



“Prescription For Success”

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Eisai Co. Ltd.

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Safe Harbor

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Today's Agenda

- **Eisai's US entry strategy**
- **Eisai's strategy for globalization**
- **Introduction of Eisai Inc.**
- **Ensuring future growth**
- **The bigger, the better?**
- **Eisai's future vision**



Three Major Characteristics of the Pharmaceutical Industry

- **Highly Regulated**
⇒ FDA approval, GMP, GCP...
- **High Risk/High Return**
⇒ “Pharma-Dream”
- **Design-Oriented**
⇒ Similar to a boutique shop



Importance of Planning and Strategy for US Entry

- **Commitment by top management**
- **Mission**
- **Vision**
- **Patience**
- **Long-Range View**



Eisai's Global Strategy

Commitment by three generations for globalization

1st Generation—Toyaji Naito

Supply pharmaceuticals to patients globally by ourselves

2nd Generation—Yuji Naito

Join the top 20 of global pharmaceutical companies

3rd Generation—Haruo Naito

Realize Eisai's dream as a global pharmaceutical company



Eisai's Mission

human health care (hhc)

CORPORATE DESCRIPTION

A *human health care* company capable of making a meaningful contribution under any health care system.

CORPORATE MISSION

To place primary emphasis on patients and their families, and on increasing the benefits that health care provides to them.

To help ensure innovative, advantageous health care for people around the world.



Eisai's Inc.'s Vision

Eisai Inc. is a human healthcare company (hhc) recognized and respected by patients and their families, its employees, and the healthcare industry as a responsible, focused, efficient, innovative and adaptive pharmaceutical company. We are independently capable of developing, manufacturing, and marketing high quality products for the markets in which we participate. Eisai's strong performance is propelled by our focus on specialty products, our dedication to high professional and ethical standards, and to employee teamwork, pride, and satisfaction. We are a learning organization that develops effective contributors. We respect and value our employees and their families.



Key Strategic Words/Phrases for implementation

- **Risk Taking**
- **Delegation**
- **“Buy American”**
- **Localization**



Eisai's Global Strategy



Eisai's Global Strategy

A “do it ourselves” philosophy wherever possible

“Pros”

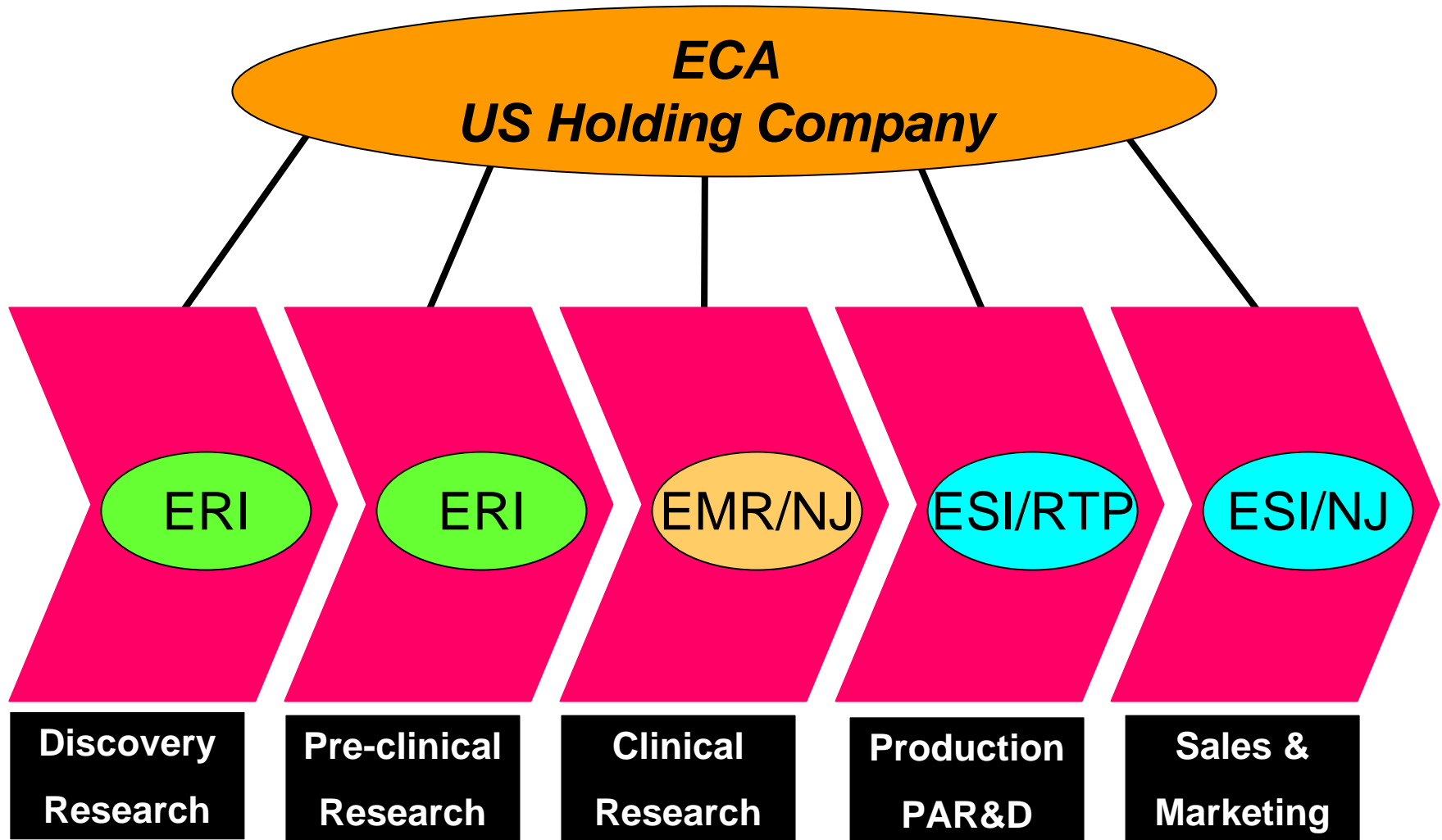
- **Establish in-house capabilities and skill sets**
- **Maintain control of value chain**
- **Ensure quality and integrity of product**

“Cons”

- **Higher risk**
- **Requires commitment of financial and organizational resources**



Eisai US Pharmaceutical Network



Full Integration

Eisai is a fully integrated pharmaceutical company in the US



Teaneck and Ridgefield park, NJ

Marketing and Sales
Clinical Research
Regulatory Affairs
Finance and Corporate Staff

Field Force

National Sales Force
Managed Care Consultants
Regional and District Management



Production: RTP, NC

Pharmaceutical Production,
Clinical Supply Production,
Formulation Research



Discovery Research: Andover, MA

Discovery and Preclinical Research



Eisai Inc.'s historical performance has also been aided by efficient resource utilization and leveraging of partner capabilities.

These partnerships have allowed the company to grow in a sensible and measured fashion.

At the same time, quality and process control is ensured via close working relationships with all third parties.

Brief Overview of Eisai Inc.

- Established 1995
- Integrated Operations: Production, Sales & Marketing, Distribution, Administration
- Approximately 900 Employees: Total sales force approximately = 500, Japanese Expatriates = 4
- Management
 - > Chairman & CEO Hajime Shimizu
 - > President & COO Lonnel Coats
- Corporate Governance: 2 outside Board members
- FY2003 Financial Results
 - > Sales (Aricept and Aciphex total): \$1.77 Billion
 - > Operating Income before royalty: \$301 Million



Eisai Inc. has demonstrated strong historical performance, rapid penetration into the US marketplace, and has become an increasingly large part of and driver for Eisai's global business.



Prominence in US

- *ESI now ranks 20th in the US*
- *The company has moved ahead of competing firms including Bayer and Purdue.*

	RANK 2003
PFIZER	1
GLAXOSMITHKLINE	2
JOHNSON & JOHNSON	3
MERCK & CO	4
ASTRAZENECA CORP	5
BRISTOL-MYERS SQUIBB	6
NOVARTIS	7
WYETH CORP	8
ELI LILLY	9
AMGEN CORPORATION	10
AVENTIS CORP	11
ABBOTT	12
ROCHE	13
TAP PHARMACEUTICAL	14
SCHERING PLOUGH	15
BOEHRINGER INGELHEIM	16
FOREST LABS	17
TEVA PHARM USA	18
SANOFI	19
EISAI INC	20

Source: IMS



US Product Rankings

- Both Aricept and Aciphex have continued to move up in the rankings of market leading products.

<i>Product</i>	<i>Company</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
LIPITOR	Pfizer	1	1	1
ZOCOR	Merck	3	2	2
PREVACID	TAP	4	3	3
PROCRIT	Ortho Biotech	5	5	4
ZYPREXA	Lilly	7	6	5
EPOGEN	Amgen	8	7	6
NEXIUM	Astra-Zeneca	73	13	7
ZOLOFT	Pfizer	9	9	8
CELEBREX	Pharmacia	6	8	9
NEURONTIN	Pfizer	16	12	10
<i>ACIPHEX</i>	<i>Eisai</i>	<i>49</i>	<i>40</i>	<i>36</i>
<i>ARICEPT</i>	<i>Eisai</i>	<i>63</i>	<i>59</i>	<i>58</i>



Aricept

- **“Gold Standard” for Alzheimer’s disease (AD) treatment with dominant market share**
- **Scientifically evidenced efficacy, safety, and once-daily dosage**
- **Sustained usage closely connected with “Delay-to-Nursing Home”**
- **Large segment of AD market still comprised of untreated patients (further growth potential)**
- **Global sales targeted at 180 billion yen in FY20006**



Aricept (US)



Differentiation Strategy with Scientifically Evidenced Efficacy,
Safety, and Once-Daily Dosage treatment

Further Leap in AD Market

- Cultivate untreated patient population: only 1.6 mil. treated out of 3.4 mil. with mild to moderate AD (FY02) (penetration ratio: 47%)
Majority of patients still remain intact (enormous market potential)
- Enlighten patients & physicians thru. DTC (Direct to Consumer)
- Strive to maintain the highest SOV (Share of Voice) and market share
- as ‘gold standard’ and the first choice in this market
- Approach patients & physicians from the ‘Memory Loss’ perspective
- Lifecycle management (new formulation & new indications including without limitation ‘severe AD’ with targeted sNDA in 2005)
- * ‘VaD (vascular dementia)’ indication under discussion with FDA



Aciphex/Pariet

- Proton Pump Inhibitor (PPI) with 'Fast & Consistent' feature (creation of source differentiation)
- Co-promotion with Janssen (a subsidiary of Johnson & Johnson)
- First PPI approved by FDA for *H. pylori* eradication with antibiotics for 7-day administration
- Vast PPI market expected to sustain growth despite OTC/generic threats
- Global Sales Targeted at 220 billion yen in FY2006



Aciphex (US)



Differentiation Strategy with 'Fast & Consistent' feature

Strive to redefine PPI market by unique features

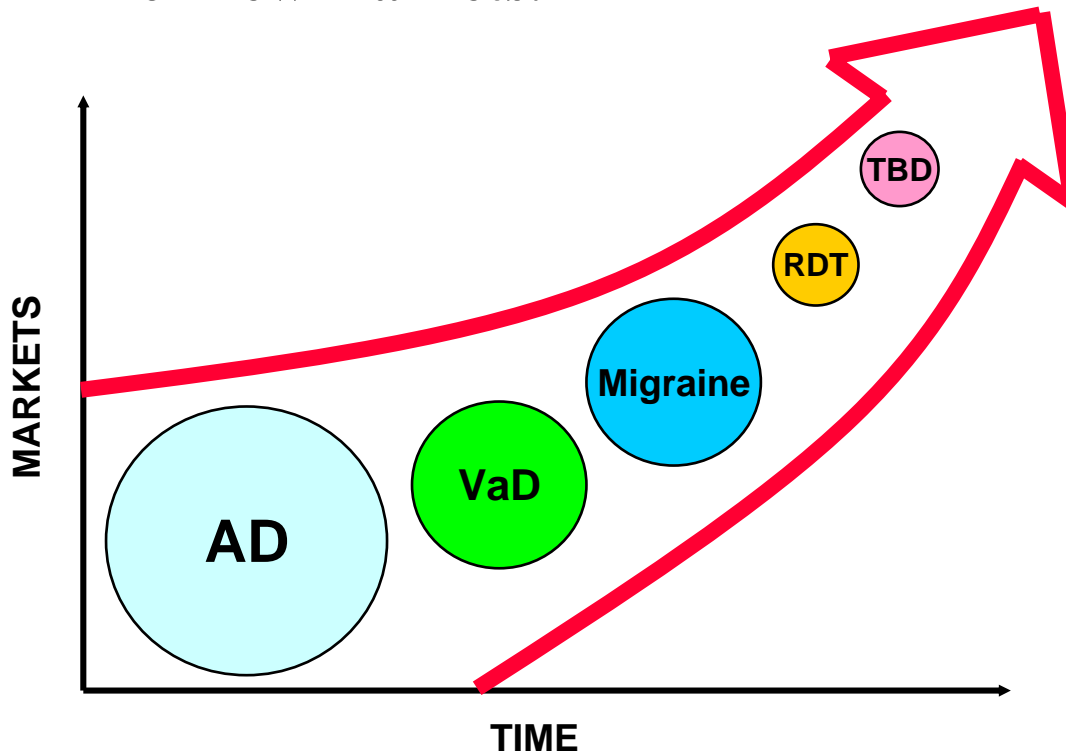
***Aciphex should not be commodity but true brand PPI, which informed patients select for faster symptom relief & consistency**



- Steady increase in prescription (TRx & NRx) by MR build-up
- Attaining double digit market share in correlation with SOV increase
- Defending its position against the threats of OTC/generic erosion, which are looming large in the US PPI market
- Completion of new deals and upgraded formulary status in Managed Care with focused approach
- Capitalizing on unique position in the PPI market

Aricept Lifecycle Management

- Leveraging internal CNS developmental expertise, Eisai continues to aggressively re-invest in the development of Aricept for new markets.

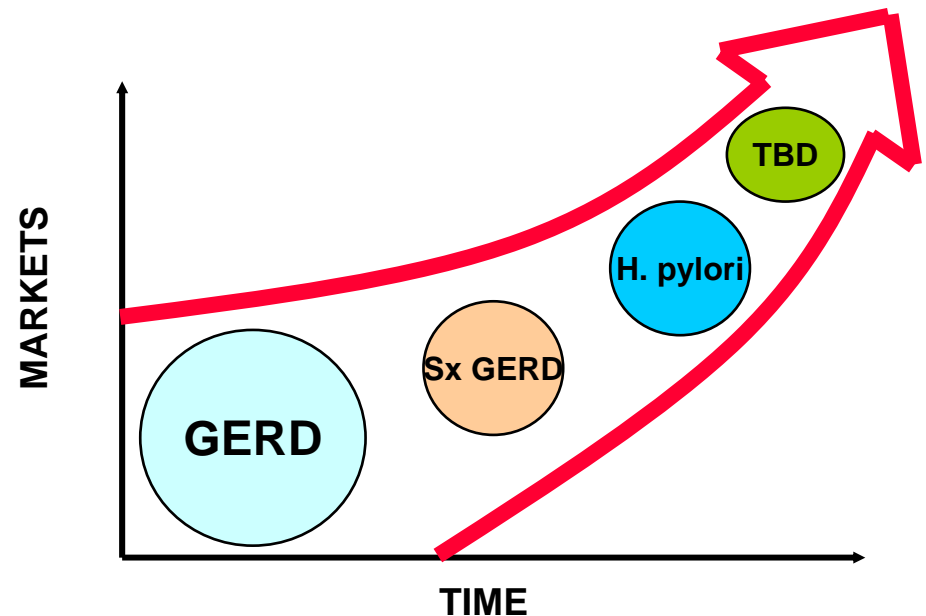


Eisai CNS Development Expertise

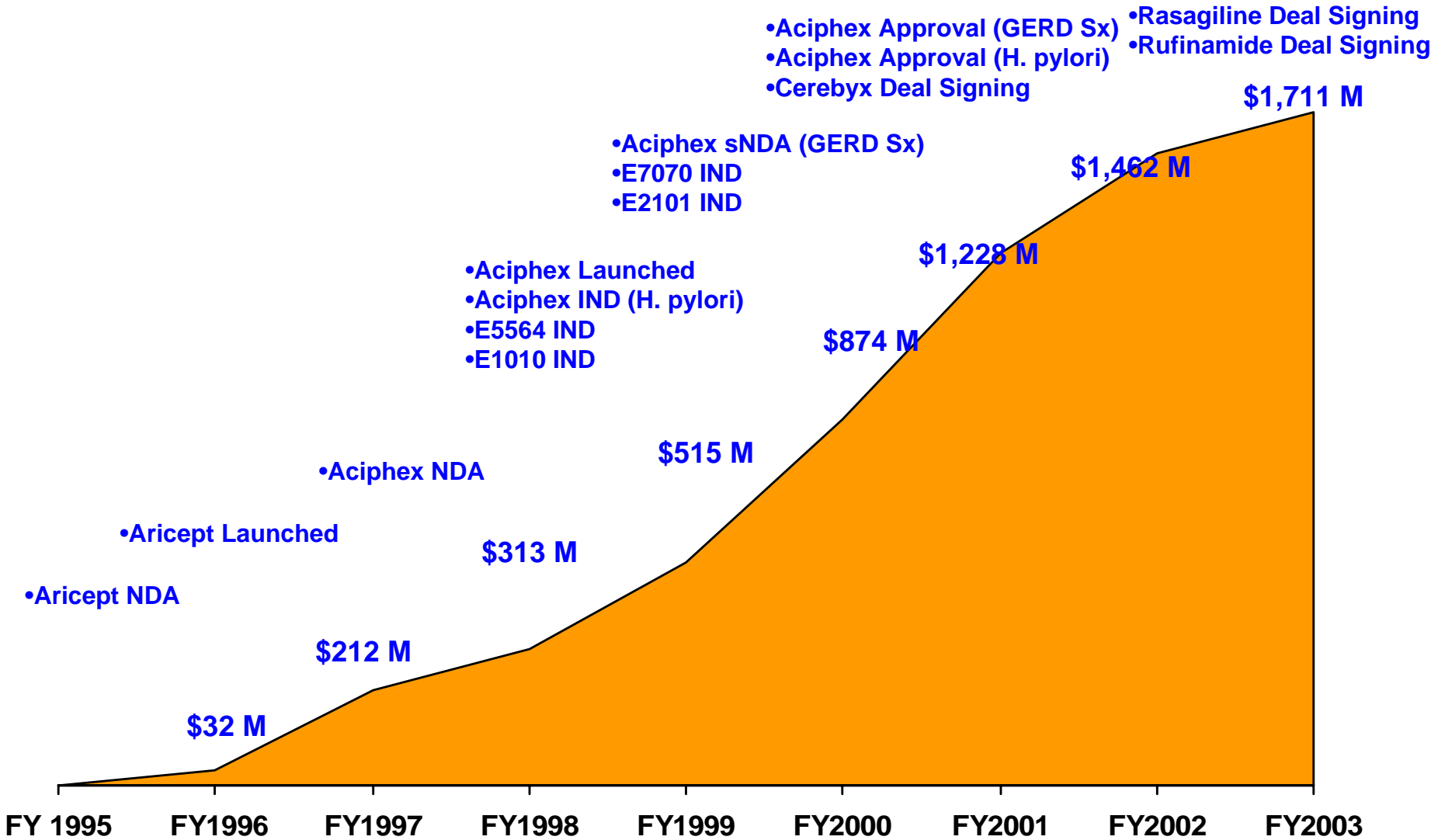
- **Filing and Compliance:** Positive relationship with FDA Neuropharm division
- **Opinion Leader Development:** Established Aricept as Gold Standard for Alzheimer's care
- **Patient and Caregiver Groups:** Strong partnership with Alzheimer's Association
- **Lifecycle Management:** Pursuing alternate uses and formulations

Aciphex/Pariet Lifecycle Management

- Since launch, Aciphex has secured additional indications including one for *H. pylori* eradication over a seven day regimen—the latter unique among PPI's.
- This aggressive lifecycle management has allowed Aciphex to maintain steady growth in the intensely competitive PPI marketplace.

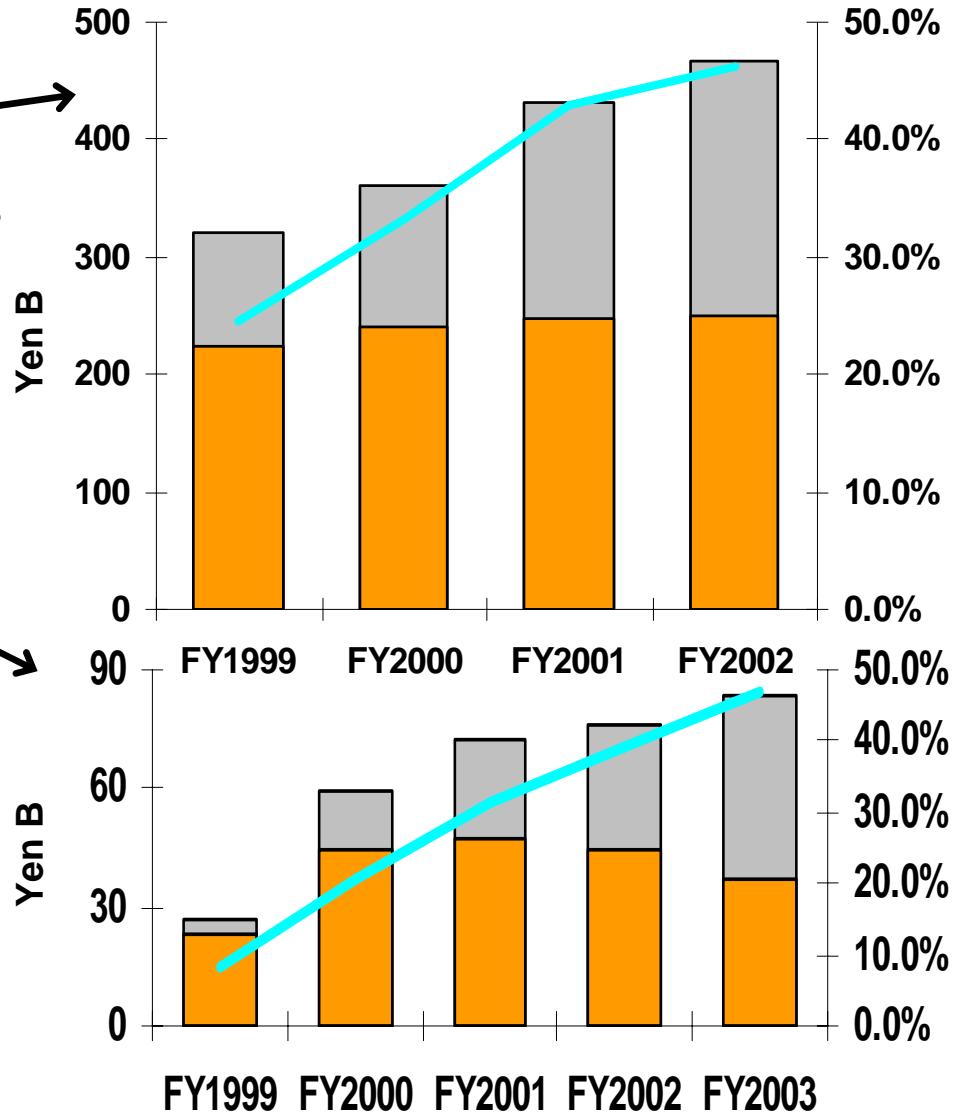
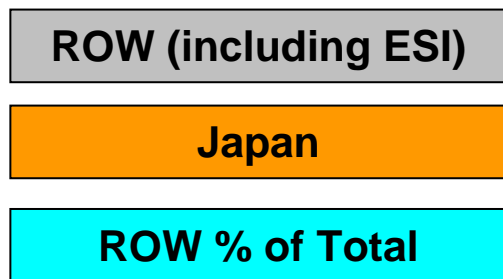


Eisai Inc.'s Growth



Continuing Globalization

- Revenue contribution of the ex-Japanese businesses has grown to the point where it now comprises roughly 48% of the global total.
- Profit contribution of these same business units now equals 47%.



Q: How has Eisai Inc. grown so rapidly?

A: By focusing on key principles

- Utilize our business partners
- Recruit and retain talented local employees
- Make swift decisions and implementation
- Maintain trust between Tokyo and NJ
- Share the corporate mission/Vision/Values and maintain commitment by all employees



Strategic Alliances

Key corporate alliances further bolster Eisai's activities in the US.

- **Leverage partners' capabilities and resources while maintaining a lean organizational infrastructure**
- **Provide effective entry into global marketplace**
- **Effectively positioned for growth in existing markets**



***Pfizer** - Access to premier Sales and Marketing organization in the industry.*

***Janssen** - Access to GI expertise and resources of J&J parent*

Strategies for Future Growth



Eisai Inc.'s performance has been propelled by success in key franchise areas.

Going forward, we will work vigorously to continue to grow these markets, defend them from all competitive threats, and move swiftly to take advantage of additional opportunities.



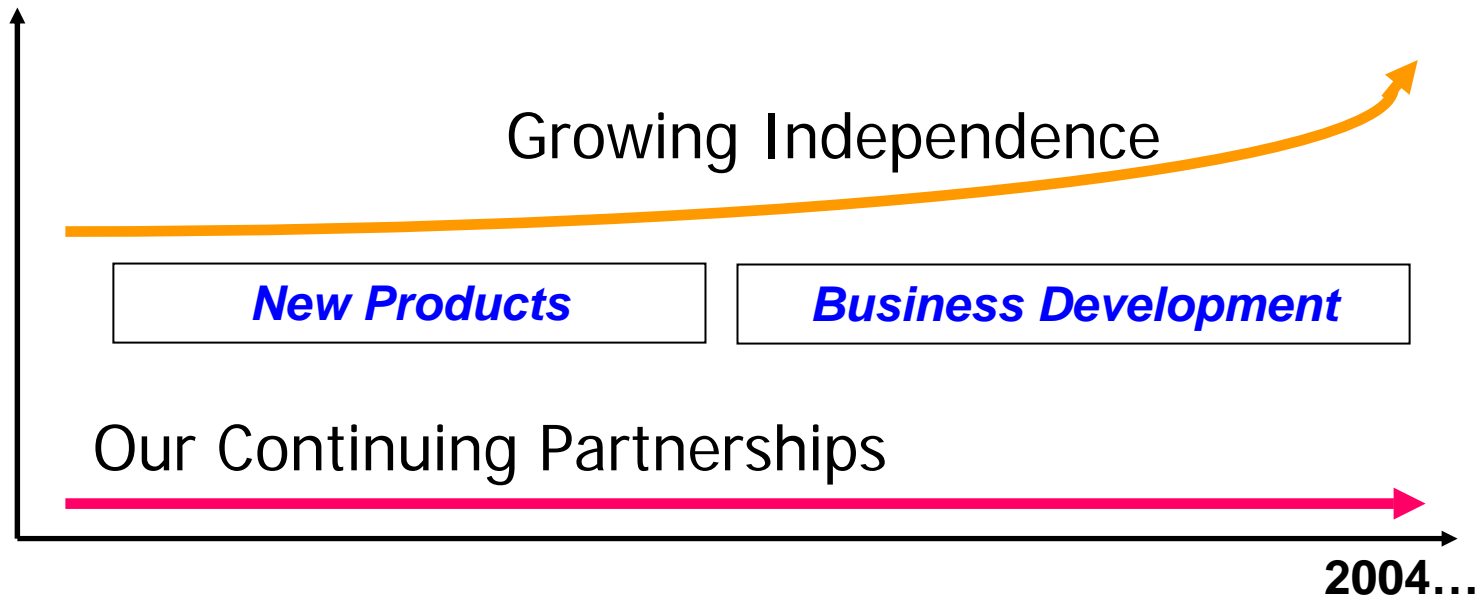
Continuing Expansions

- **Eisai Research Institute laboratory expansion**
- **Eisai Global Clinical Research new facilities**
- **Research Triangle Park, NC production/packaging expansion**
- **Eisai Inc. sales force expansion**
- **Eisai Inc. distribution capabilities added**



Looking Forward

- **Existing partnership structures will continue to drive business.**
- **Future products will rely upon independent capabilities in manufacturing, sales, and distribution.**



Growth Engines of Eisai

Two Prominent Drivers → 4-polar system

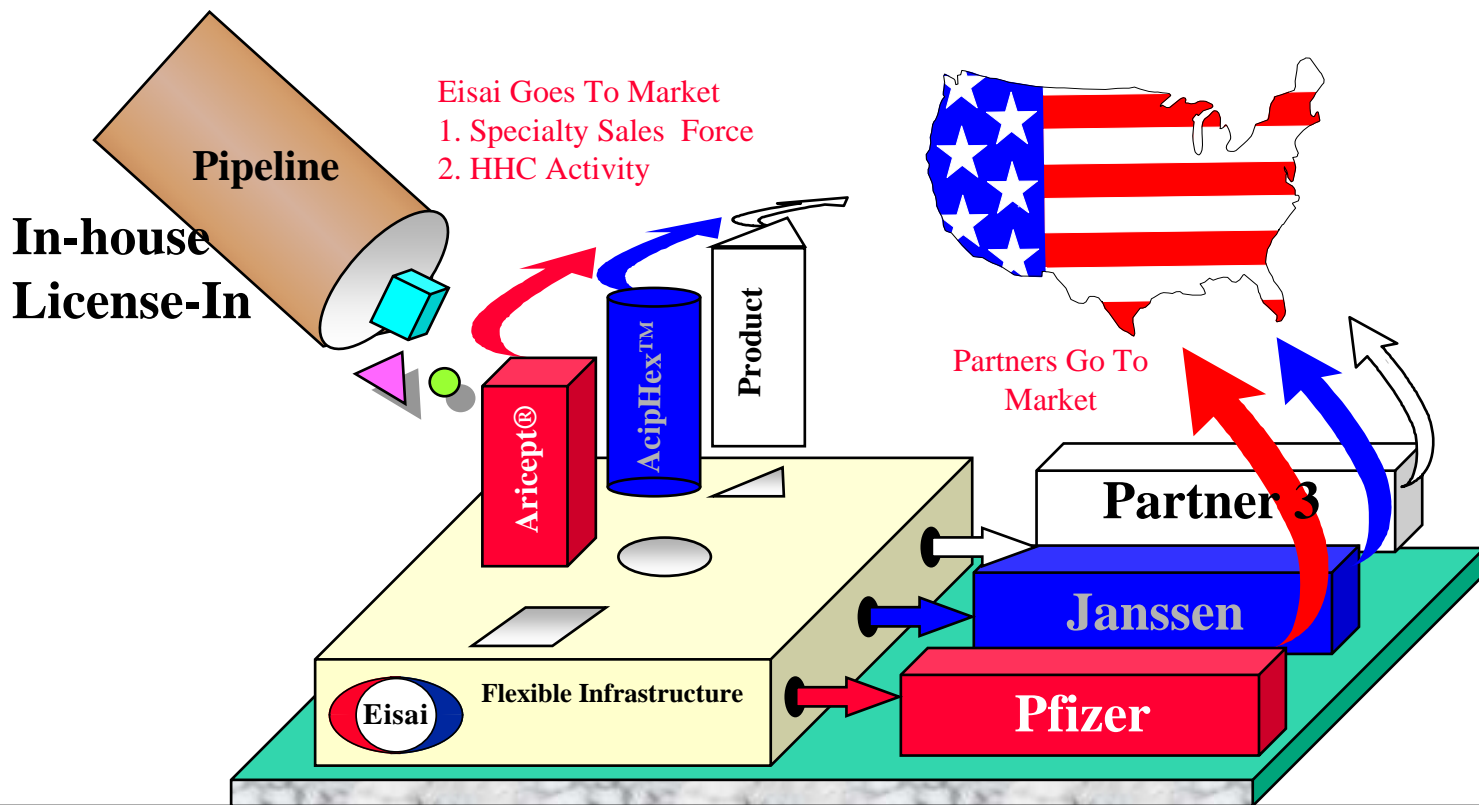
Focus on neurology, GI and oncology
& address unmet medical needs



4 Engines: ● Current Drivers ● Future Additions

Image of Further Growth in the U.S.

- * Life Cycle Management of Aricept and Aciphex
- * In house pipeline + Focused Business Development
<< Effective and Efficient Sales Activities >>

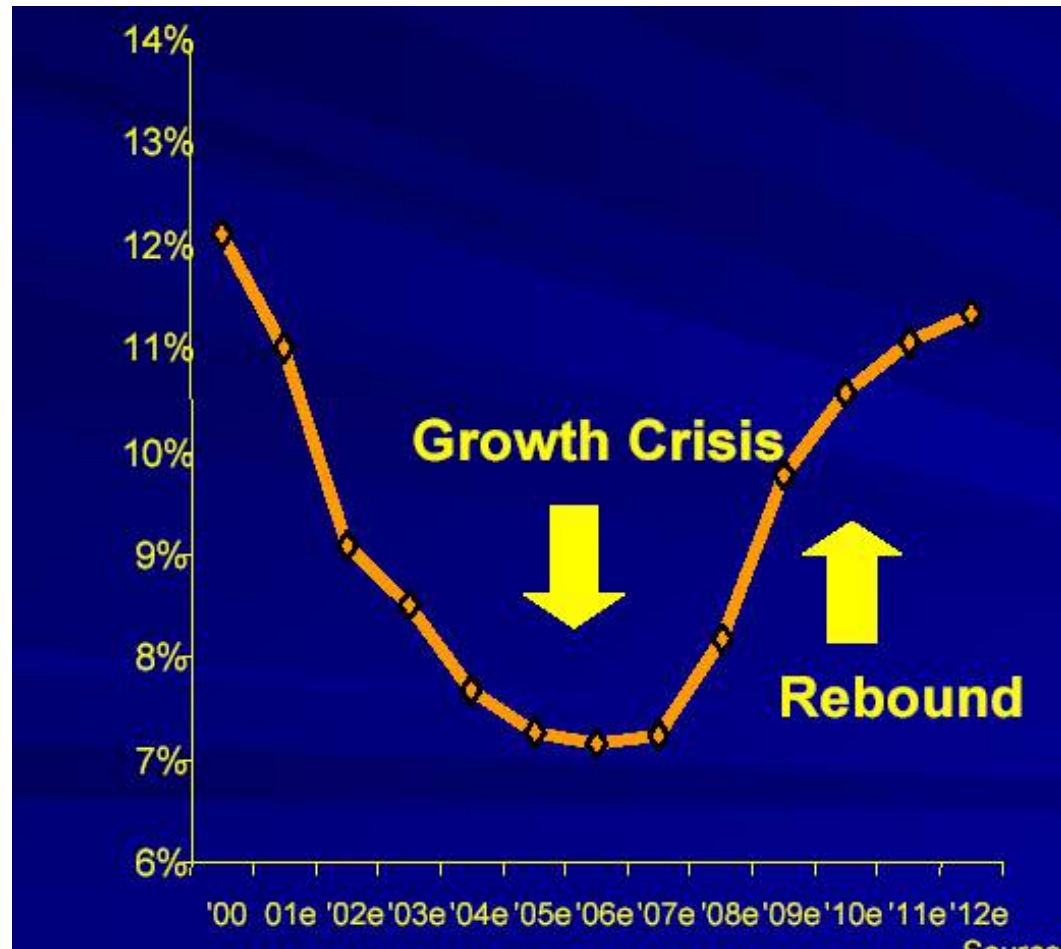


The bigger, the better?



Worldwide Pharma Business Growth

- Easton Associates believes that “New Engine” drugs will drive a resurgence in industry growth.
- A rebound is projected after 2007 (2008 – 2012).



Source: Easton Associates

“New Engine” Products Introduction

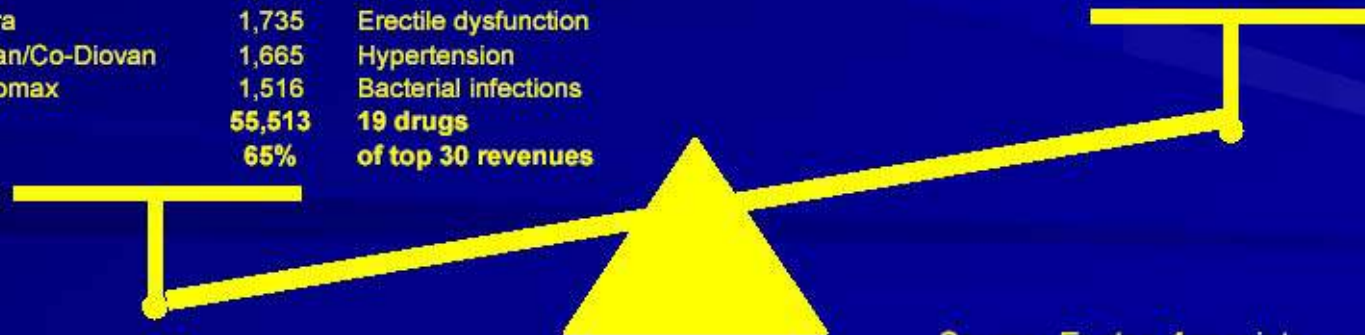
While traditional blockbusters make up almost two-thirds of the revenues of the top 30 drugs...

Traditional Blockbusters

Rank	Brand	2002 sales (\$MM)	Disease/medical use
1	Lipitor	7,972	Cholesterol
2	Zocor	5,580	Cholesterol
3	Prilosec/Losec	4,623	Gastrointestinal disorders
5	Norvasc	3,846	Hypertension
8	Prevacid	3,157	Gastrointestinal disorders
9	Paxil/Seroxat	3,083	Depression
10	Celebrex	3,050	Arthritis
12	Zoloft	2,742	Depression
14	Vioxx	2,530	Arthritis
17	Pravachol	2,266	Cholesterol
19	Cozaar and Hyzaar	2,190	Hypertension
21	Effexor	2,072	Depression
22	Nexium	1,978	Gastrointestinal disorders
23	Allegra/Telfast	1,919	Rhinitis
25	Claritin	1,802	Rhinitis
26	Augmentin	1,787	Bacterial infections
27	Viagra	1,735	Erectile dysfunction
28	Diovan/Co-Diovan	1,665	Hypertension
30	Zithromax	1,516	Bacterial infections
		55,513	19 drugs
		65%	of top 30 revenues

New-Engine Drugs

Rank	Brand	2002 sales (\$MM)	Disease/medical use
4	Procrit/Eporex	4,269	Anemia
6	Zyprexa	3,689	Psychosis
7	Epogin	3,528	Anemia
11	Plavix/Iscover	2,823	Atherosclerosis
13	Intron APeg-IntronReb	2,736	Leukemia
15	Advair/Seretide	2,447	Asthma
16	Neurontin	2,269	Epilepsy
18	Fosamax	2,250	Osteoporosis
20	Risperdal	2,146	Psychosis
24	PremarinPremproPre	1,880	Menopause
29	Remicade	1,634	Arthritis
		29,671	11 drugs
		35%	of top 30 revenues



Source: Easton Associates and Med Ad News

Eisai's Future Vision



Eisai's Future Vision

- Value Creation

 - Shareholder's value, Customer value

- Pursuit of Efficiency

 - Franchise, Seamless value chain

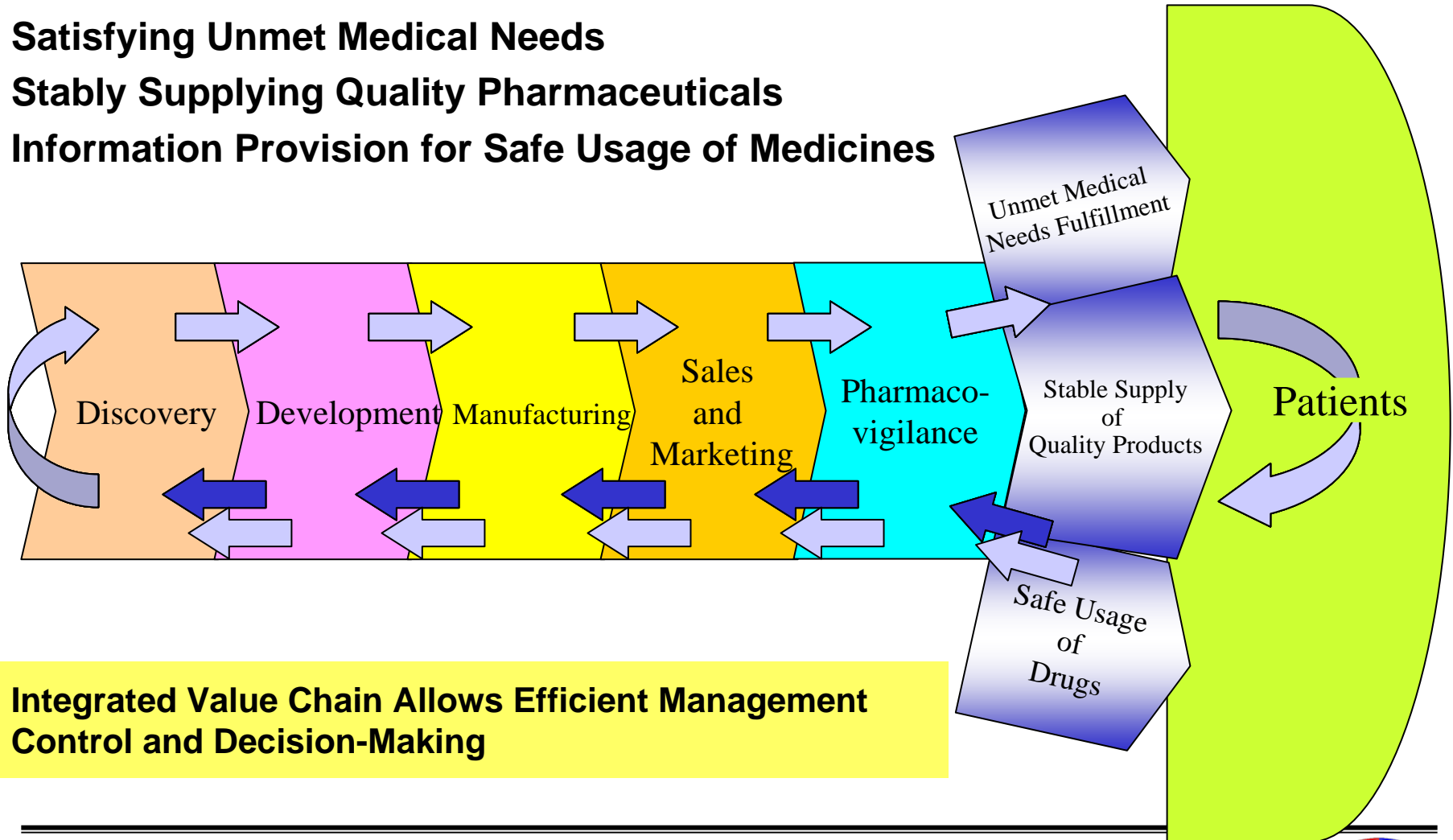
- Strengthen Infrastructure for Growth

 - R&D investment, Global operations



Seamless Value Chain

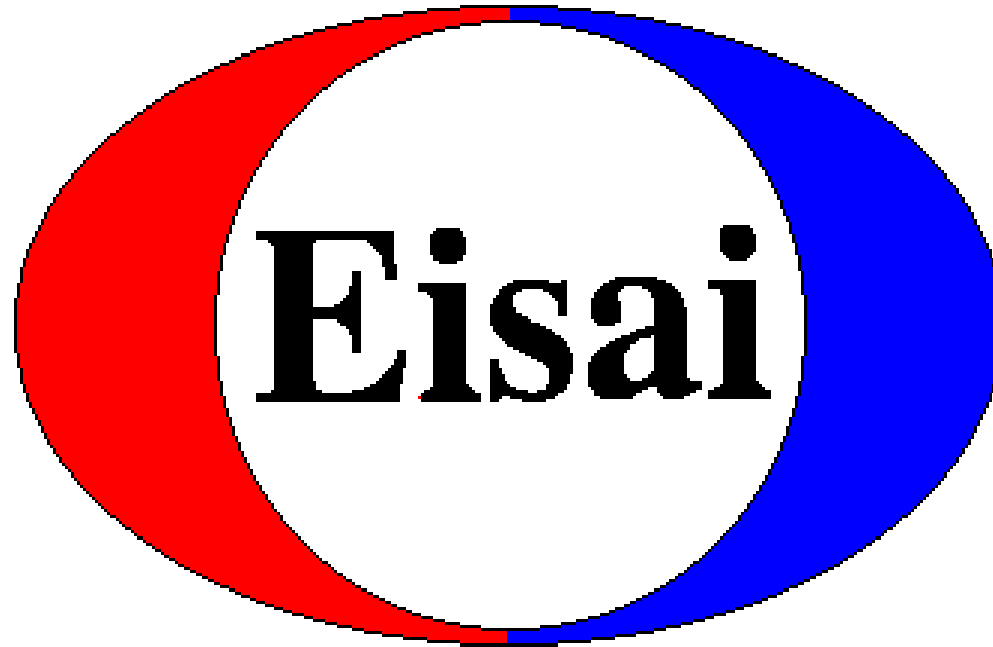
Satisfying Unmet Medical Needs
Stably Supplying Quality Pharmaceuticals
Information Provision for Safe Usage of Medicines



Our Ideal Corporate Model

**An Organization that Enables an Efficient,
Agile and Seamless Value Chain**





Thank You New York Pharma Forum!

