



human health care

The script for our "human health care" logo was taken from the signature of Florence Nightingale. The "human health care" concept reflects our commitment to viewing health care not only from the standpoint of the health care professional, but also from that of the patient. This commitment is inspired by Florence Nightingale, who devoted her life to caring for others, yet never lost sight of the importance of listening to her patients.

To Shareholders

Interim Report for Fiscal Year Ending March 31, 2010

Eisai Co., Ltd.

<http://www.eisai.co.jp/index-e.html>

To Our Shareholders



I thank you sincerely for your ongoing support. Here, we provide an overview of the Company's operating performance during the first half of the fiscal year ending March 31, 2010.

A handwritten signature in black ink that reads "Haruo Naito".

Haruo Naito
Director, President and CEO
(Representative Executive Officer)

Overview of Consolidated Financial Results

(Figures are rounded.)

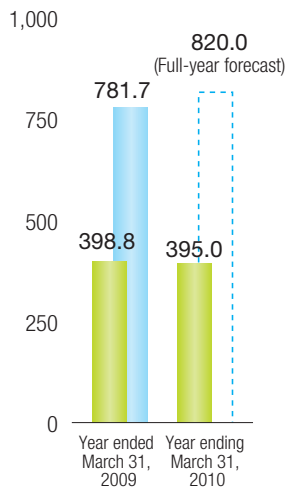
- Consolidated net sales for the six-month period ended September 30, 2009, were ¥394,982 million (1.0% decrease year on year).
- Sales of *Aricept*, an anti-Alzheimer's agent, increased to ¥156,019 million, up 2.3% year on year. Sales of *Pariet* (U.S. brand name: *Aciphex*), a proton pump inhibitor, decreased to ¥73,334 million, down 11.2% year on year. Sales of oncology-related products decreased to ¥38,994 million, down 1.5% year on year.
- Despite the Company's continued investment in R&D activities, operating income was ¥49,119 million (5.5% increase year on year), and ordinary income was ¥45,197 million (3.6% increase year on year). Net income increased 7.7% year on year, to ¥30,922 million, as a result of improved efficiency in the use of SG&A expenses.
- As a result, basic earnings per share for this period came to ¥108.54 (up ¥7.76 from the same period of the previous fiscal year).

Consolidated Financial Results (1)

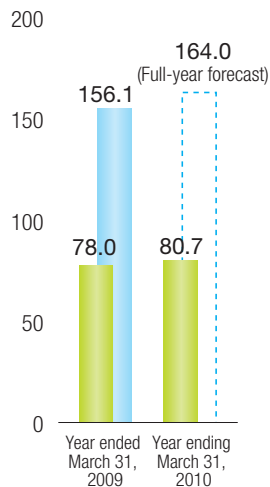
(Figures are rounded.)

■ Full year ■ Six months ended September 30

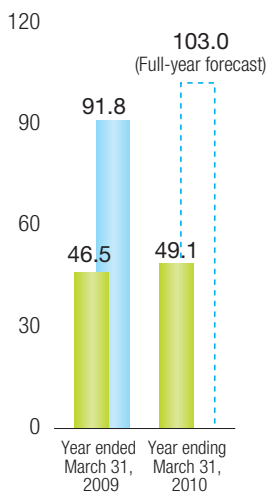
Net Sales (Billions of yen)



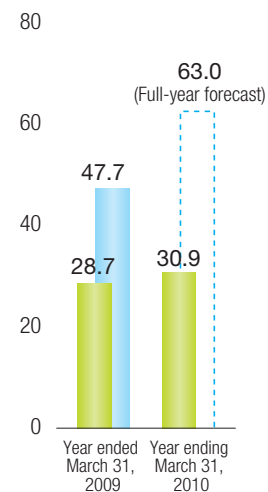
R&D Expenses (Billions of yen)



Operating Income (Billions of yen)



Net Income (Billions of yen)



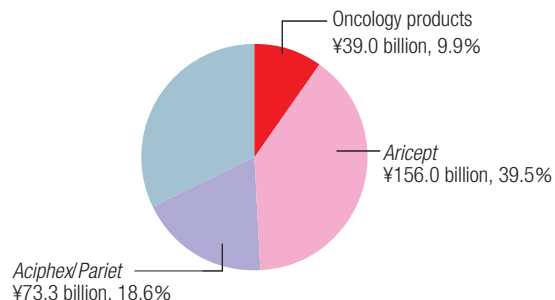
This report includes forward-looking statements with respect to plans and forecasts of future results. Please understand that actual performance may differ significantly from these projections.

Consolidated Financial Results (2)

(Figures are rounded.)

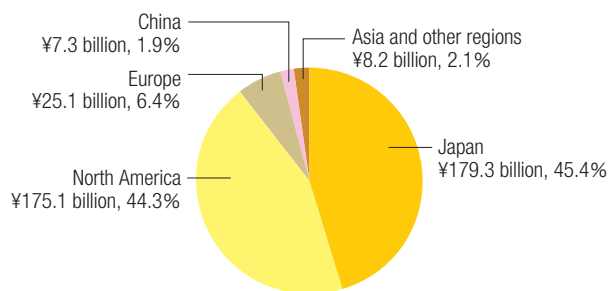
Key Product Sales

Percentage figures indicate the percentage of total sales.



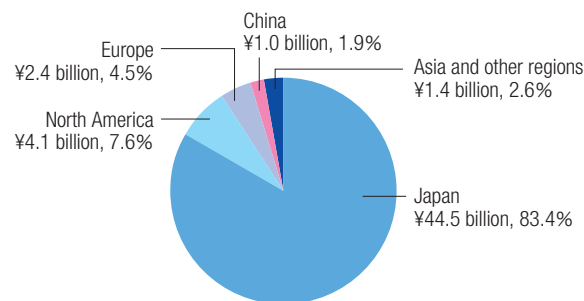
Sales by Region

Percentage figures indicate the percentage of total sales.



Operating Income by Region

Percentage figures indicate the percentage of total operating income.

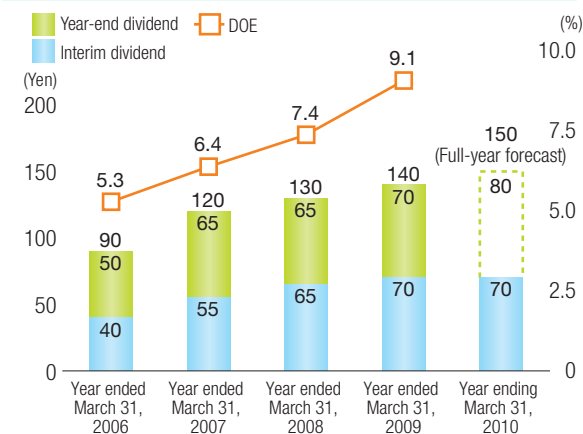


Shareholder Return

Eisai is devoted to providing sustainable and stable dividends based on its consolidated financial performance along with the dividend on equity ratio (DOE) and cash income.

Based on the Company's dividend policy to provide shareholders with sustainable and stable dividends, Eisai intends to set the interim dividend for the period (at the end of the second quarter) at ¥70 per share. Eisai expects to award ¥80 per share for the fiscal year-end dividend, an increase of ¥10 per share from that for the previous year.

Dividends per Share/DOE



$$\text{DOE} = \text{ROE} \left(\frac{\text{Net income}}{\text{Shareholders' equity}} \right) \times \text{Dividend payout ratio} \left(\frac{\text{Dividends paid}}{\text{Net income}} \right)$$

DOE encompasses both the dividend payout ratio (DPR), which measures the extent to which profits are distributed to shareholders in the form of dividends, and return on equity (ROE), which measures how effectively the Company uses the money invested by shareholders to generate profits.

Cash income = net income (loss) + depreciation of PP&E and amortization of intangible assets + IPR&D expenses + amortization of goodwill + loss on impairment of long-lived assets (including loss on devaluation of investment securities)

Cash income expresses the Company's ability to generate cash. Cash income is used in order to improve the financial standing of the Company, i.e. investment in future growth and business development, dividend payments, repayment of borrowings and other expenditures.

Ongoing Research & Development Projects

Research topics including stage-up or area-expansion during the second quarter were as follows.

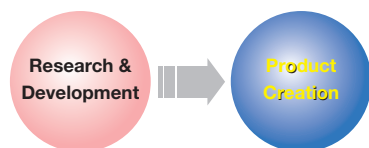
Therapeutic Areas	Product Name (Research Code)	Description	Phase				Region	Form
			Phase II	Phase III	Submission	Approved		
Neurology	Aricept (E2020)	A new oral jelly formulation of the anti-Alzheimer's agent <i>Aricept</i> was approved. (July 2009)				★	Japan	Oral
		A Phase III study for a 23 mg sustained release tablet formulation has been concluded, and preparations for a submission are underway.	Submission are underway.					
	Inovelon	<i>Inovelon</i> received approval in South Korea for adjunctive therapy in Lennox-Gastaut syndrome (LGS). (July 2009)				★	South Korea	Oral
Oncology and Supportive Care	E7389	Applications for approval were filed to the health authorities in Switzerland and Singapore. The Company is seeking approval of the compound as a treatment for locally advanced and metastatic breast cancer. (July 2009)					Switzerland/ Singapore	Injection
	Dacogen (E7373)	Application for approval was filed in the United States for an alternative five-day dosing regimen of the DNA hypomethylating agent <i>Dacogen</i> for the treatment of myelodysplastic syndromes (MDS).					United States	Injection
	AKR-501 (E5501)	A Phase II study for thrombocytopenia associated with hepatic disease has been initiated.					United States	Oral
Gastrointestinal Disorders	Pariet/ AcipHex (E3810)	An application was submitted seeking approval of an additional indication for non-erosive gastro-esophageal reflux disease (GERD). (September 2009)* ¹					Japan	Oral
		An application was submitted seeking approval of an additional indication for concomitant therapy for the eradication of <i>Helicobacter pylori</i> in gastric MALT lymphoma, the stomach after endoscopic resection of early-stage gastric cancer, and idiopathic thrombocytopenic purpura. (September 2009)* ²						
Vascular and Immunological Reaction	HUMIRA (D2E7)	An application was submitted seeking approval of an additional indication for Crohn's disease. (September 2009)					Japan	Injection
		An application was submitted seeking approval of an additional indication for ankylosing spondylitis. (October 2009)						
Other Therapeutic Areas	Glufast	<i>Glufast</i> received approval in the Philippines as a treatment for type II diabetes mellitus. (July 2009)				★	Philippines	Oral

*1: The application for this additional indication was originally submitted in March 2006 and was withdrawn in February 2008. However, the application has been recently resubmitted following the completion of additional studies to support data for the new indication.

*2: The antibiotics are amoxicillin hydrate and either clarithromycin or metronidazole.

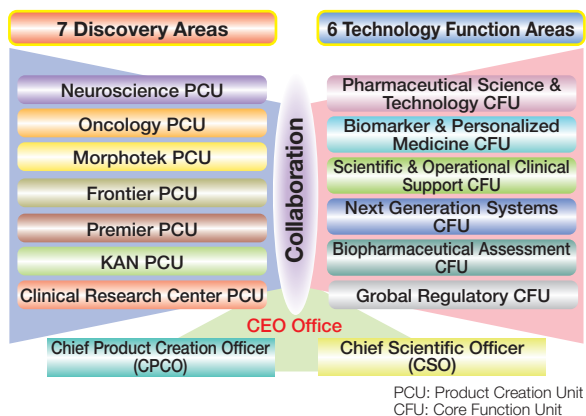
Product Creation

Eisai has redefined its research and development activities as “Product Creation.” To reinforce this transformation, the Company launched Eisai Product Creation Systems (EPCS) in July 2009.



The new system consists of Product Creation Units (PCUs), Core Function Units (CFUs) and the CEO Office.

Overview of EPCS



With the new framework, the Company aspires to become more patient-oriented in product creation. The objective of the Company is to better understand the emotions and realities of patients as well as to recognize both the apparent and latent issues that they face in order to provide innovative treatments that improve their quality of life. In light of this, the Company is building specialist organizations in each of its disease and technology areas that carry out clear responsibilities in an autonomous environment, in an effort to encourage a sense of ownership and motivate employees to increase their productivity and efficiency. By pursuing this strategy, the Company aims for early creation of novel and innovative drugs for unmet medical needs or that improve the quality of life of patients.

Topics

Eisai Announces Agreement with Pfizer on Strategic Alliance for Alzheimer's Disease Treatment *Aricept*.

Eisai announced that it has reached a comprehensive agreement with Pfizer Inc. regarding the strategic alliance for the Alzheimer's disease treatment, *Aricept* (donepezil hydrochloride). Eisai and Pfizer have been in discussions to resolve their dispute concerning the strategic alliance and development agreement which was signed in October 1994. Main items which both parties agreed upon are as follows;

1. A partial alteration of the Agreement for *Aricept*

Under this redefined alliance, Eisai and Pfizer will continue to co-promote *Aricept* in the United States, Japan and key markets in Europe. The expiry of the agreement for the co-promotion of *Aricept* in Japan will cease as of December 31, 2012.

2. New partnership in connection with a new product developed by Pfizer

Eisai will co-promote pregabalin in Japan, a treatment for neuropathic pain developed by Pfizer. Pfizer launched pregabalin in the United States and Europe with the brand name *Lyrica* and has filed a New Drug Application (NDA) in Japan.

Eisai expects this new agreement with Pfizer to have a positive impact on its revenue and earnings after the fiscal year ending March 31, 2011.

Major Alliances and Agreements

- **Eisai Signs License Agreement with Biocompatibles International plc for Drug-Eluting Bead Products for Embolization**
Under the conditions of the agreement, Eisai will obtain the exclusive rights to develop and commercialize *Polyvinyl Alcohol Hydrogel Microsphere* and its related product, developed by Biocompatibles International plc. (July 2009)
- **Eisai and KYORIN Sign License Agreement for Development and Marketing of *Uritos Tablets* in China, India, Sri Lanka and ASEAN Countries**
Under the terms of this agreement, Eisai acquires from KYORIN the exclusive rights to develop and market the agent in China, India, Sri Lanka and ASEAN countries. (September 2009)
- **Eisai and DNDi Enter into a Collaboration and License Agreement to Develop a New Drug for Chagas Disease**
Eisai and the Drugs for Neglected Diseases *initiative* (DNDi), a non-profit independent foundation, announced that they have signed a collaboration and license agreement for the clinical development of a promising new drug for the treatment of Chagas disease. In a collaborative effort to address unmet medical needs for neglected diseases, Eisai and DNDi will work in tandem to bring a new treatment option for patients with Chagas disease as early as possible. (September 2009)
- **Eisai and Quintiles Enter into a Strategic Collaboration to Develop Eisai's Anticancer Compounds**

Eisai has concluded a strategic collaboration agreement with Quintiles, a world leading biopharmaceutical services company, to develop six anticancer compounds in its oncology pipeline to further expedite its Product Creation Strategy for the oncology-related disease area. This strategic collaboration enables Eisai to develop multiple candidate compounds for multiple indications at the same time, thereby resulting in a significant potential for reducing development time and also in an increase in a probability of development success. (October 2009)