accrued income taxes
Reserve for write-off of goods returned	0.4		0.4	96.5%		(0.0)	<Reduction Factor(s)>
Reserve for rebates of sales	-		0.7	-		0.7	-Impact of accrued income taxes balance from the mid-term period of the year ended March 1999
Other current liabilities	0.7		0.6	84.9%		(0.1)	
Total current liabilities	55.0	13.0%	57.2	13.1%	104.1%	2.2	
Long-term Liabilities							
Straight bonds	20.0		10.0	50.0%		(10.0)	■ Straight bonds
Convertible bonds	5.6		5.5	98.9%		(0.1)	<Reduction Factor(s)>
Long-term borrowing	1.0		-	-		(1.0)	-Transfer to Current portion
Retirement allowances	28.9		29.8	103.2%		0.9	
Provision for losses in subsidiaries	-		0.8	-		0.8	
Total long-term liabilities	55.4	13.0%	46.1	10.5%	83.1%	(9.4)	
Total liabilities	110.4	26.0%	103.3	23.6%	93.5%	(7.1)	
Shareholders' Equity:							
Common stock	44.9	10.5%	44.9	10.2%	100.1%	0.0	
Additional paid-in capital	55.1		55.1	100.1%		0.0	
Legal reserve	6.2		6.8	110.6%		0.7	
Retained earnings:							
Retained earnings for reduction of assets cost	0.1		0.1	88.8%		(0.0)	■ Unappropriated retained earnings for the period
General reserve	187.9		198.9	105.9%		11.0	<Increase Factor(s)>
Unappropriated retained earnings for the period	20.8		29.1	139.7%		8.3	- Adoption of tax allocation accounting
Total Shareholders' Equity	315.0	74.0%	335.0	76.4%	106.3%	20.0	
Total Liabilities and Shareholders' Equity	425.4	100.0%	438.3	100.0%	103.0%	12.8	

<Capital Expenditures and Depreciation>

Years ended March 31	1997	1998	1999	2000	2001 (e)
Capital expenditures	13.7	14.1	7.0	7.7	9.5
Depreciation	11.2	7.0	9.5	8.9	9.0

IV. Non-Consolidated Financial Trend

<Non-Consolidated Financial Results>

Years ended March 31	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<Income Statement Data>										
Net Sales (billions of yen)	205.5	213.0	218.6	224.4	240.0	253.6	257.9	258.7	230.3	230.6
Operating Income (billions of yen)	29.0	29.1	30.9	32.7	36.9	46.1	52.0	51.5	37.6	38.7
Ordinary Income (billions of yen)	34.5	31.2	31.4	32.9	37.0	46.1	51.4	51.1	39.0	38.4
Net Income (billions of yen)	14.3	15.0	15.1	15.8	16.9	18.1	21.1	24.2	17.6	12.0
Net Income per Share (yen)	61.5	64.1	58.8	61.3	65.7	70.4	77.1	85.4	59.3	40.6
Diluted Net Income per Share (yen)	-	-	-	-	-	66.4	72.4	81.7	58.7	40.3
Payout Ratio (%)	19.5%	18.7%	20.4%	19.6%	19.8%	21.3%	23.4%	25.7%	36.3%	52.9%
<Balance Sheet Data>										
Common Stock (billions of yen)	22.4	23.5	23.5	23.5	23.5	23.5	29.6	44.9	44.9	44.9
Total Assets (billions of yen)	294.3	315.5	301.5	341.7	360.1	408.0	414.2	412.3	425.4	438.3
Shareholders' Equity (billions of yen)	155.5	169.7	181.5	194.2	207.9	222.3	251.0	300.2	315.0	335.0
<Others>										
Return on Equity (%)	9.6%	9.2%	8.6%	8.4%	8.4%	8.4%	8.9%	8.8%	5.7%	3.7%
Equity Ratio (%)	52.8%	53.8%	60.2%	56.8%	57.7%	54.5%	60.6%	72.8%	74.0%	76.4%
Number of Shares Outstanding (thousands)	232,596	233,790	257,169	257,214	257,214	257,232	277,823	296,412	296,414	296,451

Note: Operating Income and Ordinary income have been restated in the years ending March 1996 to March 1998 to reflect the reclassification of enterprise taxes.

I. Major R&D Pipeline Candidates

<JAPAN>

1. APPROVED

Brand (Code)	Description	Approval	Form.	Origin
ARICEPT (E2020)	Alzheimer's Disease/Acetylcholinesterase Inhibitor Increases the concentration of acetylcholine in the brain, and improves cognitive function in Alzheimer's disease patients by inhibiting acetylcholinesterase, which degrades the neurotransmitter acetylcholine.	Oct-99	Tab.	In-house

2. FILED FOR APPROVAL (includes additional form)

Code	Description	Filing	Form.	Origin
E2000 (additional form)	Muscle Relaxant Absorption after topical application has been shown to relieve central nervous skeletal muscle spasticity to mitigate muscle stiffness and pain from poor circulation, and can be expected to improve various symptoms of muscle tension.	Mar-97	Transdermal Patch	In-house
E7155	MRI Contrast Medium A gadolinium contrast medium for magnetic resonance imaging which increases the contrast of lesions in many tissues, achieving a particularly high contrast in hepatic lesions.	Mar-00	Inj.	Bracco
ARICEPT (E2020) (additional form)	Alzheimer's Disease/Acetylcholinesterase Inhibitor Fine granule formulation of the already approved Alzheimer's disease treatment that is a convenient dosage formulation for elderly patients.	Mar-00	Fine Granules	In-house

3. PHASE III PRODUCTS (Includes additional indication development)

Code	Description	Filing (E)	Form.	Origin
T-614	Anti-rheumatic Agent Inhibits lymphocyte proliferation and immunoglobulin production by suppressing the production of inflammatory cytokines. Expected to improve chronic rheumatoid arthritis.	2002	Tab.	Toyama Chemical
E6010 (Additional indication)	Pulmonary Embolism Treatment A novel second generation type of t-PA with a structure modified utilizing gene splicing techniques. The first t-PA indicated for the treatment of pulmonary embolism with orphan drug status.	2001	Inj.	In-house

<JAPAN>**4. PHASE II PRODUCTS IN JAPAN (Includes additional indication development)**

Code	Description	Form.	Origin
E3620	Gastrointestinal Motility/5-HT3 Receptor Antagonist 5-HT4 Receptor Agonist Serotonin type 3 receptor antagonist and type 4 receptor agonist under development for GI motility. Improves diarrhea and the sense of fullness and anorexia associated with chronic gastritis, and irritable bowel syndrome.	Tab.	In-house
KES524	Obesity Management/Serotonin & Noradrenaline Reuptake Inhibitor Inhibits the reuptake of neurotransmitters such as noradrenaline and serotonin, and enhances the feeling of satiety and metabolic rate resulting in a loss of body weight.	Cap.	Knoll
E6010 (Additional indication)	Cerebral Embolism Treatment A novel second generation type of t-PA with a structure modified utilizing gene splicing techniques. The first t-PA expected to become indicated for the treatment of cerebral embolism.	Inj.	In-house

<INTERNATIONAL DEVELOPMENT> (Includes additional indication development)**1. APPROVED**

Brand (Code)	Area	Approval	Description	Form.	Origin
ACIPHEX (E3810)	U.S.	Aug.-1999	Healing of Duodenal Ulcers, Erosive GERD, GERD Maintenance, & others/Proton Pump Inhibitor	Tab.	In-house
			Brand Name in Japan(other areas): PARIET A proton pump inhibitor that was synthesized and developed in-house. Strongly decreases gastric acid production by inhibiting the proton pump (H ⁺ ,K ⁺ -ATPase), which is the final stage of gastric acid production in parietal cells.		
ARICEPT (E2020)	Asia	From Aug-98	Alzheimer's disease/Acetylcholinesterase inhibitor Increases the concentration of acetylcholine in the brain, and improves cognitive function in Alzheimer's disease by inhibiting acetylcholinesterase, which degrades the neurotransmitter acetylcholine.	Tab.	In-house
PARIET (E3810)	EU	Aug.-1999	GORD Maintenance/Proton Pump Inhibitor Previously approved in the EU for healing of gastro-oesophageal reflux disease (GORD), duodenal ulcers, and gastric ulcers. The indication for GORD maintenance has now been approved via the mutual recognition procedure by all 15 EU countries.	Tab.	In-house
			(Additional indication)		

<INTERNATIONAL DEVELOPMENT>**2. FILED FOR APPROVAL**

Code	Area	Filing	Description	Form.	Origin
E3810	Asia	From Dec-97	Peptic Ulcer/Proton Pump Inhibitor A proton pump inhibitor that was synthesized and developed in-house. Strongly decreases gastric acid production by inhibiting the proton pump (H ⁺ ,K ⁺ -ATPase), which is the final stage of gastric acid production in parietal cells.	Tab.	In-house

3. PHASE III (Includes additional indication development)

Code	Area	Description	Form.	Origin
E3810 (Additional indication)	U.S. Europe	H. pylori Eradication (Triple Therapy Regimen) The compound has already been approved for the treatment of ulcers in Japan, Europe, and the U.S. and Phase III trials are on-going for H. pylori eradication utilizing a triple therapy regimen.	Tab.	In-house
E2020 (Additional indication)	U.S.	Dementia with Cerebral Vascular Disease Currently approved for the treatment of mild to moderate Alzheimer's disease, E2020 is now in Phase III trials for the treatment of vascular dementia.	Tab.	In-house

4. PHASE II (Includes additional indication development)

Code	Area	Description	Form.	Origin
E5531	U.S.	Septic Shock/Endotoxin Antagonist A synthetic endotoxin antagonist that is effective against various forms of gram negative endotoxins. Presently, there are no effective compounds approved for the treatment of septic shock.	Inj.	In-house
E3810 (Additional indication)	U.S.	Symptomatic reflux esophagitis/Proton Pump Inhibitor The compound has already been approved for the treatment of ulcers in Japan and Europe and a Phase II trial is on-going for symptomatic reflux esophagitis treatment.	Tab.	In-house
E2020 (Additional indication)	U.S.	Attention Deficit Disorder/Attention Deficit Hyperactivity Disorder Currently approved for the treatment of mild to moderate Alzheimer's disease, E2020 is now in Phase II trials for the treatment of attention deficit/hyperactivity disorder.	Tab.	In-house

II. Principal New Products

1. EISAI

<PRESCRIPTION PHARMACEUTICALS>

Product Name	Listing/Launch	Product Description
GLUCAGON G NOVO	Apr-1996 Jun-1999 (Eisai sales)	Produced by gene splicing techniques and developed by Novo Nordisk as the world's first biosynthesis in yeast, GLUCAGON G NOVO is prescribed for the pre-treatment for X-ray endoscopic examination of the digestive tract and for the first aid treatment of hypoglycemia.
ACIPHEX Japanese Brand Name: PARIET	-- Aug-1999 (U.S.)	A proton pump inhibitor that was synthesized and developed in-house. Strongly decreases gastric acid production by inhibiting the proton pump (H ⁺ ,K ⁺ -ATPase), which is the final stage of gastric acid production in parietal cells.

<CONSUMER HEALTH CARE PRODUCTS>

Product Name	Launch	Product Description
SEA-BOND	May-99	Sheet-type denture adhesive that provides a uniform adhesive distribution. The adhesive is derived from sea kelp and is tasteless, odorless, and provides a safe comfortable all-day hold.
SAHNE CREAM	Sep-99 (product reformulation)	The reformulated SAHNE CREAM contains lecithin, natural type vitamin E and glycyrrhizinate dipotassium (an anti-inflammatory agent) as active ingredients. SAHNE CREAM preserves moisture in the hands and skin and prevents rough dry skin.
SAHNE SKIN MILK	Sep-99	The reformulated SAHNE SKIN MILK is a refreshing milky type lotion containing natural type vitamin E and glycyrrhizinate dipotassium (an anti-inflammatory agent) as active ingredients.
SACLON S	Nov-99	Reformulated SACLON S offers a higher degree of efficacy and greater neutralization of stomach acid thus offering quicker improvement for a variety of stomach ailments. SACLON S tablets are smaller and easier to swallow and contain no sodium or aluminum.

2. SANKO JUNYAKU

<DIAGNOSTICS, ETC.>

Product Name	Listing/Launch	Product Description
EITEST KL-6	Jun-1999 Apr-1999	A diagnostic product to specifically detect sialyl antigen KL-6 in patient serum with interstitial pneumonia. It is useful for monitoring therapeutic efficacy and prognosis of interstitial pneumonia.
EITEST CA-RF	Jun-1999 Jun-1999	A diagnostic product to specifically detect agalactosyl IgG antibody and provide an alternative test for diagnosing early rheumatoid arthritis.

III. Global Product Status

1. ARICEPT

<Launch, Approval, Application Status>

As of March 31, 2000

Company	Launch (43 countries)	Approval (15 countries)	Application (7 countries)
Eisai	U.S., U.K., Germany, France, Hong Kong, Thailand, Korea, Taiwan, Indonesia, Malaysia, Philippines, Singapore, China, Japan		Dominican Republic
Pfizer	Canada, Austria, Belgium, Czech Rep., Denmark, Finland, Greece, Ireland, Israel, Italy, Norway, Spain, Poland, Sweden, Switzerland, Morocco, South Africa, Cyprus, Australia, New Zealand, Hungary, Luxembourg, Portugal, Slovenia, Egypt, Romania, Turkey	Bulgaria, Lithuania, Russia, Yugoslavia, Croatia, Latvia, Slovakia	Belarus, Iceland, the Netherlands, Tunisia
American Home Products	Mexico, Argentina	Brazil, Chile, Columbia, Costa Rica, Guatemala, Nicaragua, Uruguay, Venezuela	El Salvador, Panama

2. ACIPHEX/PARIET

<Launch, Approval, Application Status>

As of March 31, 2000

Company	Launch (23 countries)	Approval (23 countries)	Application (35 countries)
Eisai	Japan, Thailand, Hong Kong, Philippines	Singapore, China, Taiwan, Malaysia, Myanmar, Dominican Republic	Indonesia, Jordan
Eisai/Janssen	U.K., Germany, U.S., South Korea		
Janssen	Austria, Ireland, Mexico, Argentina, Denmark, Finland, Greece, Italy, Sweden, France, Latvia, Switzerland, Venezuela, South Africa, the Netherlands	Belgium, Luxembourg, Norway, Portugal, Spain, Bahrain, Ghana, Kenya, Peru, Uruguay, Lithuania, Ukraine, Brazil, Costa Rica, Guatemala, Jamaica, Trinidad	Canada, Bulgaria, Croatia, Poland, Romania, Russia, Slovakia, Slovenia, Bolivia, Chile, Ecuador, Paraguay, Uganda, Zimbabwe, Australia, New Zealand, Czech Rep., Hungary, Malta, Aruba, Honduras, Nicaragua, Panama, Egypt, Kuwait, Oman, Qatar, United Arab Emirates, El Salvador, Curacao, Estonia, Turkey, Columbia

Compliance Promotion

Based on the lessons from the matters involving anti-trust laws concerning the sales of vitamin E, the Company has decided to reinforce its compliance program (legal compliance and ethical standards) in order that it be fully understood. The Compliance Program covers all of Eisai (Network) Group Companies in the countries in which we do business. The nature and scope of the program are as follows:

1. Systems to promote compliance

- 1) Appointment of a Compliance Officer
From October 1, 1999, a Board of Director Member, Mr. Isao Okabayashi, has been appointed as Compliance Officer.
- 2) Establishment of Corporate Ethics Compliance Department
The Corporate Ethics Compliance Department has been established to promote compliance under the supervision of the Compliance Officer.
- 3) Establishment of the Compliance Committee
From November 1999, a Compliance Committee has been established under the general responsibilities of the Compliance Officer, and whose members mainly consist of outside legal experts both in Japan and abroad. The Committee was to draft a Charter of Business Conduct and a Code of Conduct and to provide continuous guidance on compliance issues.
Chairman:
D. S. Meiklejohn (attorney at law, New York State)
Regular Members:
J. F. Bellis (attorney at law, Belgium and the EC)
E. J. Lampert (consultant)
K. Namekata (attorney at law, Japan)
H. Nakai (Senior Vice President, Eisai Co, Ltd.)
- 4) Systematic Compliance Promotion
Each division at Eisai Co., Ltd., and each company in the Eisai (Network) Group shall appoint a manager responsible for compliance to promote systematically compliance policies in association with the Corporate Ethics Compliance Department.
- 5) Establishment of the Compliance Counter for consultation
A compliance counter has been established both in the Company and at an outside office. Thus, we have established a system to support daily activities by each employee with regard to compliance.

2. Achievements

- 1) Establishment of the Charter of Business Conduct and the Code of Conduct for Eisai (Network) Group Companies.
The Charter of Business Conduct and the Code of Conduct was established and became effective April 1, 2000. The Charter of Business Conduct articulates fundamental principles of compliance with laws and ethical standards. The Code of Conduct contains practical provisions to guide Company personnel in the conduct of business to be consistent with principles established in the Charter of Business Conduct.
The Code of Conduct consists of the core version and an appendix that reflects particular laws and regulations of each country.
- 2) Implementation of Compliance Training Program
A training program began for all directors, officers, and employees of Eisai Co., Ltd. from March 2000. A similar training program will be implemented and continuously pursued for all of the Group (Network) Companies (Network) Companies of Eisai.