Eisai

hhc
human health care

Integrated Report **2018**

Eisai Co., Ltd.

Contents

Period Covered

This Integrated Report covers business performance from April 1, 2017 to March 31, 2018. Some sections may include information on activities as recent as fiscal 2018.

Reporting Organizations

Eisai Co., Ltd. and domestic and overseas consolidated subsidiaries

Forward-Looking Statements and Risk Factors

Materials and information provided in this Integrated Report may contain "forward-looking statements" based on current expectations, forecasts, estimates, business goals and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements. Moreover, the target values contained in this report merely express medium-term strategies, intended directions and visions and are not an official earnings forecast. For the official earnings forecast, please refer to the annual financial report (Consolidated Financial Statement) in accordance with the rules set by the Tokyo Stock Exchange. Factors that could have a material impact on the future outlook include, but are not limited to, changes in the economic environment and competitive pressures surrounding Eisai's business environment, revisions to laws and regulations, fluctuations in currency exchange rates, uncertainties associated with new drug development and infringements of intellectual property rights by third parties. Although this report contains information on pharmaceuticals (including those under development), the content is not intended for advertising or medical advice purposes. In addition, further details about business risks stated above are described in the Annual Security Report.

This English Report was translated from the original Japanese version. In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.

Note for Description

- Generic names for drugs are given omitting the base or hydrate.

Notes for Icons on Each Page

- Pages that are strongly related to 6 capitals which comprise Eisai's corporate value (intellectual capital, human capital, manufactured capital, social and relationship capital, natural capital and financial capital) are marked with corresponding icons.
- Pages that are strongly related to 17 Sustainable Development Goals (SDGs) are marked with SDGs icons.

Materiality

Eisai's corporate philosophy is to give first thought to patients and their families. Likewise, Eisai provides employees, who are the bearer of the patient contribution, with opportunities to develop careers and talent. Eisai's mission is the enhancement of patient satisfaction, then revenue and profit are brought about consequently. We place importance on this sequence of placing mission before the ensuing results.

On the other hand, in order to sustainably maximize corporate value to fulfil every stakeholder's satisfaction, with the corporate philosophy's concept of "mission and the results" in consideration, it is regarded to be efficient to focus on the long-term investors, beneficiaries of residual income, as the important stakeholder*1. Long-term interests of all stakeholders including patients and employees taken into account, it is believed that identifying the concerns which relate to the interests of long-term investors and then taking initiatives on a priority basis, is the fast track for the maximization of corporate value.

Process for Establishing Materiality and Eisai's Materiality Matrix are shown below. Reviews and updates are undertaken as needed.

*1 Concept derived from Enlightened Value Maximization Theory (Michael C. Jensen, 2001)

Process for Establishing Materiality

Process 1: Identification of issues

We identify issues giving consideration to various types of guidelines (e.g., sustainability accounting standards for pharmaceuticals by SASB*2, GRI Guidelines), to Sustainable Development Goals (SDGs)*3, to communication with stakeholders and to socially responsible investment (SRI) indices (e.g., Dow Jones Sustainability Index).

Process 2: Prioritization of issues and creation of materiality matrix

We prioritize issues with a particularly high degree of importance, and then create a matrix, from the perspectives of "impact on Eisai's business" considering the corporate philosophy and impact on finances, and of "interest to long-term investors", which includes financial reporting, opportunities to create innovation, and the impact of legal restrictions and industry norms.

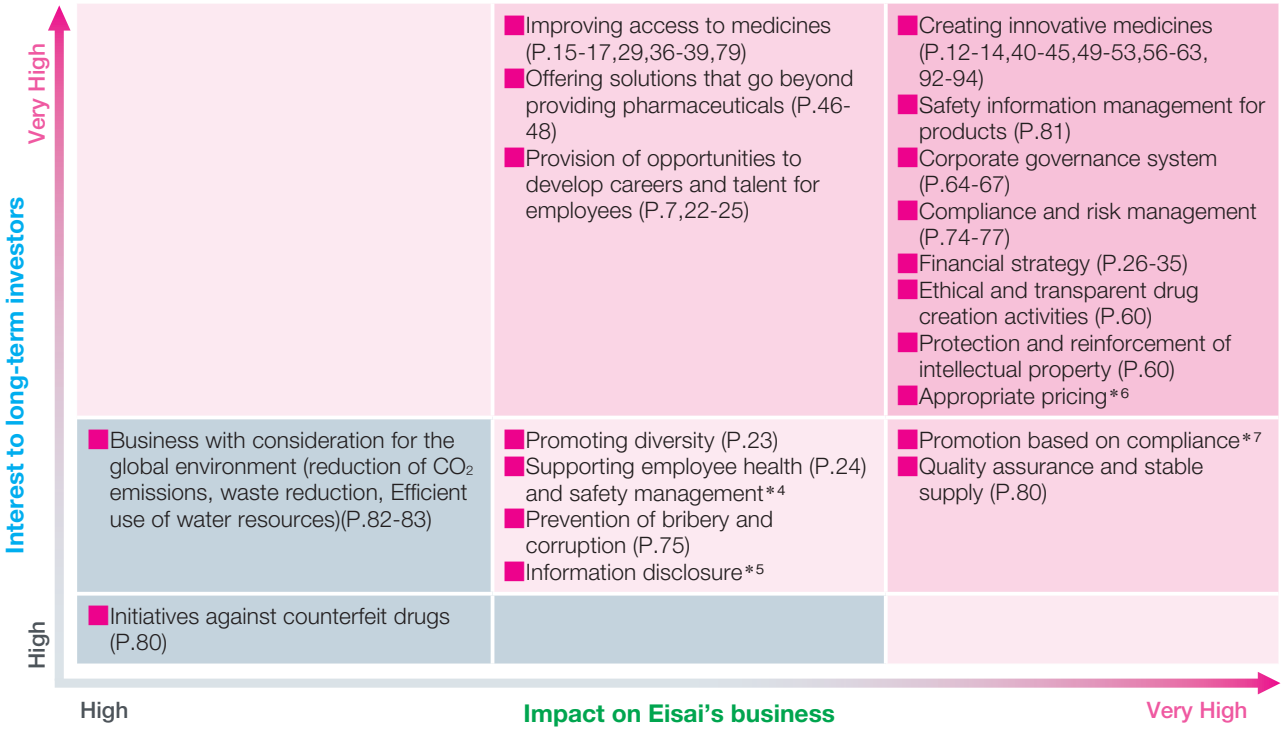
Process 3: Reviews and updates

Reviews and updates are undertaken as needed taking into consideration the progress of initiatives toward issues and changes in the business environment.

*2 SASB (Sustainability Accounting Standards Board) is a U.S.-based non-profit organization that identifies materiality by industry for reasonable investors and develops sustainability disclosure standards.
*3 Sustainable Development Goals (SDGs) are a set of international goals under the 2030 Agenda for Sustainable Development adopted at the United Nations Sustainable Development Summit in September 2015. For details, please refer to page 84.

Eisai's Materiality Matrix

Figures in parentheses indicate the corresponding pages of this report.



*4 Please refer to Eisai's Corporate Web site ▶ https://www.eisai.com/sustainability/employee/health_safety/index.html
*5 Please refer to Article 11 of Eisai's Corporate Governance Guideline ▶ https://www.eisai.com/company/cgguideline.html
*6 Please refer to Eisai's Corporate Web site ▶ https://www.eisai.com/company/business/marketing/index.html
*7 Please refer to Eisai's Corporate Web site ▶ https://www.eisai.com/sustainability/management/compliance/index.html

The driving force of Eisai

"*human health care* (*hhc*)"

- **Established the corporate philosophy in 1992, which is understood and internalized as our core value by employees, both in Japan and overseas**
- **All employees are encouraged to spend 1% of their total business hours to interact with patients**
- **Incorporated the corporate philosophy into the Company's Articles of Incorporation in June 2005**
- **More than 300 *hhc* activities are carried out globally every year**

Eisai's corporate philosophy reflects our commitment to business activities aiming to increase the benefits to patients, their families, and consumers, who we clearly recognize as the key players in healthcare.

This Corporate Philosophy is summarized by the term "*human health care* (*hhc*)." We believe that in order to truly consider the perspectives of patients and their families, it is important for each employee to first get close to patients and see the situation from their perspectives in order to learn to empathize with thoughts and feelings that might not necessarily always be expressed in words. Accordingly, **all employees are encouraged to spend 1% of their total business hours to interact with patients.**

To commemorate our values and goals, **we incorporated the Corporate Philosophy into the Company's Articles of Incorporation, upon receiving approval at the Annual General Shareholders' Meeting in June 2005.**

Articles of Incorporation Article 2

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

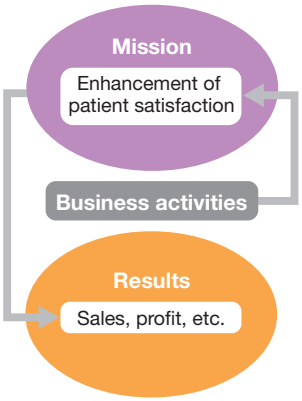
(2) **The Company's mission is the enhancement of patient satisfaction. The Company believes that revenues and earnings will be generated by fulfilling this mission. The Company places importance on this sequence of placing the mission before the ensuing results.**

(3) The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.

(4) The Company's principal stakeholders are patients, customers, shareholders and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value of their stake through:

1. Satisfying unmet medical needs, ensuring a stable supply of high-quality products, and providing useful information on subjects including drug safety and efficacy;
2. Timely disclosure of corporate management information, enhancement of corporate value, and a positive return to shareholders; and
3. Ensuring stable employment, offering challenging and fulfilling duties, and providing full opportunities for the development of employees' capabilities.

Sequence of mission and results based on the *hhc* Corporate Philosophy



Origin of the corporate philosophy of *human health care*; "Eisai Innovation" announced in 1990

Haruo Naito, the current Representative Corporate Officer and CEO, was appointed President of Eisai in 1988. It was clear that times were changing, the social climate was shifting, and that these changes were having an effect on people's perspectives toward work and life. He began transforming the corporate image and challenging employees to adopt new mindsets and attitudes as soon as he began his tenure. Then, in 1990, with Eisai recognizing that patients, their families and the general public should be the most important stakeholders in medical care and for pharmaceutical companies, the company announced the concept of "Eisai Innovation." This advocated taking pride in achieving business through improving the benefits of these stakeholders and challenged each individual employee to change the way they looked at their jobs, their lives and the world with the message "The world is changing. Let us change along with it." The spirit of this new concept was summarized as *human health care* (*hhc*) and incorporated into the company's Corporate Mission in 1992.

At the start of fiscal 1990, panels describing the concept of "Eisai Innovation" were posted at all Eisai offices

The Concept of Eisai Innovation
"The World is changing. Let us change along with it."

Eisai regards the patient, his or her family and people in general as the most important "participants" in the health care process. We take great pride in improving the health care for society. Eisai's goal of playing a unique role in society can only be accomplished by pursuing the "Eisai Way," that is, fostering entrepreneurship among its employees. To become a company which can contribute significantly to society under any medical care system, we must continually repeat the process of strategy formulation, implementation, and review at all levels of our organization. It is also vital for us to recognize the feelings of these important health care "participants" and to empathize with them. Our corporate principle challenges us to be the leader in responding to their needs. Thus, we must seize every business opportunity to fulfill this objective. We cannot be preoccupied merely with the creation and distribution of pharmaceuticals, but need to tackle new business opportunities in health care. In order to be among the 20 leading pharmaceutical companies in the world by the year 2001, I feel we must be able to offer something new and beneficial to people in need of health care, in addition to pharmaceutical products in the broad sense of the term.

Striving to establish the ideal corporate culture, Eisai encourages all of its members to develop and exhibit their abilities to the fullest extent. Each member should continually evaluate whether he or she is making the maximum contribution to the well-being of the health care "participants." It is our aim that everyone at Eisai finds a clear sense of purpose in their work. In a spirit of close contact and cooperation, all are encouraged to work together as a team, while at the same time devoting themselves to becoming knowledgeable and experienced in the company's business practices. In recognition of the fact that people are Eisai's most valuable resource, all employees should treat each other with respect and maintain open lines of communication. Each person must take the responsibility to support his or her colleagues by contributing ideas and constantly encouraging one another. Everyone at all levels should clearly recognize his or her own goals and what is needed to attain them. Eisai provides unlimited opportunities for everyone to experience a sense of achievement as they strive to meet these goals. Under our concept of "Integrated Group Operations," or IGO, which links the entire Eisai organization, I want to create a corporate environment in which all members of Eisai share a common mission and set of values, while having the freedom and responsibility to set their own goals and decide how best to accomplish them.

Society expects us to be an innovator. One of our strengths is that we are a young, dynamic organization with future potential, something that does not exist in many older companies. Every one of us at Eisai must meet society's expectations. We must demonstrate our obligation to society, by identifying with the health care "participants," developing a response to their needs, verifying the social benefits of this response, and finally, making this response available to the world before anyone else. To meet this challenge, every element of our organization including our employees, our corporate atmosphere and emphasis, and our style of doing business, must continually renew itself. It is in this manner that we will succeed in achieving our highest goals in the 1990's and on into the next century. This is "Eisai Innovation."

Haruo Naito
President and Chief Executive Officer
April 1990

Business model based on *hhc*

CSR Corporate Social Responsibility	CSV Creating Shared Value	*hhc* *human health care*
• Value: Doing good	• Value: Economic and societal benefits relative to cost	• Value: The common good
• Citizenship, philanthropy, sustainability	• Joint company and community value creation	• Companies together create value in tune with community needs
• Discretionary or in response to external pressure	• Integral to competing	• No fixation on competition
• Separate from profit maximization	• Integral to profit maximization	• Profits are gained as the result of common good strived for
• Agenda is determined by external reporting and personal preferences	• Agenda is company specific and internally generated	• Agenda is shared by each company
• Impact is limited by corporate footprint and CSR budget	• Realigns the entire corporate budget	• Included in the company's regular operating budget
• Example: Fair trade purchasing	• Example: Transforming procurement to increase quality and yields	• Example: Inputting customer needs in the value chain

*Compiled by Deloitte Tohmatsu Consulting based on Michael E. Porter, "Creating Shared Value", *Harvard Business Review*, and other resources and revised by Eisai.
Supervised by Ikujiro Nonaka, Professor Emeritus of Hitotsubashi University.

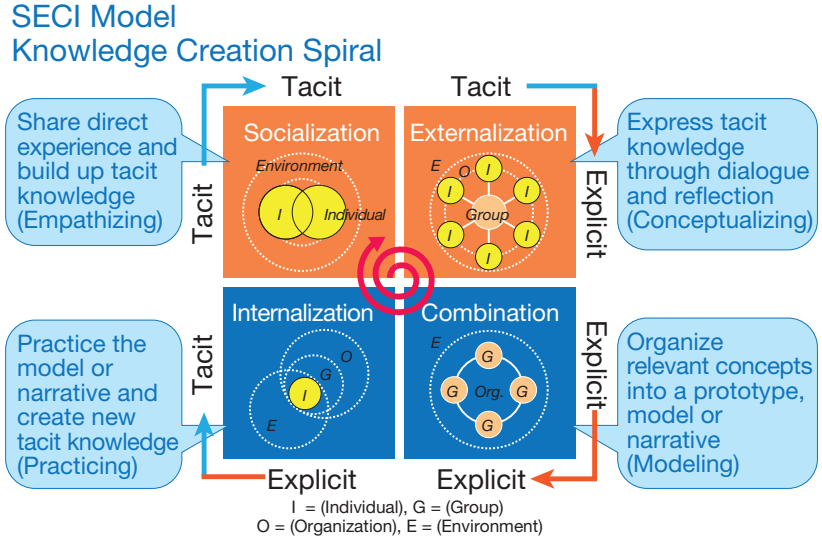
Eisai's *hhc* is different from corporate social responsibility (CSR), which mainly involves social contribution activities including acts of charity that do not directly contribute to business or corporate value. It is relatively close to Creating Shared Value (CSV), a business model that aims to pursue both social value and economic value. Eisai's mission is to create social value by enhancing patient satisfaction, and economic value in the form of revenue and profit is generated as a result. Eisai places importance on this sequence of placing the mission before the ensuing results.

Initiatives to realize innovation based on the theory of knowledge creation

Each employee of Eisai seeks to realize innovation that satisfies patients' needs through daily work by exercising ingenuity based on the **theory of knowledge creation** with an aim to fulfill *hhc*, our corporate philosophy.

There are two types of knowledge: **"tacit knowledge"** and **"explicit knowledge"**. The former is subjective and not easily expressible, while the latter is expressible. **The "SECI model"** is a core framework of knowledge creation which creates organizational innovation through the repetitive and mutual conversion of tacit knowledge and explicit knowledge. In this model, knowledge creation is captured in four phases. The first phase is **"socialization"**, a process of building up tacit knowledge through directly sharing experience with others. The second phase is **"externalization"**, a process of expressing tacit knowledge between individuals through dialogues into concepts or iconography. The third phase is **"combination"**, a process to combine explicit knowledge of an organizational level into a model, or narrative. The fourth phase is **"internalization"**, a process of creating new tacit knowledge through practicing explicit knowledge. It is important to repeat this spiral of four phases for strategic knowledge creation.

Eisai places particular importance on socialization in understanding the reality of patients (emotions) and **encourages all employees around the world to spend 1% of their total business hours to interact with patients.**



Findings through the Knowledge Creation Survey 2017 confirmed the thorough internalization of the corporate philosophy among employees around the world and their high engagement in Eisai

Eisai began conducting the Knowledge Creation Survey targeting approximately 10,000 employees around the world in September 2017. The survey is aimed at ascertaining the current conditions of knowledge creation activities at Eisai and its organizational units and realizing the corporate philosophy. To achieve these aims, Eisai has conducted this survey six times since fiscal 1997 under the supervision of Ikujiro Nonaka, a professor emeritus at Hitotsubashi University.

Eisai confirmed the thorough internalization of the corporate philosophy among employees around the world (Figure 1) and their high engagement (attachment or emotional involvement) in the company (Figure 2) based on its analysis of the answers provided to a total of 172 questions asked in the survey. In addition, Eisai found through the survey that the leadership exercised by the top management, middle management and front leaders promoted the spread and practice of the corporate philosophy (Figure 3).

Figure 1 : Level of Sharing of the Corporate philosophy

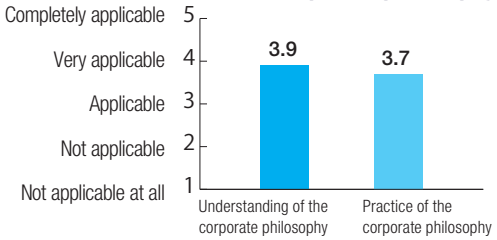


Figure 2 : Engagement in Eisai

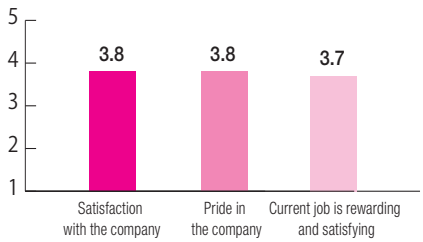
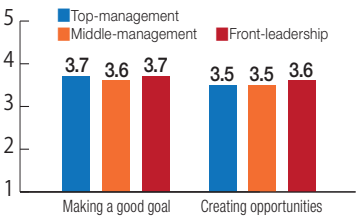


Figure 3 : Leadership



【Figure 1~3: Answer】
5. Completely applicable
4. Very applicable
3. Applicable
2. Not applicable
1. Not applicable at all

【Figure 1. Question】

Understanding of the corporate philosophy (Average of 2 questions)
- You believe in the spirit of the corporate philosophy
- You can explain what the corporate philosophy means to your family members, friends, and others

Practice of the corporate philosophy (Average of 2 questions)
- In your daily work, you have experience that embodies the company's philosophy or vision
- In your daily work, you think about whether your work is consistent with the corporate philosophy or vision

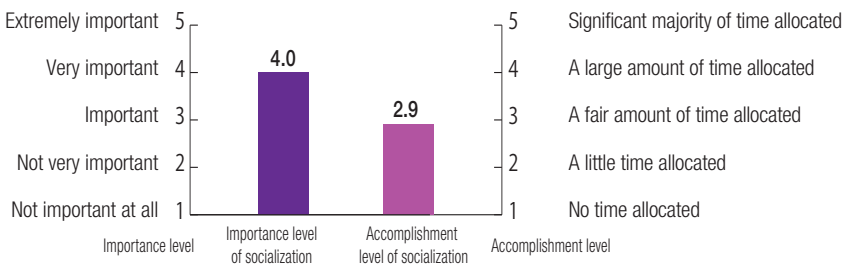
【Figure 3. Question】 Top-management Middle-management Front-leadership

Making a good goal (Average of 3 questions)
1. Leads business with his/her value system or a judgment criteria that is based on the common good
   Manages your project/team members and their daily work based on his/her value system or a judgment criteria that are based on the common good
   Applies independent-minded values and judgment criteria in executing daily work
2. Makes business-related decisions from a medium- to long-term perspective while understanding the bigger picture
   Judges actions and situations in daily work from a medium- to long-term perspective while understanding the bigger picture
   Sees things from a broad view and a medium- to long-term perspective
3. Articulates the corporate philosophy and vision to demonstrate to employees the value of and future direction of the company
   Connects concrete tasks with the corporate philosophy and vision in their daily management
   Conducts daily tasks with the mindset of realizing the corporate vision

Creating opportunities (Average of 3 questions)
1. Creates first-hand opportunities to see and understand the true thoughts and feelings of patients, their families, and consumers
2. Always respects others and develops trusting relationships with people in different positions
3. Creates, in a timely manner, opportunities to co-create and collaborate beyond the boundaries of industry-government-academia-civil collaboration
   Creates opportunities to interact with people inside and outside the company to expand networks
   Engages in networking with people at all levels of the company to expand relationships

At the same time, **employees recognized the importance of "socialization"**, a process particularly emphasized by Eisai through which they share time with patients and accumulate tacit knowledge. They also **showed a tendency to understand the need to raise the accomplishment level of "socialization" (Figure 4)**. This is presumably because many employees feel the necessity of understanding the true needs of patients through accomplishment of "socialization". We will revitalize our efforts for "socialization", as "socialization" lies at the root of Eisai.

Figure 4 : Level of importance and accomplishment of socialization



【Figure 4. Question】

Level of importance and accomplishment of socialization (Average of 8 questions)
- Having the opportunity to spend time and share the feelings of excitement, anger, sorrow, and/or happiness with patients, their families, and consumers
- Directly sensing the feelings, thoughts, and reality of patients, their families, and consumers
- Understanding the issues and unspoken needs of patients, their families, and consumers

(8 questions in total)

Taking on the challenge to promptly expand our contributions to patients by leveraging our strengths

Eisai's strengths

1. Thorough internalization of the corporate philosophy and high employee engagement

Reference P4-7

Confirmed the thorough internalization of the corporate philosophy and high employee engagement in the company worldwide from the results of "Knowledge Creation Survey 2017"

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2. Industry-leading R&D pipeline in the dementia area

Reference P13,40-45,92

11 projects under development

6 projects targeting the accumulation of aggressive factors

BACE*1 inhibitor elenbecestat*2, anti-beta amyloid (Aβ) protofibril antibody BAN2401*2,3, anti-Aβ antibody aducanumab*2, anti-tau antibody E2814, anti-tau antibody BIIB076*4 and anti-fractalkine antibody E6011

5 projects targeting the transformation of symptoms over time

Orexin receptor antagonist lemborexant*5, novel synapse function modulator E2730, next generation AMPA receptor antagonist E2082, PDE9 inhibitor E2027 and EphA4 synapse modulator

*1 Beta-site amyloid precursor protein-cleaving enzyme
*2 Co-development with Biogen Inc.
*3 Licensed-in from BioArctic AB
*4 Under development by Biogen Inc. Eisai has an option to jointly develop and commercialize.
*5 Co-development with Purdue Pharma L.P.

3. Abundant experience and knowledge of drug creation and disease awareness activities in the dementia area

Reference P13,40-48, 56-57,92

Drug creation activities across **more than 35 years** in the dementia area

Disease awareness events carried out globally **over 10,000 times**

4. Accumulation of experience and knowledge from global business activities

Reference P54-63

•Drug creation activities •Production activities •Marketing activities

Commenced overseas operation in the late 1960s

Accelerated global operation in mid 1990s

Currently established a solid business foundation in Japan, the U.S., Europe, China, and Asia

5. Expansion of products developed in-house

Reference P56-57, 62-63

•Anticancer agent Lenvima®

LENVIMA (lenvatinib) capsules
RESPONSE THAT MATTERS

•Anticancer agent Halaven®

Halaven (eribulin mesylate) Injection

•Antiepileptic agent Fycompa®

Fycompa perampanel

6. Global partnerships in the areas of neurology and oncology

Reference P12-17,29-30, 38,40-41,49-53, 58-59,61-63, 78-79

Strategic partnerships that enable increased probability of success and accelerated development with optimization of development and commercialization expenses

•Neurology area; Biogen Inc.

Biogen

•Oncology area; Merck & Co., Inc., Kenilworth, N.J., U.S.A.

Aiming to Contribute to Patients around the World

History of Eisai

In 2018, Eisai celebrated the 77th anniversary of its founding.
Eisai has overcome numerous trials and difficulties to effectively nurture a business environment and corporate culture in which our employees make every effort to see health care from the perspective of the patients. Based on the founding philosophy of contributing to the health and well-being of the many peoples and regions of the world, Eisai will continue to take on exciting new challenges in the delivery of novel and innovative drugs.

1941: Established Nihon Eisai Co., Ltd.
1955: Changed corporate name from Nihon Eisai Co., Ltd. to Eisai Co., Ltd.

Founder Toyoji Naito (1889–1978)

Advertisement for Sampoon contraceptive launched in 1948

Advertisement for Chocola A, the first Chocola brand product launched in 1951

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Initiatives for *hhc* activities commenced, and the first "Socialization with Patients" programs were conducted in 1992. Employees understood the true needs of patients through experiences including implementation of care for patients with dementia, and made use of the experiences in their daily work.

1960s 1970s 1980s

Progress of Global Expansion

●Late 1960s to early 1970s

Local subsidiaries established in Southeast Asia
Commenced full-fledged overseas expansion

Creation of Global Brands

●1980s to early 1990s

Three-hub R&D network established

1982: Tsukuba Research Laboratories (Japan)
1989: Eisai Research Institute of Boston, Inc. (U.S.)
1992: Eisai London Research Laboratories, Ltd. (U.K.)

Tsukuba Research Laboratories

Eisai Research Institute of Boston

Eisai London Research Laboratories

At a time when the typical strategy for a Japanese pharmaceutical company to expand business overseas was to license out its products to pharmaceutical companies abroad, Eisai was determined to handle all processes regarding its products on its own, from research, which serves as the fountainhead from which all other product phases flow, through to manufacturing. Driven by this determination, Eisai was one of the first in the industry to establish R&D bases in Japan, the U.S. and Europe and has strived for the creation of global brands.

●1980s

Entry into dementia area

1983: Commenced drug discovery research on dementia at Tsukuba Research Laboratories

Entry into oncology area

1987: Launched R&D group to develop proprietary anticancer agents at Tsukuba Research Laboratories

Cutting-Edge Initiatives as a Global Company

●Early 1990s

Birth of the *hhc* philosophy

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1988: Haruo Naito was appointed President of Eisai
1990: Announced the concept of "Eisai Innovation" that challenges employees to change the way they looked at their job, their life and the world with the message "The world is changing. Let us change along with it."
1992: Adopted the corporate philosophy of *human health care* (*hhc*)

At the time, with Eisai just beginning to expand into overseas markets, this succinct corporate *hhc* philosophy also served as a common, core value that was universally understood and shared by employees throughout Eisai

＊For further details, please refer to pages 4-7.

Mid 1990s to early 2010s

Acceleration in Global Expansion with the extension of treatment for Alzheimer's disease Aricept® and proton-pump inhibitor Pariet®
Establishment of pharmaceutical sales subsidiaries in major countries, including the U.S., Europe, Asia and others

Late 1990s to 2000s

Growth of Aricept® and Pariet®

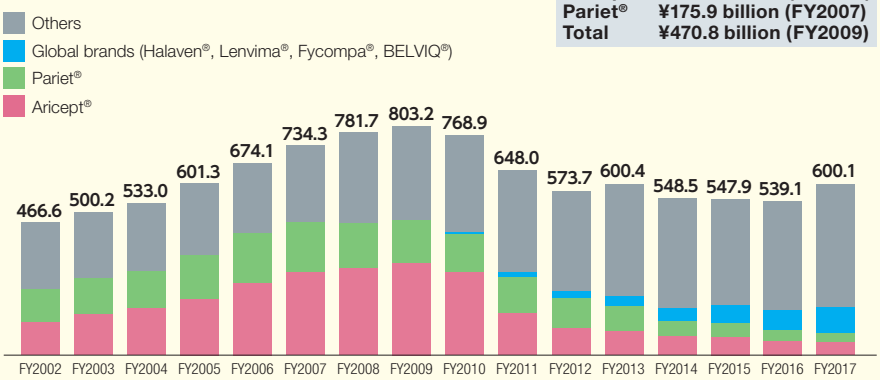
Aricept®

1997: Launched in the U.S. and Europe (U.K.)
1998: Launched in Asia (Thailand)
1999: Launched in Japan

Pariet® (U.S. name: AcipHex®)

1997: Launched in Japan
1998: Launched in Europe (U.K.)
1999: Launched in the U.S. and Asia (Thailand)

Trends in consolidated revenue, and the revenue of major products* (Billions of yen)



*Results up to FY2013 were calculated pursuant to J-GAAP, while results for FY2014 and beyond were calculated pursuant to IFRS.

Peak Sales	
Aricept®	¥322.8 billion (FY2009)
Pariet®	¥175.9 billion (FY2007)
Total	¥470.8 billion (FY2009)

Late 2000s

Strengthened foundation and accelerated development in oncology area

*For further details, please refer to pages 49-53.

2007: Concluded an agreement to acquire Morphotek, Inc.
2008: Completed acquisition of MGI Pharma, Inc.
2010: Established H3 Biomedicine Inc. in the U.S.

Loss of Exclusivity	
Aricept®	Pariet®
2010 in the U.S.	2010 in Japan
2011 in Japan	2012 in Europe
2012 in Europe	2013 in the U.S.

2010s

Creation of new global brands

*For further details, please refer to pages 49-51,56-57, 62-63,86-87.

2010: Launched anticancer agent Halaven® in the U.S.
2012: Launched antiepileptic agent Fycompa® in Europe
2013: Launched anti-obesity agent BELVIQ® in the U.S.
2015: Launched anticancer agent Lenvima® in the U.S., Japan and Europe
2018: Entered into global strategic oncology collaboration for Lenvima with Merck & Co., Inc., Kenilworth, N.J., U.S.A. in March

2010s

Accelerating development of next-generation dementia treatments

*For further details, please refer to pages 40-45.

2014: Entered a collaboration agreement with Biogen Inc. for the development and commercialization of Alzheimer's disease treatments
2016: Commenced elenbecestat* Phase Ⅲ studies
2017: Expanded the agreement with Biogen Inc. to jointly develop and commercialize investigational Alzheimer's disease treatments, including aducanumab, which is currently undergoing Phase Ⅲ studies

*Co-Development with Biogen Inc.

Late 1990s to 2000s

Strengthening Compliance Promotion System

Commenced promotion of full-fledged compliance in fiscal 2000 from the lessons of vitamin lawsuit in 1999

1999 ● Appointed a director responsible for corporate ethics
● Established Compliance Committee consisting mainly of outside attorneys
2000 ● Formulated Eisai Network Companies (ENW) Charter of Business Conduct and ENW Code of Conduct
● Issued the Compliance Handbook
● Set up the Compliance Counter

*For further details, please refer to pages 74-77.

Enhancement of Corporate Governance

2000 ● Introduced the corporate officer system
● Appointed outside directors
● Established the Corporate Governance Committee
2003 ● Separated the two positions of Chair of the Board of Directors and President (Representative Corporate Officer) and CEO
2004 ● Adopted the "Company with Nomination Committees, etc." system
● Appointed 6 (currently 7) out of 11 directors from outside directors
2005 ● An outside director assumed the Chair of Board of Directors
● Added the Corporate Philosophy of *hhc* to the Eisai Articles of Incorporation (with approval at the Annual General Shareholders' Meeting)

*For further details, please refer to pages 64-69.

2010s

Strengthening Measures to Improve Access to Medicines

*For further details, please refer to pages 36-39.

Ceremony for the agreement signing with the World Health Organization (WHO) (November 2010)

CEO Message

To Our Stakeholders

Increase Contribution to Patients by Expanding Innovation and Access through Partnership Model

We started the medium-term business plan 'EWAY 2025' in April 2016, which sets out our goal in 10 years' time to become a "Medico Societal Innovator", or in other words, "a company that changes society through creating medicines and providing solutions". We have selected oncology and neurology as our therapeutic areas of focus, and have been implementing various efforts to expand our contribution to patients.

Eisai's key goal is to increase its contribution to patients by expanding innovation and access through a partnership model. Leveraging synergistic effects, we hope that our partnerships will make our contribution to patients greater than what can be achieved by Eisai or a partner doing business alone. In fiscal 2017, we expanded the existing agreement with Biogen Inc. to jointly develop and commercialize investigational Alzheimer's disease treatments. Additionally, we concluded new strategic partnerships respectively with Merck & Co., Inc., Kenilworth, N.J., U.S.A. (U.S. Merck) in oncology to expand our contribution to patients of Lenvima® by increasing indications, and with Nichi-Iko Pharmaceutical Co., Ltd. for the creation of a new business model focused on a community-based medical system in Japan. As a result, Eisai's partnership model has greatly expanded the potential for growth.

Robust Progress in Development of Next Generation Alzheimer's Disease Treatments

The creation of innovative medicines that fulfill the needs of patients is the most important role of a pharmaceutical company. Particularly, Eisai's priority is to create new medicines to fulfill high unmet needs in the dementia area. Despite the estimates that the number of dementia patients is increasing globally, no new dementia drug has been approved by the U.S. FDA since 2003. However, we are convinced that we are capable of succeeding in this challenge, as we have an industry-leading pipeline and possess vast experience and knowledge in drug creation activities in the dementia area.

In March 2014, Eisai and Biogen Inc. entered into a collaboration to develop and commercialize two of Eisai's clinical candidates for Alzheimer's disease: elenbecestat, a BACE (β-site amyloid precursor protein cleaving enzyme) inhibitor, and BAN2401, an anti-amyloid beta (Aβ) protofibrils antibody. In October 2017, Eisai exercised its option under the terms of the agreement to co-develop and co-commercialize aducanumab, Biogen's investigational anti-Aβ antibody for patients with Alzheimer's disease, and expanded the existing agreement. The development of three next generation dementia treatments is making remarkable progress under the partnership with Biogen Inc.

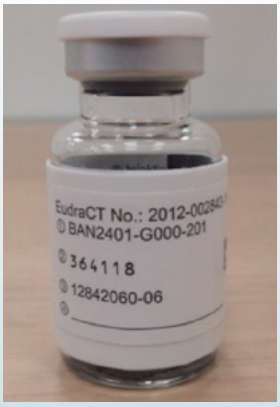
Regarding BAN2401, the final analysis at 18 months of the 856 patient Phase Ⅱ clinical study in early Alzheimer's disease demonstrated statistically significant slowing in clinical decline and reduction of amyloid beta accumulated in the brain. This is the first late-stage study data that successfully demonstrated potential disease-modifying effects on both clinical function and amyloid beta accumulation in the brain, and provides compelling evidence to further support the amyloid hypothesis as a therapeutic target for Alzheimer's disease. We will discuss these encouraging results with regulatory authorities to determine the best path forward.

Additionally, two Phase Ⅲ studies for elenbecestat in patients with early Alzheimer's disease are steadily ongoing. The Phase Ⅱ study conducted in the U.S. was the first study of a BACE inhibitor to show a statistically significant difference in amyloid beta in the brain while also suggesting a delay of clinical symptom decline in exploratory endpoints.

Regarding aducanumab, two Phase Ⅲ studies are steadily ongoing, and patient enrollment was completed in July 2018.

Next generation Alzheimer's disease treatments are expected to alter disease progression from earlier stages and for longer periods of time, and potentially provide new value for patients. We will strive to deliver new treatments to patients and their families as early as possible under the partnership with Biogen Inc.

On the other hand, we need to address issues in infrastructure for the medical/social environment in order to deliver next generation Alzheimer's disease treatments smoothly. The issues to be addressed include many things, but firstly, we need to conduct disease awareness campaigns in a qualitatively different way. The major objective of the disease awareness campaigns when Aricept was launched in the 1990's focused on increasing awareness of Alzheimer's disease itself. However, we need to shift the focus of disease awareness campaigns to increase awareness of the potential of modern medical science that enables early diagnosis and early initiation of treatment for dementia, because current studies show the fact that accumulation of Aβ, sleep disorders and behavioral disorders can occur before cognitive impairment appears. Additionally, we need to expedite a paradigm shift in diagnosis of dementia. Improvement of diagnostic scales and development of objective diagnosis methods are necessary for early diagnosis. It is also important to provide more opportunities for diagnosis based on Aβ measurement, by securing insurance coverage for PET imaging and cerebrospinal fluid examination, and to develop blood-based biomarkers. We believe the collaboration with Biogen Inc. is of great importance in addressing these issues.



Investigational anti-Aβ protofibrils antibody BAN2401

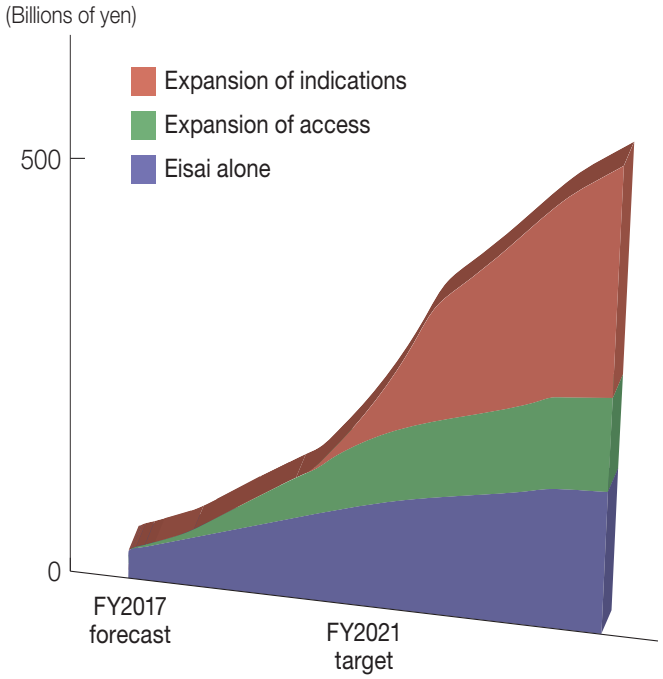
Global Strategic Partnership for Lenvima® with U.S. Merck

Eisai and U.S. Merck agreed upon a global strategic oncology collaboration for Eisai's in-house discovered anticancer agent Lenvima® in March 2018. Under the agreement, Eisai and U.S. Merck are developing and commercializing Lenvima® jointly, both as monotherapy and in combination with U.S. Merck's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab).

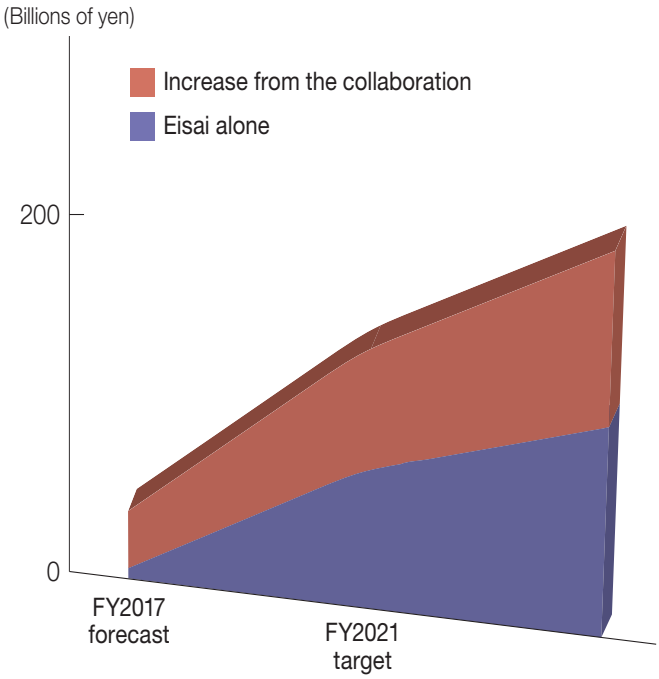
Regarding co-development of the combination with KEYTRUDA®, we are expanding enrollment in an ongoing Phase Ⅰb/Ⅱ study and aim to potentially obtain early approval of the combination therapy as a treatment for renal cell carcinoma and endometrial carcinoma based on Breakthrough Therapy Designation. In addition, we aim to realize synergistic effects by simultaneously advancing clinical studies for 11 regimens in six types of cancer*, and a basket trial targeting multiple cancer types. Regarding co-commercialization, U.S. Merck's strong commercial footprint and medical expertise, combined with Eisai's extensive real-world evidence for Lenvima®, will expedite patient access worldwide for current and future potential indications. We estimate revenue and profit will significantly exceed an Eisai sole development/promotion case with potential expansion of 11 regimens in six types of cancer and potential synergy effects from co-commercialization utilizing networks of both companies.

* Endometrial cancer, head and neck cancer, bladder cancer, non-small cell lung cancer, melanoma and hepatocellular carcinoma

● Illustration of revenue growth simulation of Lenvima®*



● Illustration of profit growth simulation of Lenvima®*



* Illustration based on given success case

The collaboration with U.S. Merck, who developed the anti-PD-1 antibody KEYTRUDA®, is significantly meaningful for maximizing the potential of Lenvima® and expediting the creation of innovative treatments. By providing new treatment options including for refractory cancers with no hopes for a cure to date, we are striving to further contribute to increase the benefits provided to patients and their families.

Additionally, this collaboration will have a positive impact on Eisai's financial position in the medium- to long-term. Assuming the achievement of all development and commercial goals for all indications, the total amount of upfront, option and regulatory and sales milestone payments from U.S. Merck to Eisai has the potential to reach up to $5.76 billion U.S. dollars (approximately 611.0 billion yen). This collaboration will enable further proactive investment in R&D in the oncology and dementia fields. Accordingly, the achievability of fiscal 2020 target as set in 'EWAY 2025' has been enhanced by enabling operating profit of 100 billion yen level on average and 10% level of ROE. The achievability of ROE target of 15% level in fiscal 2025 has been enhanced through continuous growth in revenue and operating profit beyond fiscal 2021.

Strategic Partnership with Nichi-Iko Pharmaceutical Co., Ltd. for Creation of a New Business Model Focusing on a Community-Based Medical System in Japan

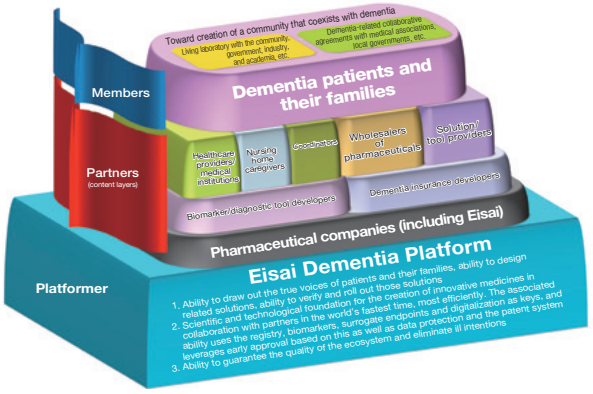
In March 2018, Eisai entered into a strategic alliance agreement with Nichi-Iko Pharmaceutical Co., Ltd. as well as a share transfer agreement for a capital and business alliance, aiming to reform a business model for generics. Both companies will promote cooperation in building the Total Inclusive Ecosystem as well as collaboration on the active pharmaceutical ingredient business promoted primarily at the Vizag Plant in India. Under the condition that certain progress will be achieved by the two companies under the strategic alliance agreement, Eisai is scheduled to incrementally transfer shares in its wholly owned subsidiary Elmed Eisai Co., Ltd. In April 2019, Elmed Eisai Co., Ltd. will be a wholly owned subsidiary of Nichi-Iko Pharmaceutical Co., Ltd.

This partnership will bring about a remarkable advantage for us to create a new business model focusing on a community-based medical system. Currently, further improvement in efficiency is being sought for community-based medical systems in Japan. Therefore, the treatment packages we provide in each medical area need to demonstrate their value in the real world. The contents of the treatment packages in each area will expand with the partnership with Nichi-Iko Pharmaceutical Co., Ltd. For example, while the number of ingredients in the area of liver disease marketed solely by Eisai is 37, under the agreement this will be doubled to 74. We aim to significantly enhance the value of treatment packages based on outcomes (treatment effectiveness and economy) and access proposals using real world data, and subsequently recommend our treatment packages for health care in each community.

The Challenge to Develop a New Business Model – Establishment of Eisai Dementia Ecosystem –

Having entered a new era, although so far we have paved the way in disease awareness, diagnosis and pharmaceutical treatment with Aricept® as a global pioneer in the field of dementia, we are now putting forth all our efforts to pursue various possibilities in the two “Ricchi” of neurology and oncology with product creation that will open up the path to a new era through three next generation Alzheimer’s disease treatments, and maximization of Lenvima®’s contribution to patients, as the levers. We are also aiming to transform from a traditional value chain model to a platform model. In the treatment of dementia, Eisai will become a platformer with the drug discovery value chain and ability to design solutions at the core based on understanding the true needs of patients and their families through socialization, and build a dementia ecosystem that will enable various benefits to dementia patients and their families, the most important member, through contents provided by a diverse range of professionals and people who are our partners.

● Eisai Dementia Total Inclusive Ecosystem



Increasing Corporate Value by Enhancing Non-Financial Capital

In recent years, as an important theme for improving corporate value, a lot of attention has been paid to initiatives for enhancing non-financial capital centered on ESG (Environment, Social, Governance). ESG Investment has been expanding globally, based on the evaluation of ESG initiatives at each company.

We have been enhancing ESG initiatives while developing our business based on the *hhc* philosophy.

In the Environment category, we have been making efforts to reduce impact on the global environment for many years, and as a result, we were awarded a high evaluation of B rating in the CDP* Climate Change Report 2017.

* CDP: A non-profit organization based in London, formerly known as Carbon Disclosure Project. Requests information relating to climate change, water, and forests from companies with top ranking market capitalization in principal countries and discloses the information to the government and investors.

For Society, the representative example is our activities to create communities where patients with dementia can live safely, in collaboration with medical and care professionals, local governments, municipalities, and citizens. Another example is our initiatives for improving access to medicine, such as the provision of DEC (diethylcarbamazine) tablets, a treatment for lymphatic filariasis, one of the neglected

tropical diseases (NTDs*), at Price Zero (free of charge). In the Access to Medicine Index, Eisai was ranked first among Japanese pharmaceutical companies and eleventh among global pharmaceutical companies consecutively in 2014 and 2016.

* NTDs include 20 diseases that WHO (World Health Organization) identifies as tropical diseases that the human race must overcome. Prominent among them are lymphatic filariasis and Chagas disease.

For Governance, we adopted a Company with a Nomination Committee, etc., System in June 2004 to clearly divide functions between supervision of management and execution of business, as well as ensuring fairness and transparency in management. At Eisai, the majority are outside directors with a high degree of independence. The chairman of the board, as well as the chairs of the nomination, audit and compensation committees are all outside directors. The CEO is the only member from the management side. There are always active discussions concerning business supervision from various perspectives with outside directors in the board meeting. In the Jefferies Securities' Governance Review Report, Eisai has been awarded first place among the TOPIX500 companies for the second consecutive year since 2016.

Additionally, Eisai has been selected as a member of the FTSE4Good Index Series for the 17th consecutive year since 2002, as well as a member of the Dow Jones Sustainability Asia Pacific Index for a fifth consecutive year since 2013. Eisai has also been selected for membership in all three ESG indices adopted by the GPIF (Government Pension Investment Fund); MSCI Japan ESG Select Leaders Index, FTSE Blossom Japan Index, and MSCI Japan Empowering Women Index (WIN).

Furthermore, in December 2017, Eisai joined the United Nations Global Compact to enhance non-financial capital with a focus on ESG. We continue to make efforts to increase our corporate value through these initiatives.

Initiatives to Eliminate the "Gaps" that Exist Worldwide

In order to realize our corporate aspiration to be a "Medico Societal Innovator", or in other words, "a company that changes society through creating medicines and providing solutions", we are working on eliminating the various medical or care gaps that exist throughout the world.

In an ideal world, everyone would have access to the treatment/care they need, but things are different in reality. As a result of differences in region or income, or the lack of medical systems, there are huge discrepancies in the level of treatment or care available. We are enhancing our initiatives to eliminate these regional, income, and institutional gaps.

We believe that the initiatives to eliminate the gaps lead to not only enhancing non-financial capital but also achieving the United Nations' 17 Sustainability Development Goals (SDGs).

❶ Initiatives to eliminate regional gaps

NTDs, such as lymphatic filariasis (LF) or Chagas disease, are a serious medical and social issue, and most of those patients are in developing and emerging countries. Moreover, due to poverty or other reasons, many of these people cannot receive the treatments that are necessary. We are taking proactive initiatives to eliminate NTDs that cause serious regional gaps. We believe that there is no difference in the value between caring for one patient with NTD and caring for one patient with cancer. The value of a pharmaceutical company is determined by the value for patients created by the company. Initiatives for NTDs are no longer side work, it is a major field alongside oncology and neurology.

● Gap in the level of treatment or care available

In order to eliminate LF, Eisai began manufacturing an LF treatment, DEC tablets, at our Vizag Plant in India and has been providing them to the World Health Organization (WHO) at Price Zero. Supply commenced in October 2013, and we have delivered approximately 1.44 billion tablets to 28 countries by the end of July 2018. WHO announced that eleven countries had already achieved elimination of LF. Eisai will continue providing DEC tablets, until LF is completely eliminated in all the LF-endemic countries where DEC tablets are needed.

Additionally, Eisai is proactively taking initiatives aimed at developing new treatments for NTDs including Chagas disease, filariasis, leishmaniasis and mycetoma. R&D activities for the treatment of NTDs cannot be accomplished on our own. We have partnered with several international research organizations to acquire specific research technologies, experience in running clinical studies and networking with clinical facilities in endemic regions. As a specific example, we are currently conducting Phase Ⅱ studies of our in-house antifungal agent fosravuconazole (E1224) for the treatment of

Panel discussion at Universal Health Coverage Forum 2017

Chagas disease and mycetoma in collaboration with a non-profit drug research and development organization, the Drugs for Neglected Diseases *initiative* (DND*i*).

Eisai's initiatives for elimination of NTDs are a long-term investment with the aim of eliminating regional gaps and expanding the productive population and middle income group in developing and emerging countries, and we will continue to proactively engage in this initiative.

❷ Initiatives to eliminate income gaps

The mission of a pharmaceutical company is not solely to create innovative new medicines. Securing access is also important in order for our products to reach all the people in need. In developing and emerging countries, there are vast numbers of patients who cannot obtain the medicines that they need due to low incomes. In order to eliminate income gaps, Eisai is pursuing affordable pricing policies.

As mentioned above, we are providing LF-endemic countries with DEC tablets through WHO at Price Zero.

Additionally, we have introduced "Tiered Pricing Policy", a scheme where the price for a medicine varies based on the patients' income and health insurance systems, in the case of launching new products in India, the Philippines and other self-pay markets. The "HOPE TO HER PROGRAM", in which our anticancer agent Halaven® is provided based on a tiered pricing model, has enabled more than 3,200 patients with breast cancer in Asian countries to receive Halaven® over the past four years.

Furthermore, Eisai has introduced "Affordable pricing policy" in Asian countries, a scheme that provides new medicines at a price to match the living standards there. For example, we are expanding access to antiepileptic agent Fycompa® in India by launching at affordable prices evaluated by market research of how much patients are willing to pay for efficacy of new epilepsy treatment. In self-pay markets in Asia except India, we introduced a new scheme that provides Fycompa free of charge for a certain period of time until patients confirm efficacy.

❸ Initiatives to eliminate institutional gaps

The existence or absence of medical systems produces huge discrepancies in the quality of available treatment or care. These institutional gaps have also become a serious issue in developed countries, and we are pursuing various strategies to overcome these problems. A representative example is our initiative for geriatric health services facilities in Japan. It has been pointed out that medical treatment is limited at these facilities, as payment for medicines and injections are restricted under Long-Term Care Insurance in Japan. This means that for dementia patients in particular, there is often a blank period in their treatments. In order to eliminate this institutional gap, we have entered into a direct agreement with the organizations which the facilities have joined, to provide Aricept® along with information about the disease to the facilities since January 2017. This business was first introduced in Tokyo, and has expanded into 42 prefectures in Japan at present.

Maximizing Shareholder Value over the Medium and Long Terms

Eisai believes that proactive investment for growth based on medium- to long-term ROE management, a stable dividend policy and a global investor relations (IR) strategy are three important measures that make up our financial strategy for maximizing shareholder value. Eisai is generating a historical 10-year average ROE of 10.3% and positive equity spread* of 2.3%. In working to realize medium- and long-term growth, we will continue to proactively make R&D investments in the dementia and oncology fields. Regarding dividends, we will maintain our policy of paying stable dividends with a dividend on equity (DOE) ratio at the 8% level. At the end of fiscal 2017, Eisai's net debt equity ratio (Net DER) was -0.27, while the ratio of equity attributable to owners of the parent was 57%. We preserved our sound financial condition that enables us to invest proactively and maintain stable dividends. As our global IR strategy, we intend to disclose information in a timely and fair manner to fulfill our accountability to investors and work to continuously raise shareholder value.

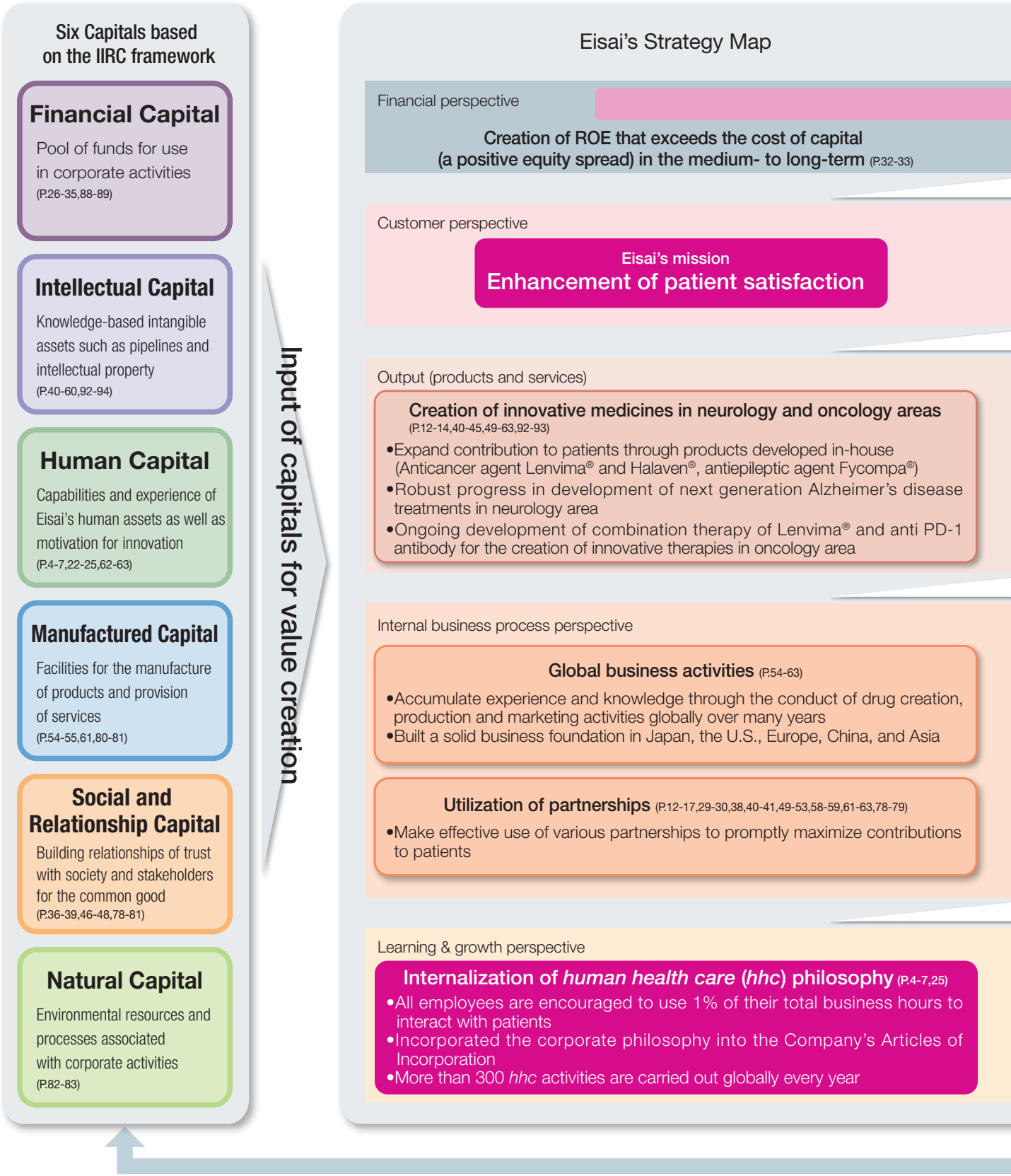
* Equity spread: ROE - Cost of equity
Eisai conservatively assumes cost of equity of 8%

Eisai would like to undertake our stakeholder's mandate by increasing corporate value continuously under the concept of *hhc* philosophy and compliance. We ask all our stakeholders for their continued support.

August 2018

Haruo Naito
Representative Corporate Officer and CEO

Value Creation Process and Flow



Eisai's mission is the enhancement of patient satisfaction as defined in the Eisai Articles of Incorporation. In order to fulfill this mission, Eisai utilizes many different types of capital as input and converts them into many different forms of output (products and services) through business activities. Creation of social value by enhancing patient satisfaction leads to generation of economic value in the form of revenue and profit as a result. Through the creation of these outcomes, Eisai is aiming to increase its capital to an extent that is greater than the amount of input.

This chart expresses Eisai's continuous value creation process and flow based on a model that incorporates the IIRC (International Integrated Reporting Council) framework and balanced scorecard.

Figures in parentheses indicate the corresponding pages of this report.

Sustainable maximization of shareholder value

Sustainable and stable shareholder returns (P.34)

Initiatives to eliminate medical or care gaps (P.16-17)
(regional gaps, income gaps and institutional gaps)

Contribution to achieve Sustainable Development Goals (SDGs) (P.16-17, 84-85)

Offering solutions that go beyond providing pharmaceuticals (P.46-48)
- Disease awareness events carried out globally over 10,000 times in dementia area
- Offer a variety of solutions in cooperation with partners including counterparts of the dementia partnership agreements

Initiatives for improving access to medicines (P.15-17,29,36-39,79)
- Supply DEC tablets and implement awareness-raising activities to help eliminate lymphatic filariasis
- Promote various projects aimed at developing new treatments for neglected tropical diseases (NTDs) as well as malaria and tuberculosis

Enhancement of corporate governance (P.16,64-69)
- Adopted a Company with a Nomination Committee, etc., System in 2004 and clearly separated management oversight functions from business execution functions
- Since 2004, more than half of Eisai's directors are outside directors
- Since 2005, the chair of the Board of Directors has been chosen from among the outside directors

Enhancement of compliance & risk management (P.74-77)
- Commenced promotion of full-fledged compliance in fiscal 2000 from the lessons of vitamin lawsuit in 1999
- Carry out various initiatives including establishing, developing and implementing internal control systems as well as conducting internal audits, in order to contain risks within acceptable levels

Quality assurance, stable supply, safety information management (P.80-81)
- Build a complete system and implement activities globally for quality assurance, stable supply, and safety information management

Promote strategy for the development of human resources (P.22-24)
- Promote programs for supporting the development of global human resources (selective training programs, opportunities to study abroad to acquire an MBA or study at law school, and others)
- Promote diversity
- Support employees through corporate pension fund, health insurance association, labor union and other initiatives

Increase in capital to an extent that is greater than the amount of input

Financial Capital

Intellectual Capital

Human Capital

Manufactured Capital

Social and Relationship Capital

Natural Capital

Accumulation of capitals for further value creation

Source: Created by Eisai based on Kazunori Ito and Toshiaki Nishihara, "Disclosure and Usability of Information on Integrated Report of Eisai", The KAIKEIGAKU KENKYU (The Annual bulletin of accounting study) No.43, 2017 and advice from Professor Kazunori Ito

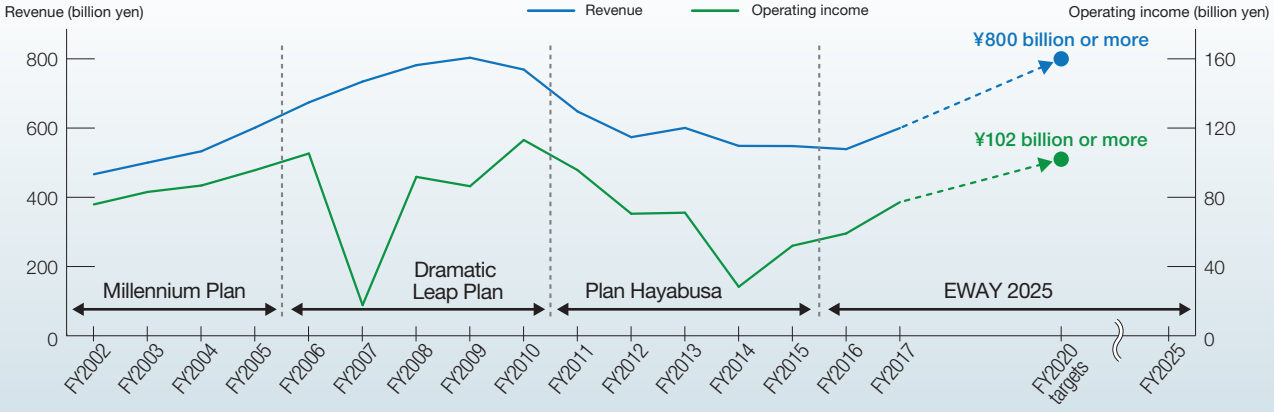
Medium-Term Business Plan ‘EWAY 2025’

Eisai began formulating three- to five-year medium-term business plans in 1957 and executed plan management based on a medium- to long-term perspective. In April 2016, Eisai started the Medium-Term Business Plan ‘EWAY 2025’ as our 17th medium-term business plan. ‘EWAY 2025’ is Eisai’s first medium-term business plan spanning 10 years. For a pharmaceuticals company that has undertaken new drug development over long periods of time, plan management based on a medium- to long-term perspective is important and 10 years is not particularly a long time. Eisai will steadily contribute to patients and stay keenly focused on the goals it must reach 10 years from now.

A look back at the past three medium-term business plans

	Key achievements	Key issues
Millennium Plan (FY2002-FY2005)	●Expanded Alzheimer’s disease treatment Aricept® and proton-pump inhibitor Pariet® ●Accelerated overseas expansion ●Virtually attained key management targets (net revenue of ¥600.0 billion and operating income of ¥100.0 billion) one year ahead of schedule ●Enhanced corporate governance •Adopted a Company with a Nomination Committee, etc., System in 2004 •Added the corporate philosophy of *hhc* to the Eisai Articles of Incorporation in 2005	●Unable to launch in-house developed drugs following Aricept® and Pariet® ●Main development themes unachieved •Anticancer agent E7070
Dramatic Leap Plan (FY2006-FY2010)	●Attained all-time high in consolidated net revenue (FY2009) thanks to expansion of Aricept® and Pariet® ●Globalization advanced across all functions ●Strengthened foundation in oncology area •Acquired Morphotek, Inc. (2007) •Acquired MGI Pharma, Inc. (2008) ●Launched in-house anticancer agent Halaven® (2010, U.S.) Halaven® (eribulin mesylate) Injection	●Unable to achieve consolidated financial targets (revenue of ¥1 trillion and operating income of ¥200 billion) due to delays in obtaining new drug approvals and unachieved development themes ●Main development themes unachieved •Severe sepsis treatment/endotoxin antagonist Eritoran •Thrombin receptor antagonist E5555 •Aricept® pediatric indications in the U.S. and Europe •Pariet® long-acting formulation •AMPA receptor antagonist perampanel for Parkinson’s disease
Plan Hayabusa (FY2011-FY2015)	●Launched new in-house drugs •Antiepileptic agent Fycompa® (2012 in Europe) •Anticancer agent Lenvima® (2015 in the U.S., Japan and Europe) Fycompa® perampanel LENVIMA® (lenvatinib) capsules RESPONSE THAT MATTERS ●Expanded in China and Asia ●New market entry ●Strengthened initiatives for improving access to pharmaceuticals	●Unable to achieve consolidated financial targets that aimed for the highest level of results (revenue of ¥800 billion and operating income of ¥200 billion) due to the following factors •Insufficient capabilities for responding to changes in business environment resulting from the loss of market exclusivities for both Aricept® and Pariet® •Delays in product creation ●Main development themes unachieved •Halaven® second-line treatment for breast cancer in the U.S. •Halaven® for non-small cell lung cancer

● Trends in revenue and operating income



✻ Results up to FY2013 were calculated pursuant to J-GAAP, while results for FY2014 and beyond were calculated pursuant to IFRS.

✻ The reduction of operating income in FY2007 reflected the acquisition of MGI Pharma, Inc.

hhc and "Ricchi" : The Core Concepts of 'EWAY 2025'

'EWAY 2025' aims to achieve the following three strategic intents:

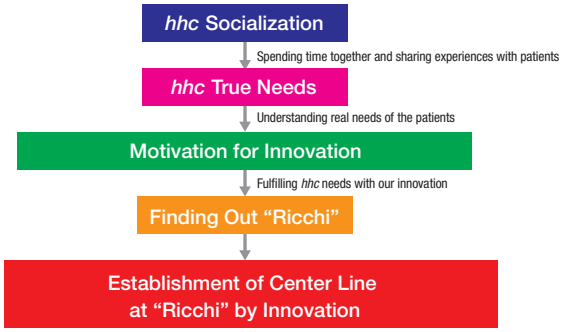
1. Aim to support patients' thought: "I do not want to get sick. I want to know if I get sick, and I want to be cured."
2. Aim to support patients' thought: "I want to control my disease in my neighborhood and safely spend the rest of my life with peace of mind."
3. Focus on a business domain where Eisai can find out "Ricchi" based on the *human health care* (*hhc*) needs and fulfill them with Eisai innovation

The foundation of these strategic intents is the *human health care* (*hhc*), the corporate philosophy, which reflects the desire to contribute to patients. The *hhc* philosophy was enacted in 1992, and is now acknowledged as our core value among all employees, both in Japan and overseas. Spending time with patients and understanding their true needs motivate employees, and this becomes the source of Eisai's innovation. All employees are encouraged to spend 1% of their total business hours to interact with patients. Additionally, since the inauguration of 'EWAY 2025', patient socialization programs have been included into many internal training programs, which has motivated employees to contribute to patients.

In 'EWAY 2025', Eisai has selected two therapeutic areas of focus to fulfill patient's unmet needs: neurology and oncology. In these two areas, we believe that **it is important to find out "Ricchi", areas where real patient needs are still unmet, and where Eisai can become a frontrunner**. Establishing a center line at "Ricchi" through innovation is a core concept of 'EWAY 2025'.

Eisai has identified 6 "Ricchi" in neurology area and 2 "Ricchi" in oncology area, and has been focusing efforts on developing flagship drugs for each.

● Main Concept of Plan 'E-WAY 2025'



● What is "Ricchi"

Areas where real patient needs are still unmet, and where Eisai can become a frontrunner

"Ricchi" in Neurology area

1. Early and minimally-invasive diagnostics
2. Novel neuro-transmission pathways
3. Proteinopathy
4. Neuro-inflammation and immuno-genetics
5. Synapse micro-environment
6. Neuronal regeneration

"Ricchi" in Oncology area

1. Tumor microenvironment
   - Mesenchymal cells and tumor stromal cells
   - Endothelial cells
   - Myeloid cells
2. Driver gene mutation and aberrant splicing in cancer cells

Consolidated Performance Targets for Fiscal 2020

Under 'EWAY 2025', we have set the following numerical targets for fiscal 2020, which is the midpoint of the plan.

・Consolidated revenue	¥800 billion or more	・Operating profit	¥102 billion or more
・Profit for the year	¥74 billion or more	・ROE	10% or more

The strategic partnership for Lenvima® with Merck & Co., Inc., Kenilworth, N.J., U.S.A. will have a positive impact on Eisai's financial position in the medium- to long-term. Eisai thinks that this partnership will enable further proactive investment in R&D in the oncology and dementia fields, and the achievability of fiscal 2020 target has been enhanced accordingly.

Human Capital

Strategy for the Development of Human Resources

Thorough efforts to foster global leaders and promote diversity setting "socialization" with patients as the basis for the development of human resources

The basis of the development of human resources is to understand the true needs of patients through "socialization."

Eisai regards its employees as an important stakeholder and asset for the realization of its corporate philosophy of *hhc*.

The basis of the development of human resources lies in socialization. In other words, it involves each employee spending time with patients to understand their true needs. Socialization also motivates our employees to deliver innovations that will fulfill patients' needs. The medium-term business plan, 'EWAY 2025' launched in April 2016 reaffirms this basis and **incorporates "socialization with patients" into training programs throughout the regions in an effort to strengthen the development of our human resources.**

The Global Talent Management Policy was formulated along with the launch of 'EWAY 2025'. This defines the aspiration of Eisai employees, training, promotion and recruitment as well as our workplace climate based on the philosophy of *hhc*. "Socialization" is also set as the basis of the development of human resources in the Policy.

Eisai Global Talent Management Policy

- Eisai employees understand patients' true needs through socialization, giving them a strong driving force for innovation; they then think where and how to put this innovation into practice in order to fulfill these needs
- Endeavor to provide meaningful work for innovation and development opportunities
- Foster corporate culture without discrimination or harassment, which embraces diversity & inclusion, and encourages taking on challenges and success through "trial and error"
- Attract and acquire great talent from around the world who identify with the *hhc* mindset to maximize the satisfaction of patients and consumers
- Find and develop talent who can observe the current real world (trends, presentations at academic conferences, etc.) and interpret (ability to decode time and opportunities) new business opportunities ("Ricchi"*) without adhering to the status quo

*Areas where real patient needs are still unmet, and where Eisai can become a frontrunner

Efforts to develop human resources to lead our business on a global scale

More than half of the 10,000-plus employees at Eisai work overseas. Local employees are assigned to top management positions at most of Eisai's overseas subsidiaries. Seven of our 29 corporate officers are from outside Japan. The Executive Committee Meeting, the highest decision-making body at Eisai, has been conducted in English for over a decade now.

In order to further expand contribution to patients around the world, the development of leaders who run the business on a global scale beyond national borders is imperative.

Eisai Global Opportunity for Leadership Development (**E-GOLD**) and Eisai Agile Change for Excellence (**E-ACE**) are important training programs led by the CEO and CTO, respectively. The former is designed for global leaders while the latter is for next-generation talent.

As for overseas transfers and long-term business trips, we have global systems which **actively offer opportunities for employees to go beyond national borders and pursue their careers or develop their skills (Global Mobility)**. In the last five years, more than 71 employees have participated in this program. In addition, we have programs to **offer the opportunity for employees to study abroad to acquire an MBA or study at law school**. 121 employees have studied abroad under this system.

In addition, in Japan, as an opportunity to learn about leadership, we hold a **management seminar** conducted by prominent teachers in various fields **for all individuals in management positions** five times a year.

Program for Supporting the Development of Global Human Resources

Ten out of the 127 E-GOLD graduates are now playing active roles in management as corporate officer.

Diversity is essential for fulfilling patients' needs

Eisai believe that diversity is a source of innovation. We are aiming to contribute to a diverse range of patients from the viewpoint of nationality, gender and age. For that purpose, it is essential that the human resources at Eisai grow into a group that is rich in diversity, and utilize their diverse values in business activities.

Since 2012, Eisai has advocated the Eisai Diversity Declaration and is working to further strengthen initiatives to foment an organizational climate for utilizing diverse values.

"It's time to embrace Eisai Diversity"

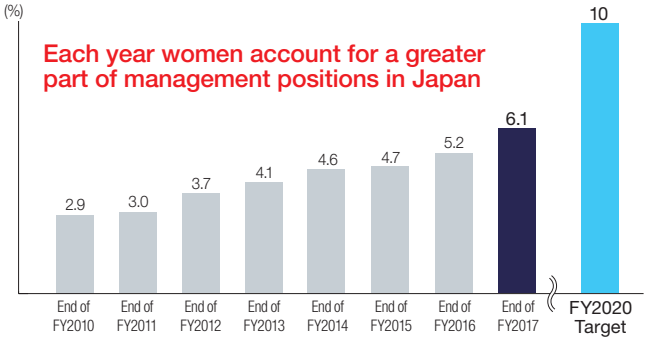
Efforts toward the advancement of women in the workplace (our efforts mainly in Japan)

Our U.S. and Chinese subsidiaries assign women to top management positions. Women also account for more than 45% of management positions in our U.S., European and Chinese subsidiaries. On the other hand, **the ratio of women in management positions remained at 6.1% (86 female managers/1401 managers in total) as of the end of fiscal 2017 in Japan (Eisai Co., Ltd.) and we are working to improve on that.**

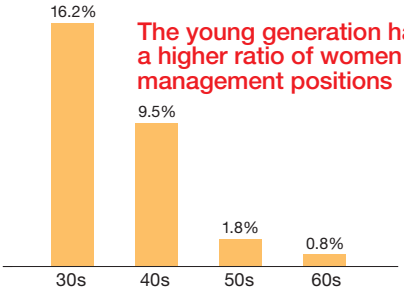
In the past in Japan, we did not have many female employees as candidates for management positions. In recent years, we have recruited almost an equal proportion of male and female employees. Year after year, we have more female employees who are potential candidates for management positions. **By implementing a selective training program for these female employees, their career perspectives are developed.** In mid-career recruitment, we proactively seek women who would work as executives or candidates for the position.

In the results, **each year women account for a greater part of management positions** in Japan, and the young generation has an especially higher ratio of women in management positions. In addition, Eisai was **selected for membership in the MSCI Japan Empowering Women Index (WIN)** in June 2018. In compliance with the Act on Promotion of Women's Participation and Advancement in the Workplace, enacted on April 1, 2016, Eisai further encourages female employees to pursue their careers by setting a **target proportion of women in management positions of 10% at the end of fiscal 2020.**

●Ratio of women in management positions (Eisai Co., Ltd.)



●Ratio of women in management positions by age (Eisai Co., Ltd.) (As of end of fiscal 2017)



●Diversity Initiatives and Their Outcomes (Eisai Co., Ltd.)

	Women's career pursuits	Supporting work/life balance
Efforts	■October 2012: CEO issues Eisai Diversity Declaration. Determination that diversity leads to the improvement of patients' benefits was shared on a company-wide basis. The Diversity Committee has considered numerous different actions and the Human Resources Development Headquarters is currently in charge of promoting diversity and inclusion.	
	• Stratified career training designed for female employees has been provided since 2014. • Mentoring system has been introduced. • "Adaptation to diversity" has been included in the performance appraisal criteria. • Diversity-related training is provided to department managers. • Internal website introduces various cases of employees who can serve as role models. • New personnel system was implemented in April 2016 in which all employees can be promoted to management positions if they meet the requirements and possess insight.	• Time management system was introduced for employees to improve the effectiveness and efficiency of their way of working with greater focus on "time." • System to allow non-management employees to choose the scope of work locations in accordance with their lifestyles and life events. • Flextime for childcare and caregiving has been made applicable to employees working offsite. • Shorter working hours for childcare and caregiving has been made applicable to management positions. • System for working from home was introduced for supporting childcare and caregiving. • Training is provided to medical representatives (MRs) who return to work after childcare leave (reinstatement training, accompanying MRs who are also raising a child) • Participated in the "Ikuboss Corporate Alliance" in July 2018 and conducted training to deepen understanding for management positions.

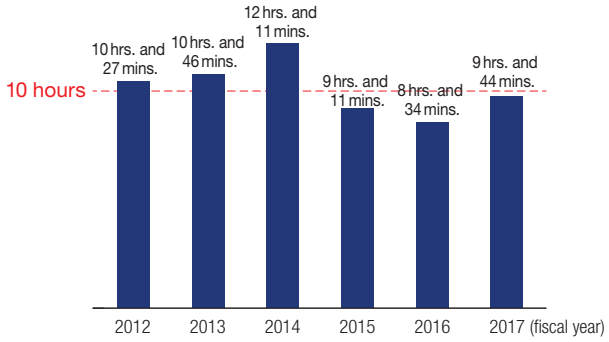
Outcomes	FY2011 result	FY2017 result		FY2011 result	FY2017 result
Ratio of female employees*1	22.6%	21.2%*2	Average years of employemt*1 (males/females)	19.0 years (19.7 years/16.8 years)	20.8 years (21.9 years/16.9 years)
Ratio of women in management positions*1	3.0%	6.1%			
Number/ratio of women in corporate officers*1	0/0%	3/11.1%	Average days of paid vacation taken (per non-management employee)	13.9 days	12.9 days
Number/ratio of women in directors*1	1/9%	1/9%	Average monthly overtime hours (per non-management employee)	11 hrs. and 1 min.	9 hrs. and 44 min.
Ratio of female employees who entered the company in the fiscal year*3	30%	44.3%			

*1 As of end of fiscal year
*2 The decrease in ratio of female employees is affected by changes in the staffing structure associated with the transfer of Misato Plant in March 2014
*3 Including both new graduates and mid-career employees

Work style reform (initiatives in Japan)

Eisai aspires to enable employees to have prosperous lives and improve the company's productivity at the same time. Eisai is implementing work style reform internally based on exchanges of opinion and discussions with its labor union. The company is working to correct long working hours by encouraging time management. **The average monthly overtime hours per non-management employee has been around 10 hours.** In April 2018, Eisai **introduced a system for recording the time when employees arrive at and leave the office** in order to develop a corporate climate that prompts employees to become more aware of time and link this awareness to their results. In addition, Eisai is striving to improve time management for each employee by setting individual consultation, if there were employees who worked more than the maximum allowable overtime hours for each period of time.

●Average monthly overtime hours per non-management employee



Initiatives for enabling employees to display their abilities to the maximum extent possible (initiatives in Japan)

1. Pension investment to offer a sense of security after retirement

The retirement age at Eisai Co., Ltd. is 65. The employees can work with peace of mind until the age set by the central government at which they can start receiving pension benefits. In the meantime, Eisai protects the lives of retirees through its triple retirement benefit system, which consists of a retirement allowance (55%), a defined benefit pension plan (30%) and a defined contribution pension plan (15%). The defined benefit pension plan is a pension for life with a guaranteed period of 20 years. The Eisai Corporate Pension Fund managing the defined benefit pension plan has operating functions that are independent from the company. The Eisai Corporate Pension Fund is managing pension plan assets by monitoring the balance of safe assets and assets managed for pursuing profits in an organization governed effectively by representatives of the company and the labor union. **Eisai resolved to take further initiatives for ESG (Environment, Social and Governance) investment and adopt the Japanese version of the Stewardship Code in February 2018** to give employees a sense of long-term security.

2. Health insurance society activities for protecting the health of employees

The Eisai Health Insurance Society is supporting the health of employees in cooperation with parties such as related in-house units and industrial physicians. For example, the Health Insurance Society secured a high achievement ratio for specific health guidance. The society has expanded the scope of this program to employees under 40 years old who are outside the scope of legal obligations. In February 2018, the Ministry of Economy, Trade and Industry selected Eisai as an outstanding **Health and Productivity Management Organization in the large enterprise category (white 500)** for that year. The Eisai Health Insurance Society will continue working to promote health among insured persons with steps including follow-ups of employees and their family members who were asked to undergo reexaminations as a result of medical examinations for lifestyle-related illnesses and cancers.

2018 健康経営優良法人 Health and productivity ホワイト500

3. Labor union (Eisai Union) activities for offering a sense of security to employees

The Eisai Union is carrying out its activities with "job satisfaction" as the key phrase, in the belief that the enhancement of job satisfaction of diverse employees will enable the company to develop on a medium- and long-term basis and employees to work happily. At Eisai, management and union representatives are repeating their discussions on many company-wide problems and issues particular to the respective divisions (R&D, production, sales and management divisions) in order to prepare a variety of working conditions.

Concrete examples of systems introduced in recent years as a result of such discussions are as follows.

- Establishment of a system that enables employees to take leave and travel together when their partner leaves for a new post overseas
- Establishment of a system that enables employees who are involved in childcare or caregiving to work from home
- Extension of childcare leave and establishment of a system that offers time off for a male employee, whose spouse is giving birth, aimed at encouraging men to participate in childcare
- Change in the system for long-term sick leave to enable employees to take half-day leave for cancer, dialytic or infertility treatment

Eisai has been certified as a "childcare supporting company" that meets certain criteria based on the "Act on Advancement of Measures to Support Raising Next-Generation Children" from the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare.

The "Kurumin" certification mark

Regarding the following initiatives, please refer to Eisai's Corporate Web site

Initiatives for human rights ▶ https://www.eisai.com/sustainability/employee/human_rights/index.html
Initiatives for creating a positive working environment ▶ https://www.eisai.com/sustainability/employee/environment/index.html
Initiatives for occupational safety and health ▶ https://www.eisai.com/sustainability/employee/health_safety/index.html

Example of "Socialization with Patients" program

Implementing clinical trials for next-generation Alzheimer's treatments utilizing awareness gained by holding dementia café events

Yoshitaka Maeda
Japan and Asia Clinical Development Department, Clinical, Medicine Creation, Neurology Business Group

My main work is promoting clinical trials in Japan within the dementia area. Eisai's development projects in the dementia area target beta amyloid (Aβ) positive early Alzheimer's disease (AD), focusing within this area mainly on a condition with mild symptoms called prodromal AD. However, there is a low awareness of prodromal AD and so finding appropriate target patients to participate in clinical trials is not easy. When I handled Phase Ⅱ trials for anti-Aβ protofibril antibody BAN2401, I repeatedly engaged in earnest dialogue with doctors in charge of clinical trials regarding methods for smoothly proceeding with patient enrollments. Through these discussions, we eventually came to share the recognition that **raising awareness of prodromal AD was the most crucial factor.**

We then held in-house discussions and asked ourselves, "Is there anything we can do for raising the level of disease awareness?" As a result of these discussions, we daringly consulted with local government bodies, which are involved with a variety of dementia-related issues. We spoke with staff of Community General Support Center in Bunkyo ward, which is also the location of the Eisai Head Office, and these talks led to the holding of the Dementia Café.

The Dementia Café serves as a venue where not only patients with dementia but also care managers and persons from the community can freely gather and interact. The General Dementia Café also represents one core measure of the Comprehensive Strategy to Accelerate Dementia Measures (New Orange Plan) being promoted by Japanese government, and more and more of these sessions are being held throughout the country. The methods for holding these initiatives differ depending on the local government body. In Bunkyo ward, an event-based café is opened at periodic intervals instead of on a permanent basis.

We held the Dementia Café three times at the Eisai Head Office jointly with the Community General Support Center (July and October 2017 and February 2018). More than 50 persons, including patients with dementia, participated in the events. Eisai employees also gathered around and sat at the same tables as the participants and shared photographs comparing Bunkyo ward in the past and present while explanations of dementia were provided using pamphlets and videos. These events earned acclaim from participants and the 4th Dementia Café is scheduled to be held in September 2018.

Early AD = prodromal AD + mild AD

- Prodromal AD: Accumulation of Aβ in the brain is recognized and mild cognitive impairment can be observed. However, dementia diagnosis criteria are not satisfied and basic everyday living functions can be carried out within a normal range.
- Mild AD: A condition in which a mild cognitive impairment that clinically interferes mildly with everyday living.

By holding the Dementia Café, we became aware of a variety of matters. During casual exchanges we learned, for example, that things we consider as natural are not always so for the elderly (shaky hands make writing difficult) and that they have diminishing connections with society, so opportunities for them to speak with other people are valuable. We also became aware of **the importance of creating opportunities for learning about an unfamiliar disease.** Ordinarily, there are few opportunities to learn about prodromal AD. The "socialization with patients" program provides the best opportunity for new discoveries and we plan to actively implement this program in the future as well.

Presently, along with the progression of the enrollment of patients for Phase Ⅲ trials (Mission AD) for the BACE inhibitor elenbecestat, we are proactively undertaking activities that include putting up prodromal AD posters in pharmacies near clinical trial facilities after having obtained the approval of the Institutional Review Board. We will continue to make steady efforts to inform as many people as possible about prodromal AD.

MISSION AD

Interview: Seeking the Integration of ESG and Corporate Value
–Visualization of Invisible Value

Yoshiko Sato (Left)
Japan Investor Relations Association (JIRA)
Executive Managing Director

Ryohei Yanagi (Right)
Chief Financial Officer,
Chief IR Officer

Career Summary of Ms. Yoshiko Sato

Graduated from Keio University Faculty of Economics in 1985. Joined Nikkei Inc. the same year. Seconded to JIRA in 1993. Promoted to Chief Research Fellow in 2003, appointed Secretary General in 2007 and Executive Managing Director in 2015. Has been active in efforts aiming to enhance corporate value and develop capital markets primarily through seminars and newsletters arranged by JIRA. Focused on dialogue with companies and investors in addition to lectures and writing.

The spread of ROE among Japanese companies and Eisai's ROE management

Sato In recent years, I sense that Japanese companies have come to explain their aim to increase capital productivity and sustainably improve corporate value through dialogue with investors. This is supported by the Ito Review in 2014, the Japanese Stewardship Code and Corporate Governance Code, and is being promoted by the JIRA as well. **More and more Japanese companies are conscious of the cost of equity in a dialogue with investors, and according to a JIRA survey conducted in fiscal 2018, over 49% of 981 companies who facilitate investor relations responded that they were aware of the level of their own cost of equity.** Given the Corporate Governance Code revised in 2018 also promotes the dialogue and explanation of business strategies after identifying the cost of capital, how is Eisai trying to engage in dialogue with investors?

Yanagi According to a survey of 141 global investors I conducted in 2018, regarding the question of what percentage should the cost of equity for Japanese stocks be set at, 74% of investors assumed the cost of equity should be 8% or more. Although I have been conducting this survey for almost a decade, there have been no striking changes in trend in recent years. This is also linked to the Ito Review which raised awareness of aiming for an ROE of 8% or more. Furthermore, when looking into the relationship between PBR (price book value ratio) and forecast ROE in the last 10 years, when ROE is 8% or less, PBR is around 1 times and value is not being created, however when ROE exceeds 8%, PBR is also improved to exceed 1 times ever-increasingly, and the creation of value is illustrated by the data as well.*1

At Eisai, the major thrust of CFO policy is ROE management that is conscious of the cost of equity. ROE can be separated into margin (ratio of profit to revenue), turnover (total asset turnover ratio) and financial leverage. Eisai's financial department has three project teams handling each area respectively. For margin, together with increasing the level of focus

on highly profitable businesses, we are aiming to realize efficient operation by leveraging partnerships and other initiatives in a bid to improve profitability. Regarding turnover, at global CFO meetings I call for company-wide efforts to optimize working capital through improving the cash conversion cycle (CCC) and streamlining inventory. As for financial leverage, we are conducting focused management at our headquarters financial division, pursuing an optimal capital structure while maintaining financial integrity.

In addition, at Eisai, **the 10-year average ROE, not the annual ROE, is used as a KPI.** In order to avoid short-termism and the misguided pursuit of ROE, we are committed to medium- to long-term ROE management. Eisai's historical 10-year average ROE is 10.3%, creating an equity spread of 2.3% over the cost of equity of 8%.

∗1 Research paper example: "Consideration for Equity Spread and Creating Value" (Yanagi, Meno, Yoshino) *Monthly Capital Market*, July 2015 Issue, Capital Market Research Institute

Sato What kind of discussions did you go through to decide upon the 10-year average for a long-term ROE standard as a KPI?

Yanagi Although ROE is an important indicator, it is an indicator that can be adjusted by reducing unreasonable research and development expenses or utilizing excess financial leverage. If you aim to technically improve short term ROE, it will have negative repercussions on the creation of long-term/sustainable corporate value, and this could result in delays to maximizing contribution to patients. **I believe we should avoid these harmful effects of short-termism and pursue long-term ROE instead.**

In addition, you could think of 10 years as a single cycle for pharmaceutical companies conducting development of new drugs over the long-term. Our current medium-term business plan EWAY2025 is a 10-year plan from fiscal 2016 to fiscal 2025. Of course, there are shareholders and investors who are not aligned with that timeframe, but it is IR's responsibility to do its best to fill those gaps and request support for reinforcing corporate value.

How to visualize the value of non-financial capital

Sato For sustainable growth, many companies are now giving consideration to the components of **ESG (environment, social, governance)**. In addition, ESG investment which takes into account ESG as criteria for investment decisions is expanding. However, I think there are more than a few companies who have difficulty in fully explaining how ESG contributes to the enhancement of corporate value. According to a survey by the JIRA, the disclosure or explanation of the link between non-financial information and corporate value is an issue and concern for many companies, accounting for 62.1% of respondents overall. On the other hand, up to 40.9% of companies have experienced fielding questions on non-financial information from investors. At Eisai, what kinds of initiatives are you engaged in to visualize this non-financial capital value?

●Issues and concerns regarding disclosure of non-financial information (including esg information) ∗2

(n=981)

	Number of cases	Ratio (%)
Disclosure/explanation of the link between non-financial information (including ESG information) and corporate value	609 (527)	62.1 (55.9)
Explanation so that investors can understand non-financial information that does not appear on financial statements	448 (380)	45.7 (40.3)
Identifying materiality (important non-financial information for the company and its stakeholders)	279 (150)	28.4 (15.9)
Establishing the relationship between the company's business and ESG information	404 (290)	41.2 (30.8)
Difficulty in narrowing down what kind of ESG information to disclose since the ESG investment decision making process is not understood clearly	293 (211)	29.9 (22.4)
Impression that there are cases in which ESG information vendors assign ESG rankings purely based on ESG information disclosed primarily on websites without talking specifically to companies	223 (118)	22.7 (12.5)
Other	22 (25)	2.2 (2.7)
No response	59 (123)	6.0 (13.1)

Numbers in brackets denote previous years' data

●Experience in fielding questions about non-financial information from investors ∗2

(n=981)

	Number of cases	Ratio (%)
Yes	401 (354)	40.9 (37.6)
No	297 (323)	30.3 (34.3)
Can't say either way	277 (240)	28.2 (25.5)
No response	6 (25)	0.6 (2.7)

Numbers in brackets denote previous years' data

∗2 April 2018, JIRA Report on Results of "Survey of IR Activities"

Yanagi The amount of ESG investment is increasing, and it is necessary to think of what exactly we should be looking for. According to a survey of global investors I conducted, 73% of investors responded "companies should emphasize both ESG and ROE and show value relevance between the two." Investors are not seeking "ESG for the sake of ESG", but rather **"ESG for the creation of sustainable corporate value."** In addition, 88% of investors answered that ESG value should be reflected in a certain level of PBR. Most of the respondents for this survey are fundamentally long-term investors.

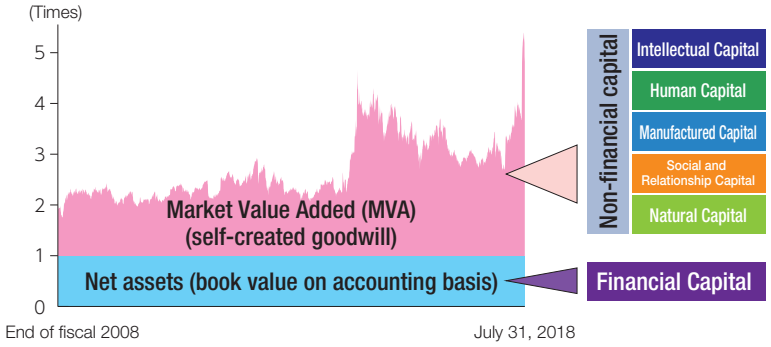
The IIRC-PBR model*3 advocated by Eisai explains the relationship between PBR and non-financial capital. Based on the assumption that "shareholder value equals long-term total market capitalization and also equals Book Value of Shareholders' Equity (BV) plus Market Value Added (MVA), **Eisai's present financial capital is equivalent to BV while its non-financial capital consisting of intellectual capital, human capital, manufactured capital, social and relationship capital, and natural capital is related to MVA (the portion that exceeds PBR of 1).** These are also called "future financial capital," which can be converted to financial capital in the medium-long term. **Taking Eisai as an example, if you examine the trends in PBR over a 10-year period, it had fluctuated from two to three times, and has reached five times recently. With the progress in development of Alzheimer's disease treatments, I believe the value of non-financial capital is being highly acclaimed.**

Accordingly, we believe it is extremely important to visualize the value of non-financial capital and ESG through IR activities. At Eisai we use specialized ESG materials to conduct dialogue with global investors, publish an integrated report and also hold ESG seminars, among other initiatives.

*3 The model that explains the value relevance between six capitals introduced as IIRC (International Integrated Reporting Council) framework in 2013 and PBR (price to book value ratio). The six capitals are comprised of "financial capital" as financial value, and "intellectual capital", "human capital", "manufactured capital","social and relationship capital" and "natural capital" as non-financial value.

●IIRC-PBR Model (Value relevance of the six capitals that compose corporate value)
—Net assets (book value on accounting basis) is related to financial capital and Market Value Added (MVA) is related to non-financial capital—

Trends in Eisai's PBR (from the end of fiscal 2008 to July 31, 2018)



●Major ESG-related external evaluations and selection for indices (as of August 2018)

- MSCI ESG rating: AA
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- FTSE4 Good Index (selected for 17 consecutive years since 2002)
- FTSE Blossom Japan Index
- Dow Jones Sustainability Asia Pacific Index (selected for 5 consecutive years since 2013)
- Access to Medicine Index (ATM Index 2014 and 2016): ranked 1st among Japanese pharmaceutical companies and 11th among global pharmaceutical companies

Returning to financial theory, shareholder value is known as the Book Value of Shareholders' Equity (BV) on an accounting basis plus sum of the present value of future equity spread. In other words, there is a link between Eisai's *hhc* philosophy and long-term ROE via MVA, a portion that exceeds PBR of 1. This is a win-win relationship for shareholders and investors. However, this balance is in conflict with short-termism. I believe that a long-term point of view is essential to synchronize ESG and ROE.

As CFO, I proposed a synchronized model regarding financial capital and non-financial capital value relevance based on our corporate philosophy (*hhc*) prior to the announcement of the IIRC (International Integrated Reporting Council) framework in consideration of medium- to long-term capital efficiency (ROE and equity spread) and sustainability (importance of non-financial capital).

First, under the ①**Intrinsic Value Model**, MVA is defined as ESG/CSR*4 value (cost of capital reduction effects), customer value, human value, and organizational value.

In contrast to this, the aforementioned ②**IIRC-PBR Model** explains the relevance of six capitals under the IIRC framework, by positioning Book Value of Shareholders' Equity (BV) as financial capital, and relating MVA to non-financial capital consisting of intellectual capital, human capital, manufactured capital, social and relationship capital and natural capital, based on the assumption that shareholder value equals long-term total market capitalization and also equals BV plus MVA.

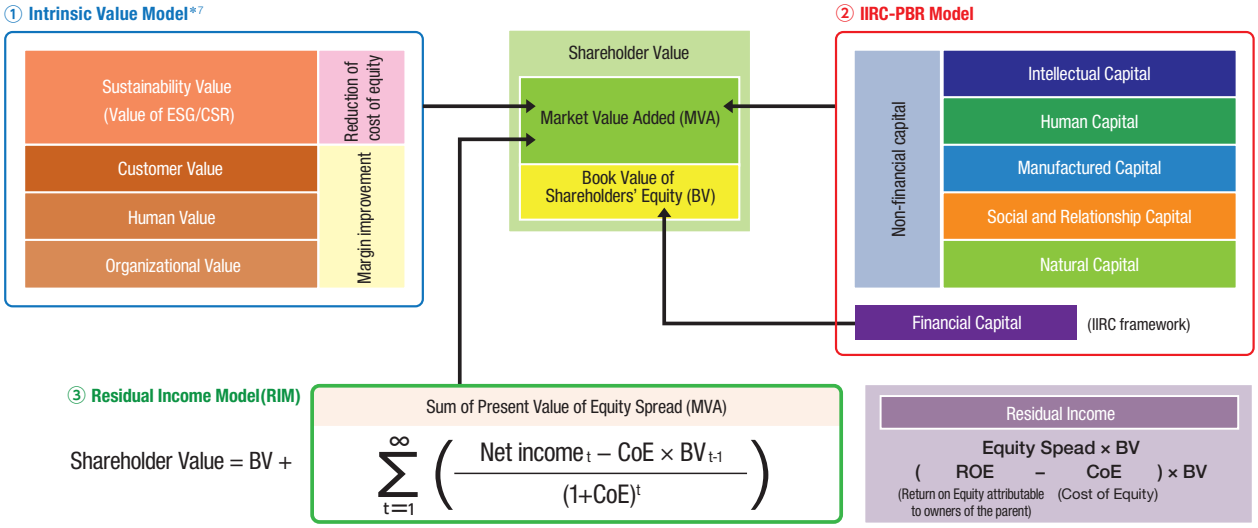
From the ③**Residual Income Model (RIM)**, it is thought that MVA converges in the sum of present value of equity spread. Therefore, it can be considered that future financial value creation based on equity spread over the long term does not conflict with non-financial capital value such as ESG and MVA creation and is not mutually contradictory and can be synchronized.

In conjunction with the Non-Financial Capital and equity spread Value Relevance Model, **the Intrinsic Value Model** which relates non-financial capital to MVA, **the IIRC-PBR Model** and **the Residual Income Model (RIM)** which implicates the relation between MVA and equity spread, are **mutually complementary through the creation of MVA**. Also, there are many publicized academic research papers*5 that prove the positive correlation between PBR and ROE and the non-financial capital that substantiates this model.

*4 CSR: Corporate Social Responsibility

*5 Research paper example: "Is Non-Financial Capital Linked to Corporate Value?" Yoshikazu Tomizuka, *Corporate Accounting*, July 2017 issue, CHUO KEIZAI-SHA.
"A study of the relationship between human/intellectual capital and corporate value (PBR)" (Yanagi, Yoshino), *Monthly Capital Market*, October 2017 issue, Capital Market Research Institute, etc.

●Non-Financial Capital and Equity Spread Value Relevance Model*6 —Toward the visualization of "Invisible Value"—



*6 Source based on the following reference: "ROE Revolution and Financial Strategies" CHUOKEIZAI-SHA (2017)
*7 "Financial Strategies for Maximizing Corporate Value" Doyukan (2009)

As an example, let me introduce Eisai's initiative to improve access to medicines, which is one of our non-financial capitals. Lymphatic filariasis (LF) is a disease transmitted via mosquitoes which causes swelling of the patient's lower extremities until they resemble those of an elephant. This leads to difficulties in working and significant economic damage. Over a billion people are at risk, and since many of these people belong to the poorest income classes who have difficulty in purchasing medicine, as a result, a situation in which treatment has not been provided has persisted. In response, Eisai is working with WHO on a project to provide DEC (diethylcarbamazine) tablets free-of-charge in order to eliminate LF. Already, 1.44 billion tablets have been provided free-of-charge, and we have declared that free-of-charge provision will continue until the complete elimination of LF is achieved. Since this medicine is being distributed for free, we have received some criticism that this damages shareholder value, however I believe this is neither a donation project nor a loss-making project, but a long-term investment instead. This project leads to "improved health and welfare" and "economic growth due to expansion of the middle class" in developing and emerging countries, and for Eisai internally it also leads to "enhancement of corporate brand value," "improvement in employees' skill and motivation," and "lower cost of goods through improving the utilization rate of the Vizag plant." In the short-term, NPV (net present value) is negative, however, from a very long-term perspective it will be a plus to NPV, in other words this is a project that can create corporate value. From long-term investors such as overseas pension funds as well, we receive support for this program that both contributes to patients and enhances corporate value in terms of long-term ROE.

Sato I see Eisai has clarified and explains that ESG initiatives are not only for contributing to society but provides benefits to investors as well.

Initiatives for further enhancement of non-financial capital

Sato At Eisai, what kind of thinking is investment in non-financial capital based upon?

Yanagi Since this is a pharmaceutical company, how we think about investment in research and development, which is intellectual capital, is a big point. Unreasonably cutting back research and development expenses for the sake of increasing immediate profit will not lead to the expansion of non-financial capital. On the other hand, spending excessively on investment for research and development expenses without moderation is going to make it hard to continue as a company.

Currently, in order to proactively invest in our dementia and oncology pipeline, our ratio of research and development expenses to sales is over 20%, which is a high level compared to global industry standards. Although we want to invest more because patients worldwide are waiting for the development of new medicines, it's a difficult situation when you consider financial principles. That is where **the partnership model** comes in. We are collaborating with Biogen Inc. in the dementia area and with Merck & Co., Inc., Kenilworth, N.J., U.S.A. in oncology, and by dividing research and development expenses with partners, the burden on Eisai is reduced. Considering the share of expenses borne by partners, our ratio of research and development expenses is actually closer to 30% of sales.

Sato The fact that the partnership model also means an effect on the distribution of capital is gaining attention.

Yanagi If we didn't use the partnership model, we would not have been able to invest for research and development expenses to date. Despite trying to avoid

short-termism, we also have to maintain a certain level of ROE. Although a large scale acquisition is another model for enabling both investment in research and development as well as profit, you'd expect this to be very risky. We're focused on the partnership model, positioning it as a model for collaboration while leveraging each other's strengths, as well as further reduction of expenses.

Sato I sense this is a very unique way of doing things among pharmaceutical companies.

Yanagi Eisai's initiatives to enhance non-financial capital are based on the *hhc* corporate philosophy. We've been carrying out activities based on the *hhc* philosophy for over 25 years, from before the boom in ESG.

Sato Although the *hhc* philosophy was set in 1992, when was it codified into the Articles of Incorporation?

Yanagi It was added to the Articles of Incorporation by resolution at the general shareholders meeting in June 2005, and was shared with all shareholders. We received support from many investors as well.

Sato It's rare to have a corporate philosophy in the Articles of Incorporation.

Yanagi While I believe many companies have a corporate philosophy, I think it is important to get authorization through special resolution of the general meeting of shareholders for codifying into the Articles of Incorporation and sharing with shareholders. We prioritize contributing to patients as our mission, and also pursue economic profit as a result in the long-term. In other words, pursuing long-term investment is built into the Articles of Incorporation. It is also the foundation of our IR activities.

Sato In recent years, I feel that ESG has quickly become a household term, but you have been active in this area since more than 20 years ago.

Yanagi In accordance with the current trends in ESG, I personally want to further expand our activities. In 2018, Eisai established a new Policy, Advocacy & Sustainability Department, and held a Sustainability Advisory Board Meeting in August. The Sustainability Advisory Board is chaired by Mr. Mitsuo Sakaba, former Japanese Ambassador to Vietnam and Belgium, joined by Mr. Ujal Singh Bhatia, former Indian Ambassador and Permanent Representative to the World Trade Organization (WTO) as a member. Together with the CEO and internal staff involved in ESG, they discuss sustainability at Eisai. The CFO also participates to discuss how ESG is linked to corporate value.

▶ https://www.eisai.com/sustainability/atm/management.html

Sato Grasping the financial side of corporate value and thinking about ESG and sustainability based on the perspective of shareholders and investors is important. I hear that companies in Europe have established sustainability boards as consultative bodies for the board of directors. It's fascinating to see that Eisai holds such a meeting in a unique way.

Yanagi So that we do not end up doing ESG for the sake of ESG, it is important to have a forum to discuss how ESG can be linked to corporate value.

New approach to corporate pension funds

Sato As I read recently in the newspapers and other media as well, **Eisai and Panasonic declared that they would adopt the Stewardship Code for their corporate pension funds.** It was mentioned that these are forward-thinking initiatives for manufacturers, could you tell me your opinion on that?

Yanagi When the Stewardship Code was issued in 2014, I personally had the view that corporate pension funds ought to adopt the Code. It is true that human resources have a significant influence on corporate value. According to an experimental study conducted by a team at Chuo University, it was found that among non-financial capital, human capital has an especially strong positive correlation with corporate value. In order to improve the corporate pension fund which is related to employees in their retirement, I thought about how to optimize pension returns sustainably in the long term while avoiding conflict of interest.

Of course, it is important to emphasize the independence of corporate pension funds. On top of that, I met with the CEO, the Corporate Officer in charge of Human Resources and the head of the labor union, sharing the results of the experimental study and ultimately we received approval from the corporate pension fund, representative committees as well as other related organizations, and finally the fund

adopted the Stewardship Code.

Sato Are Eisai's and Panasonic's corporate pension fund initiatives different?

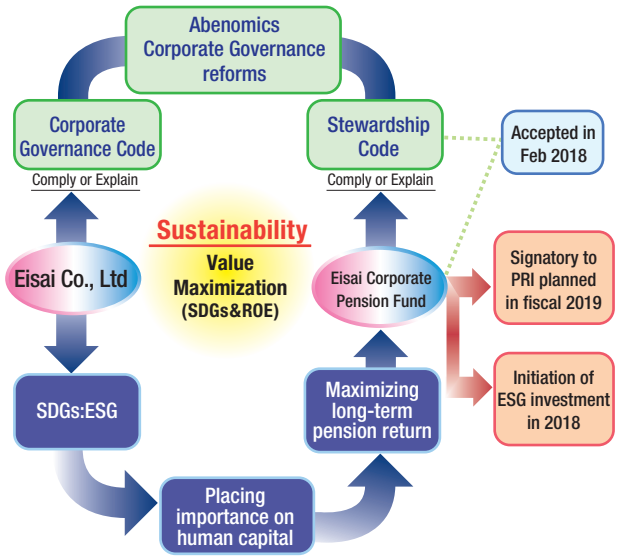
Yanagi Panasonic's corporate pension fund is larger in scale, they also deploy plenty of full time staff, and I heard that the fund side proposed the adoption of the Stewardship Code to the management side. In the revised Corporate Governance Code, it suggests that adequate resources should be provided for corporate pension funds, but like the majority of Japanese companies, Eisai does not have enough human resources or capital for its corporate pension fund, and is in a situation where it is difficult for the fund to move toward voluntarily adopting the code. Therefore, at Eisai, **the CFO sets the concept framework, and the finance department is tasked by the corporate pension fund to create a system for advice and back office work.** Under the support of the finance department, Eisai's corporate pension fund selected ESG investment funds, and began ESG investment. In fiscal 2019, we intend to become a signatory to the Principles for Responsible Investment (PRI), and as a corporate pension fund, pursue a global standard of ESG.

While Eisai and its corporate pension fund are adhering to the twin codes of the Corporate Governance Code and the Stewardship Code respectively, we aim to create medium-long term value with ESG as the core through a virtuous cycle of investment chain, although the scale is small. **If human capital is enhanced through the corporate pension fund, then I believe this will help with the sustainable creation of value for Eisai.**

Sato In the Corporate Governance Code revised in June 2018, a section for Roles of Corporate Pension Funds as Asset Owners was newly added, I presume that Eisai is among the pioneers on that?

Yanagi Under the leadership of the CFO we have taken various actions over the years such as supporting the corporate pension fund, identifying the

●Virtuous Cycle of Eisai's Internal Investment Chain



cost of capital and reducing cross-shareholdings, but my impression is that this revision to the Code has given us a favorable tailwind. We are already one of the frontrunners having finished preparations of our system, and we hope to further develop it moving forward.

Sato What is the biggest reason for successfully achieving these various initiatives ahead of others?

Yanagi Personally I have many years of experience in the financial industry, I've undertaken research and education at universities over 10 years, and have had opportunities to participate in meetings with government experts, so I have been able to pick up the latest knowledge from outside the company.

In addition, the CEO's commitment is an important point. Without support from top management, it is difficult to realize new ideas. Based on understanding of global standards, we have taken the lead in implementing policies that align with our *hhc* philosophy.

Sato Recently, through your dialogue with investors, do you sense that investors' awareness and methods of value analysis are changing for ESG?

Yanagi ESG issues are being given more importance, and from the investor side as well, there are more cases of full-time sections on ESG and sustainability. Going forward, I think it is essential that Japanese companies and investors encourage one another for mutual improvement.

Sato Thank you very much for your time today.

Yanagi Thank you for your time as well.

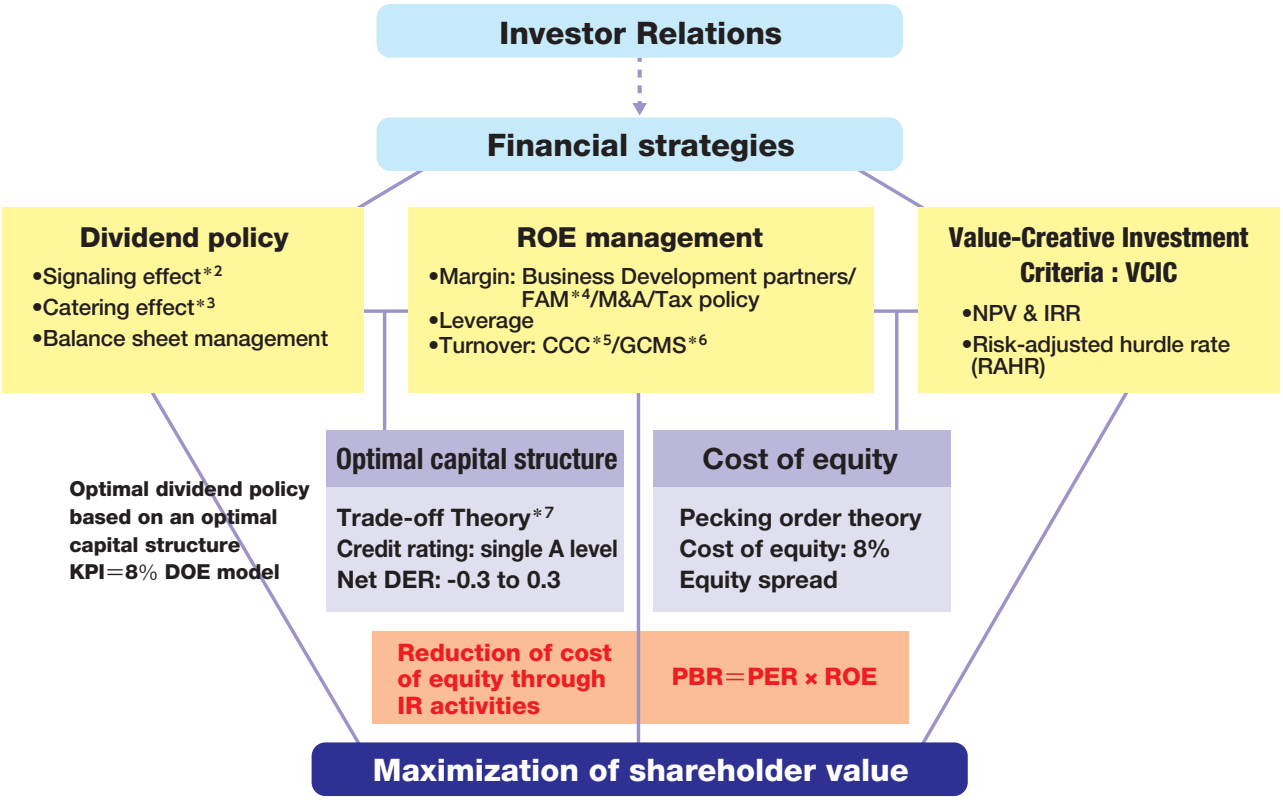
Financial Capital

Financial Strategy

Aim to continuously maximize shareholder value based on "Medium- to Long-Term ROE Management", "Sustainable and Stable Shareholder Returns" and "Value-Creative Investment Criteria for Growth"

Financial strategy map*1 for sustainable maximization of shareholder value

Eisai has set out a financial strategy map as its CFO policy to continuously maximize shareholder value. This strategy consists of three key themes: **"ROE management", "Dividend policy"** and **"Value-Creative Investment Criteria (VCIC)."**

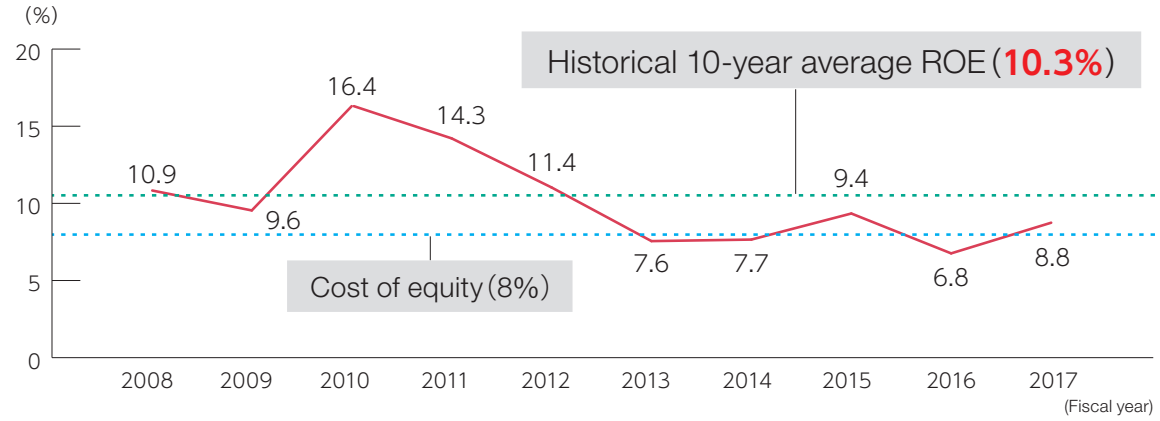


*1 Source based on the following reference: "Financial and Accounting Literacy to Enhance Corporate Value" (2016) Nikkei Publishing Inc.
*2 Signaling effect: Potential impact on stock price by showing management's belief in the achievement of revenue forecast through dividend policy
*3 Catering effect: Potential impact on stock price by meeting the expectation of shareholders' preference for dividend
*4 FAM: Fixed Asset Monetization
*5 CCC: Cash Conversion Cycle
*6 GCMS: Global Cash Management System
*7 Trade-off Theory: Idea to pursue optimal capital structure for debt finance and equity finance to use for balancing the costs and benefits

ROE management -target a positive equity spread over the medium- to long-term-

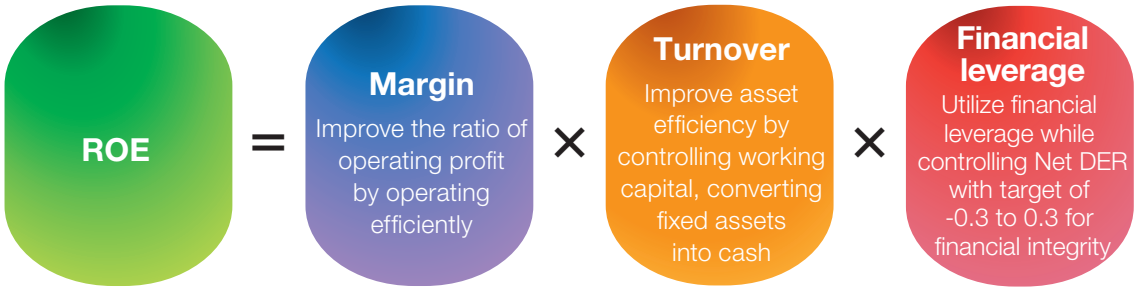
Eisai has been working to improve its medium- to long-term ROE since the beginning of the 2000s. **Eisai aims to avoid short-termism and achieve ROE above cost of equity over the medium- to long-term (e.g., 10-year average).** In other words, Eisai aims to create a "positive equity spread (ROE – Cost of shareholders' equity)." Cost of shareholders' equity is the return demanded by shareholders and Eisai has conservatively assumed a cost of shareholders' equity of 8%. Eisai is generating a historical 10-year average ROE of 10.3% and a positive equity spread of 2.3%.

● Trends in ROE by fiscal year and medium- to long-term value creation



Equity spread: ROE – Cost of equity (CoE)
The key indicator of shareholder value creation based on residual income model *
Eisai conservatively assumes cost of equity of 8% (risk-free rate of 2% + risk premium of 6%)
* "ROE Revolution and Financial Strategies" CHUOKEIZAI-SHA (2015)

Historical 10-year equity spread
Historical 10-year average ROE: 10.3% – CoE 8% = **2.3%**
*Results up to fiscal 2011 were calculated pursuant to generally accepted accounting principles in Japan (J-GAAP), while results from fiscal 2012 to 2017 were calculated pursuant to International Financial Reporting Standards (IFRS).



Under the DuPont method, ROE can be analyzed by three elements consisting of margin (ratio of profit to revenue), turnover (total asset turnover ratio) and financial leverage. Eisai is focusing on optimizing each of these three elements.

Increase margins

Eisai has focused on expanding high-profit global brands discovered and developed in-house, such as Lenvima®, Halaven® and Fycompa®. Eisai is aiming to improve margin by effective operation through utilizing partnerships and emphasizing selection and concentration for priority projects.

Improve turnover

Eisai has managed the cash conversion cycle (CCC) to control working capital and strived to improve asset efficiency through steps including selling assets encompassing investment securities and streamlining inventory. The Corporate Governance Code, which was revised in June 2018, calls for the validation of benefits and risks of strategically held shares. Before the revision of the Code, Eisai has sold strategically held shares. In fiscal 2017, Eisai sold strategically held shares in 9 stocks (selling all of its shares in 6 of the 9 stocks).

Use financial leverage

Eisai has pursued an optimal capital structure while maintaining financial integrity. For maintaining a single A level credit rating, we have set the KPIs of **Net DER* of -0.3 to 0.3, a ratio of equity attributable to owners of the parent of 50%-60% and Net Debt/EBITDA of 0-3 years.** By undertaking business activities based on financial discipline, we are steadily reducing interest-bearing debt, and we secured net cash as of the end of fiscal 2017. Net DER was negative 0.27, the ratio of equity attributable to owners of the parent was 57% and Net Debt/EBITDA was negative 1.49 years. Based on the view that we have secured sufficient financial integrity, we believe we can resume our leverage strategies.

*Net debt equity ratio (Net DER) = (Interest-bearing debt (bonds and borrowings) - Cash and cash equivalents - Time deposits exceeding three months - Investment securities held by the parent company) / Equity attributable to owners of the parent

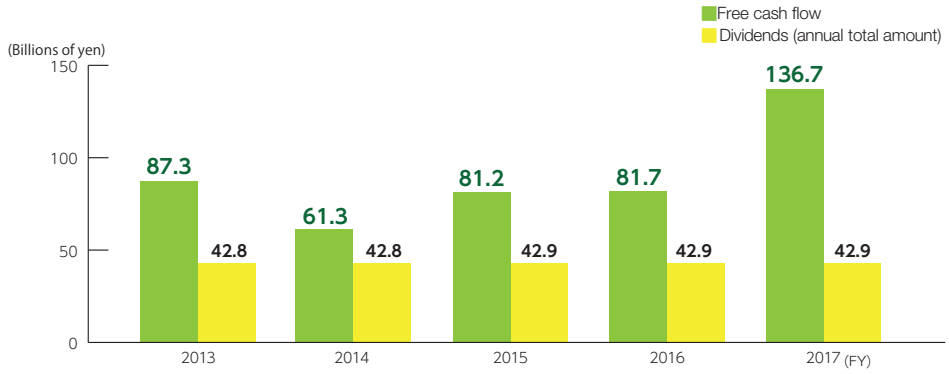
Dividend policy

Eisai returns profits to all shareholders in a stable and sustainable manner based on factors such as a healthy balance sheet and comprehensive consideration of consolidated financial results, dividend on equity (DOE, ratio of equity attributable to owners of the parent) and free cash flow, as well as consideration of the signaling effect. We strive for an "optimal dividend policy based on an optimal capital structure" that depends on long-term balance sheet management, rather than a dividend payout ratio based on short-term performance. As a KPI for dividends, from the perspective of balance sheet management, Eisai has adopted DOE, which indicates the ratio of dividends to consolidated net assets.

In principle, Eisai strives to maintain dividends within the range of free cash flow over multiple years. Eisai is maintaining a healthy balance sheet under present conditions. Therefore, Eisai plans to maintain dividends of 150 yen*1 per share in fiscal 2018, which is an expectation of numerous shareholders*2, with an intention of protecting shareholder value. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency (ROE) are taken into account.

*1 Dividends per share subject to approval of Board of Directors
*2 Based on the results of past surveys of individual and institutional investors

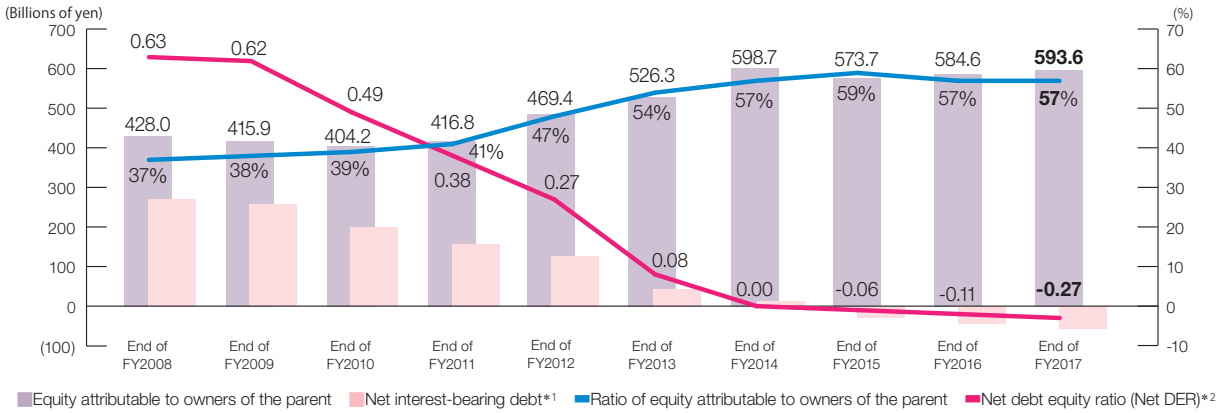
Trends in free cash flow and dividends —Dividends within the range of free cash flow over multiple years—



*International Financial Reporting Standards

*Free cash flow ="Net cash from operating activities"-"Capital expenditures(cash basis)#"
Expenditures from purchases of financial assets and proceeds from sale and redemption of financial assets are included in the formula used to calculate capital expenditures.

Strong Balance Sheet —Dividend sustainability by maintaining optimal capital structure—



*Results up to end of FY2012 were calculated pursuant to J-GAAP, while results from end of FY2013 and onward were calculated pursuant to IFRS.
*1 Net interest-bearing debt = Interest-bearing debt (bonds and borrowings) - Cash and cash equivalents - Time deposits exceeding three months, etc. - Investment securities held by the parent company*3
*2 Net debt equity ratio (Net DER) = (Interest-bearing debt (bonds and borrowings) - Cash and cash equivalents - Time deposits exceeding three months, etc. - Investment securities held by the parent company*3) / Equity attributable to owners of the parent
*3 Investment securities held by the parent company are included in the formula from FY2013 under IFRS.

Eisai's funding policy

Eisai's funding policy is based on the pecking order theory. Eisai prioritizes "cash on hand" over "debt". "Equity financing", which could damage existing shareholder value, is the last option.

As an efficient funding measure, Eisai adopts a Global Cash Management System (GCMS) for the effective cash utilization among group companies.

VCIC (Value-Creative Investment Criteria)

Prioritization and selection of investments will become even more important for companies to achieve growth. Therefore, Eisai has determined Value-Creative Investment Criteria (VCIC) for its strategic investments to ensure value creation. When making investments, we use Net Present Value (NPV) and the Internal Rate of Return (IRR) spread using a risk-adjusted hurdle rate as KPIs. In principle, we naturally select only those investments with a positive NPV and set a certain spread for IRR to assure value creation. In setting hurdle rates, we factor in all risk elements, such as the particular investment project, the investee country and liquidity. We have approximately 200 types of hurdle rates and apply the risk-adjusted hurdle rate appropriate for each respective investment project.

The Corporate Governance Code, which was revised in June 2018, calls for the allocation of management resources in consideration of cost of shareholders' equity. Eisai already introduced VCIC in advance in 2013 to ensure corporate value creation.

Formula of risk-adjusted hurdle rate

Risk-adjusted hurdle rate = Risk free rate + β × Risk premium (+ liquidity premium)

- **Risk free rate: 10 year average yield of 10 year government bond**
- **β: Defined by investment categories (risk profile)**

KPI for finance under medium-term business plan 'EWAY 2025'

Under the medium-term business plan 'EWAY 2025', we aim to attain ROE at the 10% level and an equity spread at the 2% level for fiscal 2020, as the midpoint of the plan. For fiscal 2025, the final year of the plan, Eisai is mindful of attaining ROE at the 15% level on the back of dramatic growth spurred by contributions of flagship drugs in the neurology area and oncology area.

With DOE as a KPI, we will pursue an optimal dividend policy based on an optimal capital structure and work to maintain dividends of 150 yen per share.

KPIs	FY2020 Targets
ROE	10% level
Equity spread*1	2% level
DOE*2	8% level (Maintain ¥150 dividend per share)
Ratio of equity attributable to owners of the parent	50-60%
Net DER*3	-0.3 to 0.3

15% level ROE in FY2025

＊Dividends per share subject to approval of Board of Directors.

＊1 Equity spread = ROE - Cost of equity. Eisai conservatively assumes cost of equity of 8%

＊2 DOE = Dividend on equity attributable to owners of the parent

＊3 Net DER: Net Debt Equity Ratio = (Interest-bearing debts (bonds and borrowings) - Cash and cash equivalents - Time deposits exceeding 3 months, etc. - Investment securities held by the parent company)/Equity attributable to owners of the parent

Promoting engagement that emphasizes our "premium" (total of approximately 700 dialogues per year)

We believe that promoting an understanding of our non-financial information is essential for realizing the objectives of our engagement, which is to have our corporate value assessed from the perspective of medium- to long-term corporate value creation. This non-financial information covers areas such as intellectual capital centering on our pipeline and patents; human capital that handles our operations; our initiatives for improving access to medicines; and our corporate governance. To attain this objective, Eisai's IR team holds a total of approximately 700 dialogues with investors and analysts on an annual basis. Among these, the CFO holds approximately 200 dialogues every year, including with overseas investors. The CFO and IR team strive to reduce cost of equity and are committed to promoting engagement based on the idea of "IR is not a cost center and contributes to corporate value creation." In a report issued by SMBC Nikko Securities Inc. senior analyst, Yasuhiro Nakazawa, on June 19, 2014, Eisai's PER was noted as being more than 10% above the industry average. The report referred to this as an IR premium and attributed it to investors' high regard of Eisai's clear capital policy and adept IR activities.

Social and Relationship Capital

Improving Access to Medicines (ATM)

Making our medicines available to those who need them
Eisai is promoting initiatives for improving ATM to contribute to people in developing and emerging countries

Number of countries supplied with lymphatic filariasis treatment DEC tablets and volume supplied (as of July 2018)

28 countries

1.44 billion tablets

Investing in the Future of Developing and Emerging Countries

"We want to deliver as many necessary medicines as possible and nurture hope in as many people as possible." Putting this wish into each tablet, Eisai is engaged in activities for improving ATM with the aim of ensuring that people in developing and emerging countries receive the medicines they need. ATM is a basic need for all people regardless of nationality, economic disparities or social standing. Today, approximately 2 billion people around the world do not have adequate access to medicines*, most of whom are the poor in developing and emerging countries who also lack proper information about health and diseases.

Eisai believes that improving ATM in developing and emerging countries is a long-term investment that will support the health of the people living in these countries and ultimately lead to the future growth of these nations as a whole. Eisai utilizes many methods including supply of products at affordable prices as well as public-private partnerships, as it continues to implement various ATM initiatives through its unique business models.


Mass drug administration (MDA) of DEC tablets in Myanmar

* Source: Access to Medicine Index
▶ https://accesstomedicineindex.org/about-the-index/

Efforts to Help Eliminate Lymphatic Filariasis: Supplying DEC Tablets and Implementing Awareness-Raising Activities

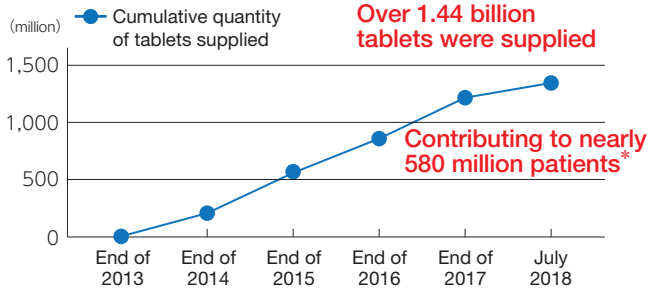
Lymphatic filariasis (LF) is a neglected tropical disease (NTD) transmitted to humans via carrier mosquitoes. It is estimated that approximately 1 billion people worldwide, mainly those in developing countries, are exposed to the risk of LF.

The World Health Organization (WHO) conducts mass drug administrations (MDAs) in endemic areas in order to eliminate LF. **Eisai is committed to supplying diethylcarbamazine (DEC) tablets, one of the three types of LF medicine used in the MDAs, until complete elimination is achieved in all LF endemic countries**.

In 2013, Eisai obtained WHO prequalification for DEC tablets and commenced production at its Vizag Plant in India. Since then, **Eisai has provided 1.44 billion DEC tablets to 28 endemic countries** through WHO's elimination program (as of July 2018). Furthermore, to support the smooth implementation of WHO's MDA programs, Eisai is engaging in initiatives to raise public awareness of LF in endemic areas. Staff members of Eisai's local subsidiaries cooperate with the relevant representatives in endemic countries to eliminate LF as early as possible. In Indonesia, in order to raise the awareness of LF in society, Eisai staff members have given annual lectures on LF since 2015 at the Faculty of Medicine, Gadjah Mada University, an institution that supports local health care. Eisai staff also prepare and distribute leaflets in the local language on the prevention and treatment of LF and support implementation of MDA in endemic countries.

Eisai's activities are **highly appreciated by endemic countries**. A certificate of appreciation for the donation of DEC tablets awarded to Eisai in January 2018 by the Department of Public Health, Ministry of Health and Sports of Myanmar is just one such example.

Cumulative quantity of DEC tablets supplied and the number of patients contributed to* (as of July 2018)



* The number of patients contributed to is an estimated value, which is converted from the cumulative quantity of tablets supplied based on the assumption that an average of 2.5 tablets is taken per capita in accordance with the definition of WHO.

Awarded Certificate of Appreciation by Department of Public Health, Ministry of Health and Sports of Myanmar for the Donation of DEC Tablets

Eisai has supplied about 350 million DEC tablets to Myanmar through WHO since March 2014. Myanmar is one of the three major countries together with India and Indonesia to which Eisai has supplied a large amount of DEC tablets.

During the MDA conducted in January 2018, the Department of Public Health, Ministry of Health and Sports awarded Eisai a certificate of appreciation with the comment "We are extremely grateful for the valuable contribution of Eisai's provision of DEC tablets free of charge".


The Government of the Republic of the Union of Myanmar
Ministry of Health and Sports
Department of Public Health

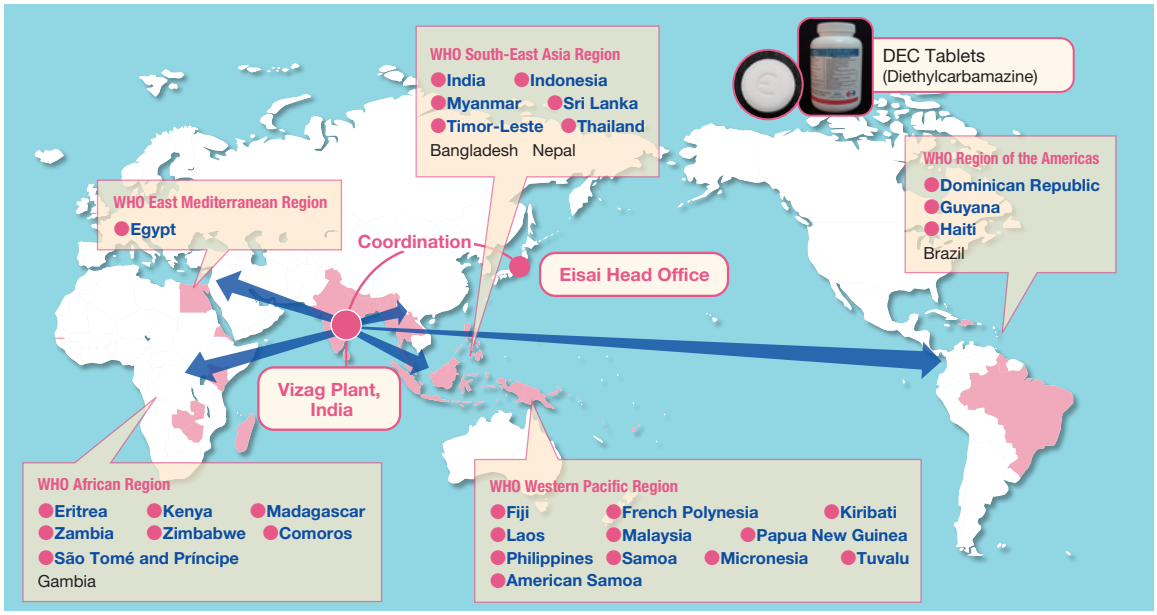
This certificate is awarded
in recognition and appreciation of the valuable donation of
Diethylcarbamazine Citrate (DEC) by Eisai Co.,Ltd (Japan) for Mass Drug Administration to
eliminate Lymphatic Filariasis to Vector Borne Disease Control Unit.
Department of Public Health, Ministry of Health and Sports

(Dr. Thandar Lwin)
Deputy Director General
Department of Public Health
Ministry of Health and Sports

Date:23th January 2018

Certificate of Appreciation

Countries where DEC tablets are scheduled to be supplied by 2020 ● Countries where distribution has commenced



(Distribution status as of July 2018)

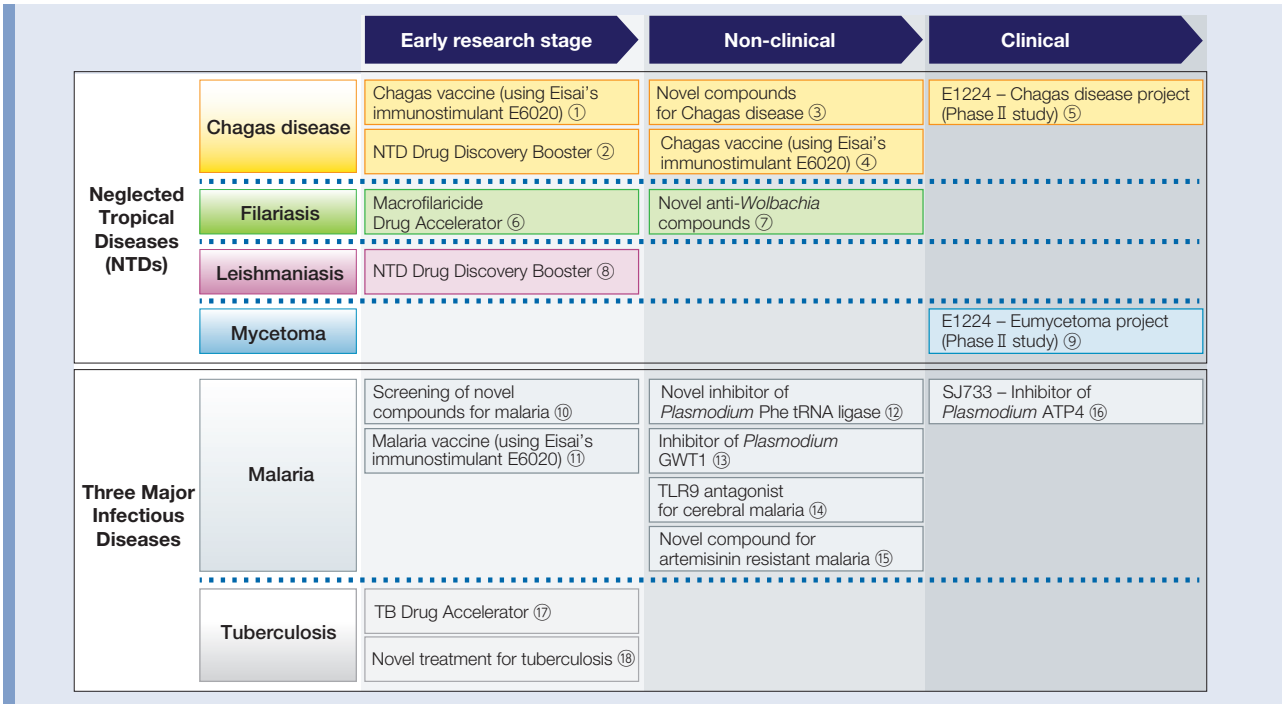
R&D Initiatives for Improving Global Health

Eisai proactively undertakes research on pharmaceuticals for treating NTDs and for the three major infectious diseases (malaria, tuberculosis, HIV/AIDS).

These diseases strike people with low incomes in developing countries, causing them to leave work. This in turn leads to a negative cycle of poverty in which people become incapacitated due to disease and become even poorer, and international efforts are called upon to tackle this significant global health issue. In response, Eisai is currently conducting various projects aimed at developing new treatments for Chagas disease, filariasis, leishmaniasis and mycetoma as well as malaria and tuberculosis. Undertaking research activities for these diseases requires specific expertise, technologies and clinical trial experience in addition to networks with clinical facilities in endemic regions. For these reasons, **Eisai is actively engaged in external collaborations such as partnerships with global research organizations** and is participating in international consortiums to share compound libraries, as Eisai seeks to develop new drugs for NTDs and the three major infectious diseases.

Eisai aims to develop new drugs for Chagas disease, a disease transmitted by the assassin bug which is prevalent in 21 countries in Latin America. For this purpose, **Eisai is conducting a Phase Ⅱ study of its in-house developed antifungal agent fosravuconazole (E1224)** in partnership with the Drugs for Neglected Diseases *initiative* (DND*i*). **Another Phase Ⅱ study of the agent is being conducted with DND*i* for mycetoma**, considered to be one of the most neglected diseases. Mycetoma is transmitted through pricks in the skin and causes large lesions.

●NTDs/Three major infectious diseases research project portfolio (As of July 2018)



■Main partners of the projects
①, ⑪, ⑭ Fundação Oswaldo Cruz (Fiocruz) (Brazil)
②, ⑤, ⑧, ⑨ DND*i* (Switzerland)
③, ⑫ Broad Institute (U.S.)
④ Sabin Vaccine Institute (U.S.)
⑥, ⑰ Bill & Melinda Gates Foundation (U.S.)
⑦, ⑮ Liverpool School of Tropical Medicine (U.K.), University of Liverpool (U.K.)
⑩, ⑬ Medicines for Malaria Venture (MMV) (Switzerland)
⑯ Medicines for Malaria Venture (MMV), University of Kentucky (U.S.)
⑱ Broad Institute (U.S.), Colorado State University (U.S.), University of Chicago (U.S.)

Please visit the following link for details on projects ▶ https://www.eisai.com/sustainability/atm/research.html

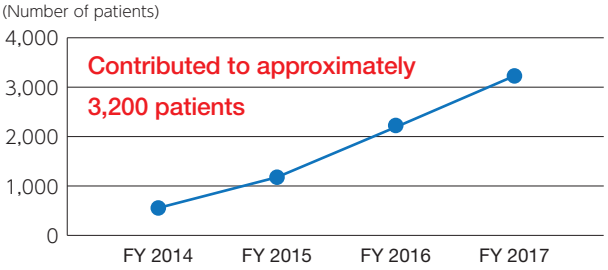
Pricing Policy that Emphasizes Affordability

Eisai has formulated various flexible pricing policies that enable patients in developing and emerging countries to purchase Eisai's products at affordable prices. These pricing policies are formulated taking into consideration the social, economic and healthcare environments of developing and emerging countries. For example, Eisai has been providing Aricept® and Pariet® in India since 2005, and Revovir® in the Philippines since 2010 at **affordable prices that are best suited to the living standards of the local patients**.

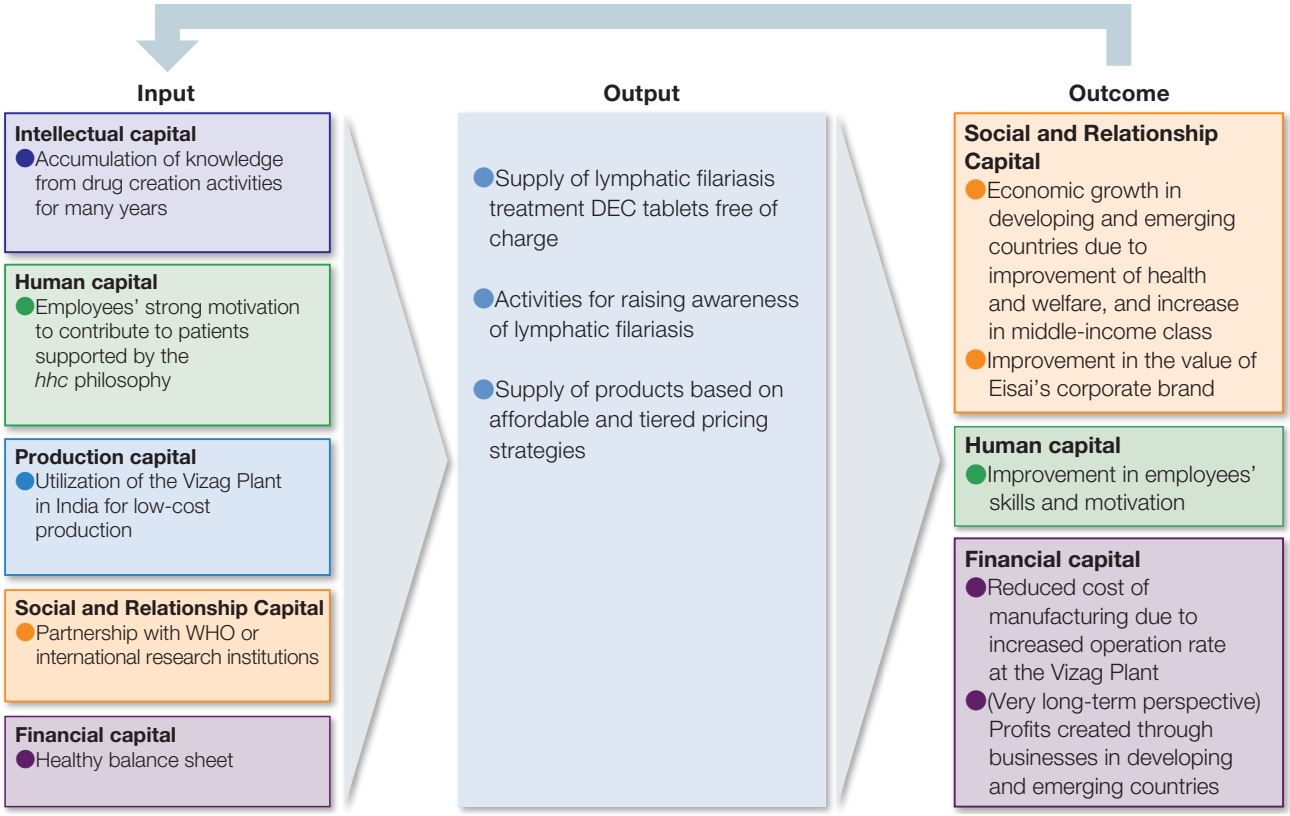
Regarding Fycompa®, in India where many patients have to pay the full cost of medical expenses out-of-pocket, a unique scheme has been introduced. The treatment is provided for free to patients for a certain period of time, and a proper administration the treatment is implemented once efficacy is confirmed. For the antiepileptic drug Zonegran®, the patient assistance program "Livefree" was initiated in India in 2017. This program subsidizes the cost of therapy for patients in need to help with continuity of treatment, provides free electroencephalogram tests, and provides various kinds of support and tools for disease

management. In addition, **Eisai has introduced "Tiered Pricing", an affordable pricing model**, for the anticancer agent Halaven® in 8 Asian countries. In this model, co-payment is set at several tiers in accordance with the income level and health insurance availability of the patients, ranging from the full purchase price to provision free of charge. During the four-year period, Halaven® was supplied to approximately 3,200 patients cumulatively via Tiered Pricing.

Cumulative number of patients contributed to via Halaven® "Tiered pricing"



Creating Corporate Value and Solutions to Social Problems through Initiatives for Improving ATM



For the purpose of facilitating the improvement of ATM, Eisai utilizes many different types of capital as input and converts them into many different forms of output (products and services), such as DEC tablets, through business activities. As a result, we pursue the creation of positive outcomes such as the improvement of health, welfare and economic growth by increasing the number of middle-income populations in developing countries and emerging countries. Eisai also seeks to enhance the value of its corporate brand, improve employees' skills and motivation, and reduce costs by increasing the operation rate of the Vizag Plant as positive internal outcomes. Eisai believes that efforts to improve ATM will increase capital to an extent that is greater than the amount of input, through the creation of added value. **Eisai's initiatives for improving ATM go beyond the framework of CSR activities and aim at creating long-term value.** Supplying DEC tablets free of charge will initially be a loss and thus negatively affect profits and ROE in the short term. However, **from a very long-term perspective, we estimate that it will boost our NPV (net present value) to a positive level through the creation of the outcomes described above.**

Eisai's Initiatives for Improving ATM Highly Evaluated

The Access to Medicine Foundation, an international nonprofit organization aimed at the improvement of ATM, biennially researches and publishes the Access to Medicine Index. **Eisai was ranked 1st among Japanese pharmaceutical companies and 11th among global major pharmaceutical companies consecutively in 2014 and 2016.**

In addition, **Eisai has been selected for the MSCI Japan ESG Select Leaders Index** as a company with outstanding ESG ratings, and has **maintained an AA ranking in the ESG Index for five consecutive years since 2014.** In this Index, the area of Access to Health Care was highlighted as one of Eisai's strengths. Eisai's implementation of pricing policies in the pursuit of affordable pricing and its free provision of DEC tablets over a long period of time are well received.

Aiming to be a top runner in the development of next-generation dementia treatments

Ivan Cheung (Left)
Senior Vice President
President, Neurology Business Group

Teiji Kimura (Right)
Vice President
Chief Discovery Officer, Neurology Business Group

Strengths

1. Industry-leading R&D pipeline in the dementia area
2. Abundant experience and knowledge of drug creation and disease awareness activities in the dementia area
3. Global strategic partnerships that enable increased probability of success and accelerated development with optimization of development and commercialization expenses

Weaknesses

1. Focus on dementia, an area in which developing new drugs is particularly difficult and large-scale clinical studies are required, necessitating a large amount of R&D expenditure

Opportunities

1. Expansion of market for dementia treatments as population ages
2. Expansion of potential market as dementia diagnosis technology improves

Threats

1. Competing products entering the market
2. Increasing pressure to lower drug prices as governments promote policies to reduce healthcare costs

Q : What are Eisai's strengths in the Neurology area?

A : Cheung **Our greatest strength is that we possess an industry-leading pipeline in the dementia area.** We have a total of **11 projects** under development in this space.

The projects targeting beta amyloid (Aβ) are making remarkable progress. Regarding the anti-Aβ protofibril antibody BAN2401[*1,2], the final analysis at 18 months of the 856 patient Phase Ⅱ clinical study in early Alzheimer's disease demonstrated statistically significant slowing in clinical decline and reduction of Aβ accumulated in the brain. Additionally, two global Phase Ⅲ studies for BACE (beta amyloid cleaving enzyme) inhibitor elenbecestat[*1] in patients with early Alzheimer's disease are steadily progressing. The Phase Ⅱ study conducted in the U.S. was the first study of a BACE inhibitor to show a statistically significant reduction of Aβ accumulated in the brain while also suggesting a delay of clinical symptom decline in exploratory endpoints. Moreover, two Phase Ⅲ studies for anti-Aβ antibody aducanumab[*1] are ongoing, and the patient enrolment was completed in July 2018. We are growing more confident in drug creation activities based on the Aβ hypothesis.

*1 Co-development with Biogen Inc.
*2 Licensed-in from Bio Arctic AB

Q : Why is drug development in the dementia area considered to be so difficult? What strengths does Eisai have to overcome the difficulty?

A : Kimura The U.S. FDA has not approved any treatments for dementia since 2003, so from that we can surmise that drug development in this area is incredibly challenging.

One reason is that **high-order functions like cognition are unique to humans, and so it is difficult to create an applicable experimental scenario using animal models.** For example, even if Aβ or tau accumulates in a mouse brain, it is not guaranteed that the mouse will develop dementia. We need to confirm the correlation, including biomarkers, between the reactions of animal models and the changes that occur inside a dementia patient's brain or their core symptoms and to accumulate data. Another reason for the difficulty is that despite the advances made in diagnostic imaging technology like PET (positron emission tomography), **there is still no way to directly observe the changes inside a human brain.**

Our knowledge and know-how of drug creation activities accumulated over 35 years in the dementia area will be a great advantage for our success in developing next-generation dementia treatments. **We are utilizing the changes in *in vivo* substances called biomarkers as indicators** in order to evaluate high-order functions unique to humans, which is difficult to create an applicable experimental scenario using animal models. **This**

method enables us to make more accurate predictions for clinical trials in humans based on the results obtained from animal studies. Eisai's accumulated clinical samples, such as blood samples, and the accompanying clinical data can be used to further enhance the process. In fact, the new guidance from FDA for developing drugs for treatment of early Alzheimer's disease (AD) and the new definition of AD by Alzheimer's Association and National Institute on Aging in the U.S. considers biomarkers important and will support our drug creation activities. In addition, we are actively using iPS-derived neural cells made from clinical samples.

Q : Why is it that so many dementia treatment candidates failed in clinical trials? What is Eisai doing differently from other companies?

A : Kimura It is said that there are **four elements (right drug discovery target, right patients, right dosage, right clinical evaluation indicators)** that are important for a clinical trial to meet its primary endpoint. So we can surmise that **the failed trials had an issue in one or some of these factors.** For example, the failed clinical trials may have included patients whose Aβ disposition was unknown or patients whose AD had advanced to a stage beyond which the mechanism of action was effective. Or they may have gotten the dosage wrong, or the endpoint selected was not sensitive enough for the patient population.

In our clinical studies, we have considered these as possible failings and have been **incorporating the following factors,** which we think will contribute to success:

1) Identifying positive Aβ disposition in early stage AD patients when enrolling for trials
2) Setting appropriate doses for antibodies and small molecule compounds
3) Selecting a suitable endpoint for evaluating effects for the early stage AD patients

Q : What is the reason for the expansion of the collaboration with Biogen Inc. in October 2017 to develop and commercialize investigational AD treatments?

A : Cheung The greatest reason for the expansion of the collaboration with Biogen Inc. and the exercise of the option to jointly develop and commercialize aducanumab is to **aim to increase probability of success in development of all three next generation AD treatment candidates.** We believe that the combination of Eisai's abundant experience in drug discovery activities and the valuable information on aducanumab will enhance the probability of success in development of not only aducanumab but also elenbecestat and BAN2401.

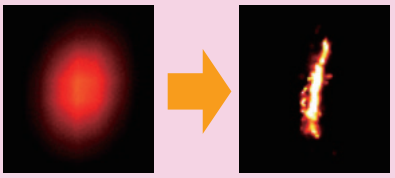
Strategic partnerships that enable increased probability of success and accelerated development with optimization of development and commercialization expenses are one of the great strengths of Eisai.

Q : What are the problems with current diagnostic methods for early AD patients? What is the development status of new diagnostic methods?

A : Kimura At present, dementia is diagnosed using PET imaging or cerebrospinal fluid analysis. However, there are some issues with these methods; **there are not enough facilities** equipped to perform PET imaging and cerebrospinal fluid analysis is **highly invasive**. For our next generation dementia treatments that target early AD patients, **there is a strong need for a less invasive diagnostic method, such as a blood test.**

It is thought that Aβ in the blood includes a small amount of a specific soluble Aβ aggregate that comes from the brain. At present, we are conducting **structure observation using Sysmex Corporation's super-resolution fluorescence microscope** in an attempt to identify the uniquely structured soluble Aβ aggregates in the blood. In this way, we are aiming to develop a diagnostic method that does not place a burden on the patient. Currently, Eisai's accumulated clinical trial samples are being used to examine how correlated between the diagnosis of dementia by PET imaging and the structure of Aβ aggregates.

Sysmex Corporation's super-resolution fluorescence microscope



Aβ aggregates as seen with a regular fluorescence microscope

Aβ aggregates as seen with a super-resolution fluorescence microscope

Q : What are your expansion plans in Neurology?

A : Cheung Along with the rapid aging of the population, the global market for dementia treatments is also expanding. While this is a business opportunity for Eisai, it is also a large threat for mankind. We need to develop next generation dementia treatments with a sense of mission. In order to make Eisai a top runner in the development of next generation dementia treatments, we are aggressively investing in our industry leading pipeline.

The submission of an orexin receptor antagonist lemborexant* for insomnia disorder indication is anticipated in fiscal 2018. Antiepileptic agent Fycompa® was approved as monotherapy used for the treatment of partial-onset seizures in the U.S. in July 2017, and an application was submitted to expand the indication for use in the treatment in pediatric patients in the U.S. in March 2018. Through these developments, we aim to contribute to new patients.

* Co-development with Purdue Pharma L.P.

Intellectual Capital

Development of New Potential Dementia Treatments

Industry-leading, abundant R&D pipeline

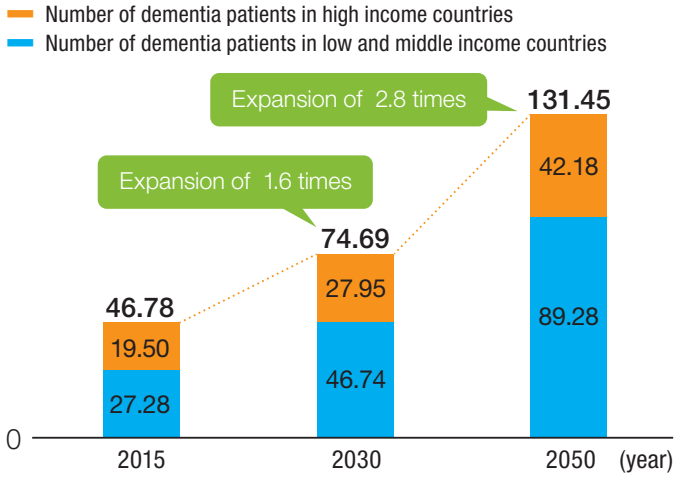
What is Dementia?

Dementia is a condition characterized by the occurrence of a variety of disorders and the emergence of impediments to everyday life due to the death of brain cells and a worsening of cognitive functions resulting from various causes. There are different types of dementia. Symptoms of Alzheimer's, the most prevalent dementia, are mainly those related to memory impairment (core symptom), while behavioral and psychological symptoms (BPSD) such as delusions and hallucinations, violence, wandering and depression can also be observed. Other types of the disease include dementia with Lewy bodies and vascular dementia, among others. All of these are characteristically progressive.

An Ever-Increasing Number of Dementia Patients

In 2015, there were an estimated 46.78 million dementia patients worldwide. As the aging of the global population gathers pace, the number of dementia patients is expected to continue trending upward and increase approximately 1.6 times to 74.69 million patients in 2030 and approximately 2.8 times to 131.45 million in 2050. Of particular note, the rate of increase in dementia patients in low and middle income countries is projected to significantly exceed the rise in high income countries. Therefore, promoting initiatives to address dementia is a global issue and there are hopes that therapeutic agents that satisfy these unmet medical needs will be developed quickly.

Trends in the number of dementia patients in the world (millions of persons)

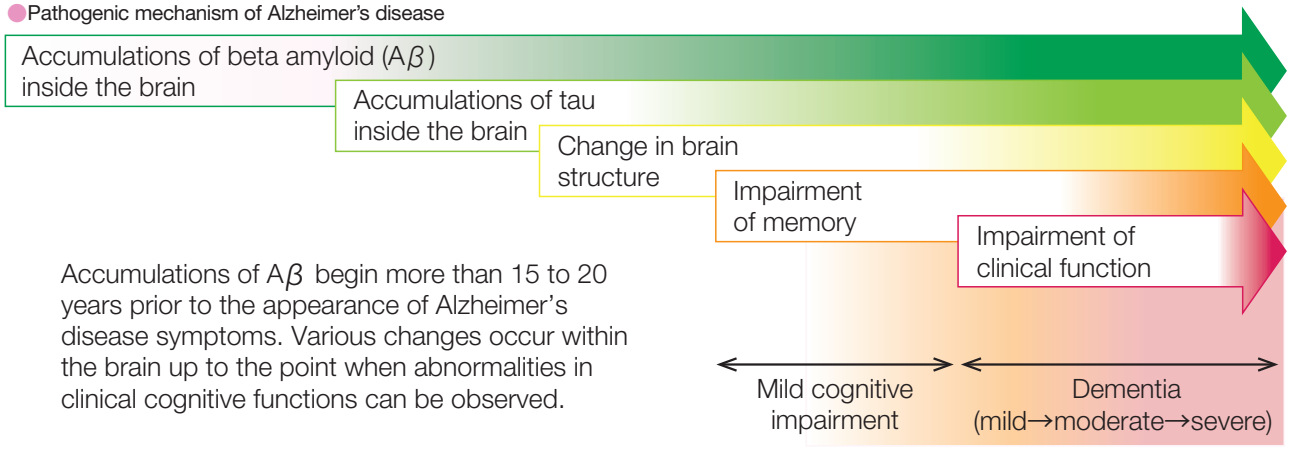


Source: World Alzheimer Report 2015: The Global Impact of Dementia

Pathogenic Mechanism of Alzheimer's Disease

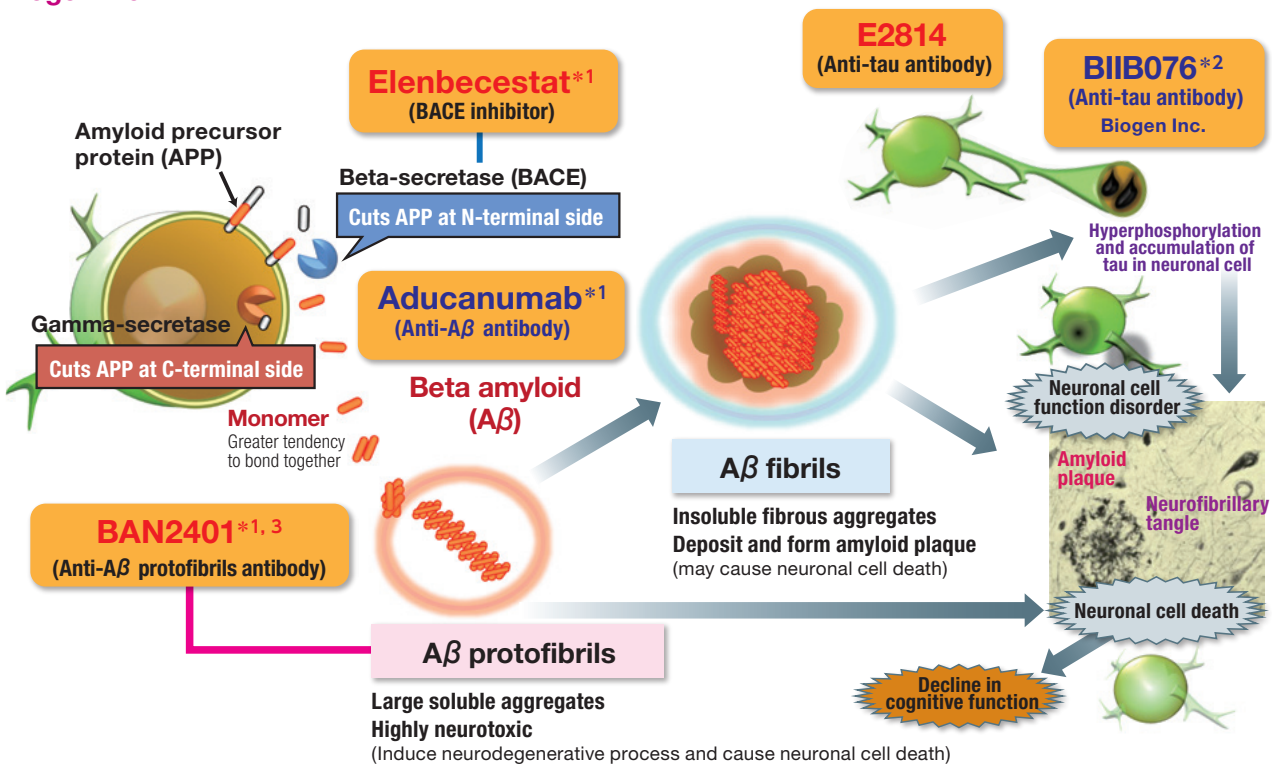
Alzheimer's disease is associated with the occurrence of neuronal cell death as a result of the gradual accumulation of proteins in the brain, called beta amyloid (Aβ) from long before the onset of symptoms, such as memory impairment. The accumulation of Aβ is considered to accelerate the tau pathology and might be the cause of neuronal cell death, resulting from the accumulation of tau. The accumulation of aggressive factors such as Aβ and tau is considered to be the potential target of Alzheimer's disease treatment.

Pathogenic mechanism of Alzheimer's disease



Accumulations of Aβ begin more than 15 to 20 years prior to the appearance of Alzheimer's disease symptoms. Various changes occur within the brain up to the point when abnormalities in clinical cognitive functions can be observed.

Five Next Generation Alzheimer's Disease Treatment Projects Including Collaboration with Biogen Inc.



*1 Co-development with Biogen Inc.
*2 Eisai has an option to jointly develop and commercialize
*3 Licensed-in from BioArctic AB

Investigational BACE Inhibitor elenbecestat developed in-house (co-development with Biogen Inc.)

Discovered by the Tsukuba Research Laboratories, this compound inhibits BACE (beta-site amyloid precursor protein-cleaving enzyme), which is the enzyme involved in the production of Aβ. While BACE is generally classified as BACE1 and BACE2, elenbecestat shows relative selectivity to BACE1 which is potentially related to Aβ production in the brain. Elenbecestat is currently in Phase Ⅲ studies aiming for launch shortly after fiscal 2020.

Investigational anti-Aβ protofibrils antibody BAN2401 (co-development with Biogen Inc.)

This anti-Aβ protofibrils antibody is in-licensed from BioArctic AB. BAN2401 has a unique characteristic to bind and reduce highly toxic Aβ protofibrils. In July 2018, the final analysis at 18 months of Phase Ⅱ study of BAN2401 achieved statistical significance in both endpoints of slowing in clinical decline and reduction of Aβ accumulated in the brain.

Investigational anti-Aβ antibody aducanumab (co-development with Biogen Inc.)

This anti-Aβ antibody is discovered by Neurimmune AG and developed by Biogen Inc. Eisai has exercised its option to jointly develop and commercialize aducanumab in October 2017. Aducanumab is currently in Phase Ⅲ studies and the patient enrollment for the studies was completed in July 2018.

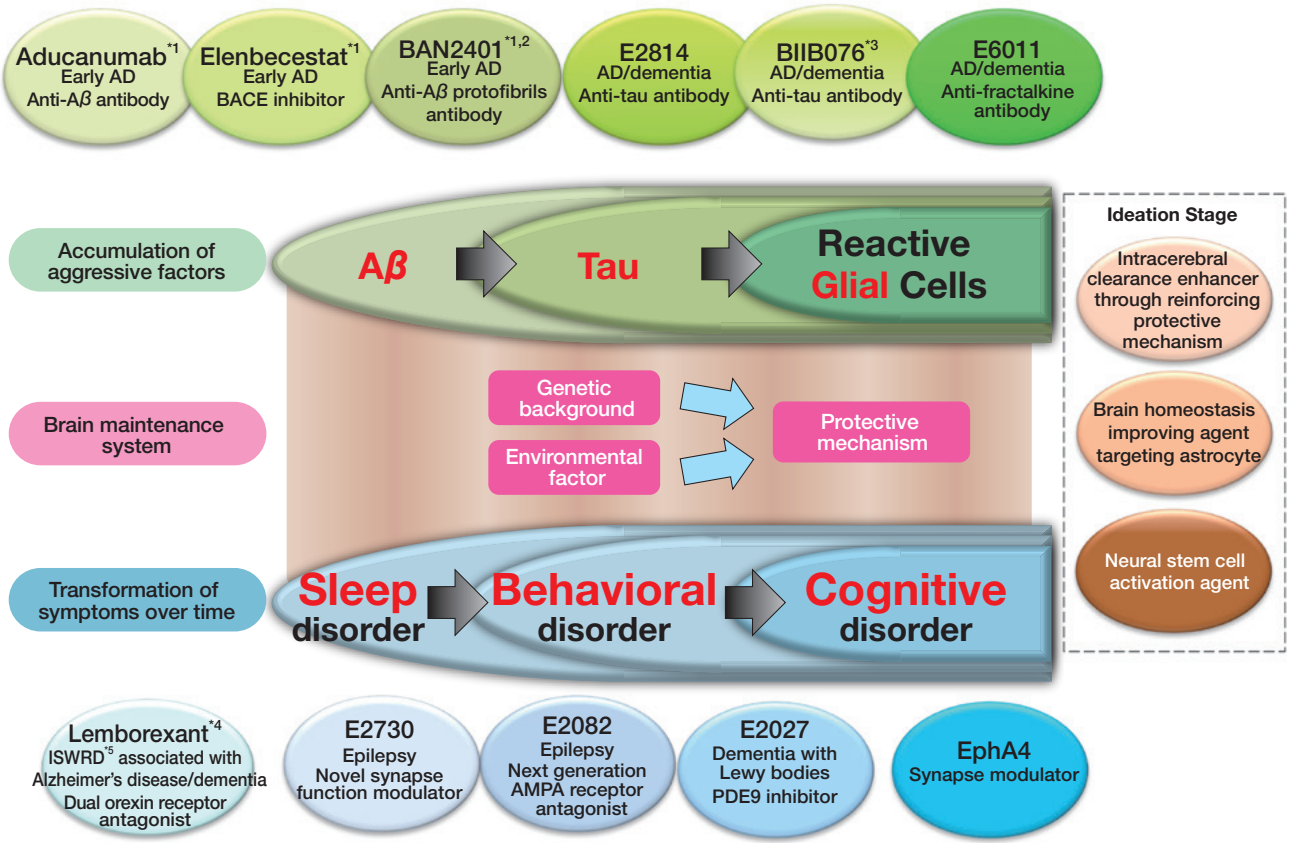
Investigational anti-tau antibody E2814

Eisai is independently developing an antibody to tau, which is considered one of the causative substances of Alzheimer's disease, and initiation of clinical studies is anticipated in fiscal 2018.

Investigational anti-tau antibody BIIB076 under development by Biogen Inc.

Biogen Inc. is currently conducting a Phase Ⅰ study for BIIB076. Eisai has a right to exercise its option for joint development and commercialization after the completion of the Phase Ⅰ study.

New Paradigm of Drug Discovery against Dementia: Three Pillars and 11 Projects under Development



∗ AD: Alzheimer's disease
∗1 Co-development with Biogen Inc.
∗2 Licensed-in from BioArctic AB
∗3 Developed by Biogen Inc. Eisai has an option to jointly develop and commercialize.
∗4 Co-development with Purdue Pharma L.P.
∗5 ISWRD: Irregular sleep-wake rhythm disorder

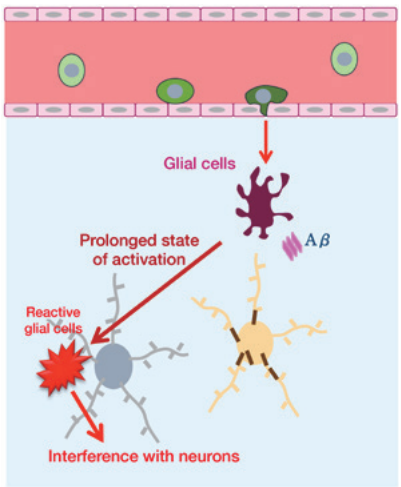
Eisai believes that it is important to focus on three pillars for the development of next-generation dementia treatments: 1. **Accumulation of aggressive factors**, such as Aβ , tau and reactive glial cells 2. **Transformation of symptoms over time** which sleep disorder, behavioral disorder and cognitive disorder are considered to appear in order, and 3. **Brain maintenance system**.

Medicine Creation Targeting Accumulation of Aggressive Factors

Development of next-generation AD treatments has been conducted focusing on **aggressive factors, such as Aβ and tau**. Eisai is developing BACE inhibitor **elenbecestat**, anti-Aβ protofibrils antibody **BAN2401** and anti-Aβ antibody **aducanumab** under the collaboration with Biogen Inc. In addition, in-house anti-tau antibody E2814 is currently under development. Eisai has an option to jointly develop and commercialize anti-tau antibody **BIIB076**, which is under development by Biogen Inc.

Eisai has projects focusing on **reactive glial cells**. Glial cells, which phagocytose Aβ and tau, turn reactive glial cells that are thought to induce neural cell damages by releasing excessive inflammatory factors when they are in activation state for a long period of time, along with Aβ and tau aggregation. Anti-fractalkine antibody **E6011**, which is under development targeting for rheumatoid arthritis and inflammatory bowel diseases, is thought to bind with fractalkine, a chemokine that is induced on vascular endothelial cells during inflammation, and by suppressing either the inflammation or the immune cell activity, prevents reactive glial cells from interfering with neurons.

Neuron interference by reactive glial cells



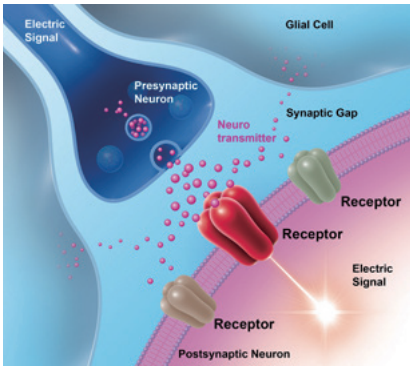
Medicine Creation Targeting Transformation of Symptoms Over Time

In recent years, the occurrence of transformation of symptoms over time has become increasingly known: It starts as a **sleep disorder** 10 to 20 years before the diagnosis of dementia, followed by **behavioral disorder** then **cognitive impairment**, in that order. It is known that sleep facilitates the excretion of Aβ from the brain. A sleep disorder may also accelerate the accumulation of Aβ and potentially lead to Alzheimer's disease. Eisai is conducting clinical studies for **lemborexant**, an antagonist to dual orexin receptors, which are involved in the regulation of sleep and awakening; submission for insomnia disorder indication is anticipated in fiscal 2018. In addition, Eisai is conducting a Phase Ⅱ study for patients with irregular sleep-wake rhythm disorder (ISWRD) due to Alzheimer's disease/dementia.

Depression, epilepsy, anxiety, dysosmia and other forms of behavioral disorders are considered to follow sleep disorders. It is considered that suppression of behavioral disorders would potentially delay the onset of Alzheimer's disease. Eisai also develops new drugs for epilepsy and other neurological disorders. For example, **E2082** is a next generation AMPA receptor antagonist and **E2730** is a novel synapse function modulator. Furthermore, Eisai is developing **E2027**, a PDE9 inhibitor targeting dementia with Lewy bodies. Eisai is also conducting a study for **drug discovery targeting EphA4**, which concerns synapse stabilization.

The tip of a neuron is called a synapse and has a swelled nodular shape. Synapses do not appress adjacent neurons and this slight gap between neurons is called a synaptic gap. In a synaptic gap, an electric signal is changed into a chemical substance (a neurotransmitter) that transmits information to the next neuron. When an electric signal is transmitted to the synapse, a neurotransmitter from the synapse vesicle is secreted in the synaptic gap and binds with a receptor in the cell membrane of the next neuron. An electric signal impulse then occurs and information is transmitted to the next neuron. In dementia patients, accumulation of abnormal proteins such as Aβ cause dysfunction of the synapses, which leads to loss of synapses and death of neurons.

Synapse micro-environment



Eisai is working on projects to revitalize neurons by improving the synapse micro-environment and restoring synapse function.

Medicine Creation Targeting Brain Maintenance System

It is a known fact that the brain has many protective mechanisms. It is reported that the brain's protective mechanisms include functions that phagocytose and remove foreign substances such as Aβ, functions that repair damaged neuronal cells as well as functions that promote the regeneration of neural cells through neural stem cell differentiation.

The brain is composed of neural cells, glial cells and blood vessels. Glial cells play a role in maintaining the existence of neural cells and the brain environment, as well as supporting metabolism. Accounting for approximately 10 to 50 times the number of neural cells, glial cells make up more than half of the cells in the human brain. The most common type of glial cell is the **astrocyte**. Similar to neural cells, astrocytes are known to receive neurotransmitters and release various transmitters, and are believed to structurally support the brain and act as a mechanism for stimulating neural transmission and nourishment. Another type of glial cell is **microglia**, which are known as cells that exert immune functions in the central nervous system. In a normal state, microglia move about in a ramified form and survey the surrounding environment, and when activated, migrate to the site of injury and phagocytose damaged cells and extracellular proteins such as Aβ.
Believing that the brain maintenance system supported by these protective mechanisms can be considered as an important target for new drug discovery aiming to cure dementia, Eisai has commenced **joint research with Keio University** in this area.

Intellectual Capital | Social and Relationship Capital

Initiatives for Dementia Area

Offering Solutions that Go Beyond Providing Pharmaceuticals

Undertaking a variety of activities for solving issues faced by patients, their families and the community and for building a foundation for a society that coexists with dementia

A 20-Year Journey with Aricept® -Enhancing Recognition of Dementia in the World

Eisai launched the in-house developed dementia treatment Aricept® in 1999. The introduction of Aricept® as Japan's first Alzheimer's disease treatment provided patients and their families with great hope. In the following section, Dr. Kazuo Hasegawa, Director Emeritus at the Tokyo Dementia Care Research and Training Center, describes the differences between the situation today and the times prior to the launch of Aricept® when there were no treatments for dementia.

"Donepezil was a ray of light in the darkness."
"During my practicing days, doctors had no available treatments for Alzheimer's disease even when the disease was diagnosed at an early stage. Because of this, doctors would express their regrets to patients and their families with a sense of powerlessness and futility. Now, donepezil (Aricept®) can be administered at clinical sites and this is providing patients, their families as well as doctors with a sense of hopeful fulfillment. This hopefulness is one of the major differences from the feeling of powerlessness that I recall from the past."

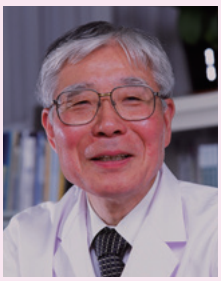
Dr. Kazuo Hasegawa (2009)
Director Emeritus, Tokyo Dementia Care Research and Training Center

Back then, however, dementia was still described in Japan as "senility," and the understanding of this disease and its diagnostic methods had not adequately spread throughout society. Eisai was acutely aware that the environment surrounding dementia patients would never change just by providing Aricept®. Acting on this recognition, Eisai proactively promoted a variety of initiatives to break through the status quo approach toward dementia. First, Eisai repeatedly carried out disease awareness activities for Alzheimer's disease through civic forums and its website. To date, Eisai has held meetings for dementia disease awareness on approximately 2,000 occasions in Japan and around 10,000 times globally. For the diagnosis of dementia, Eisai has actively worked to promote the spread of simple diagnostic methods, such as the Hasegawa Dementia Scale and MMSE*, which are more suitable for clinical practice. In 2000, Eisai launched the Japan Academy for Alzheimer's Disease together with doctors. This was set up in order to promote discussions about various issues regarding dementia among medical specialists and primary doctors that transcend fields of medical care and to support a proper paradigm shift. This academy, which was attended by 300 people at the first session, is now attended by approximately 1,500 doctors each year.

Meeting of the Japan Academy on Alzheimer's Disease

These initiatives have produced positive results and have helped significantly increase the awareness of dementia throughout the world. Dr. Shigeki Kuzuhara, Professor Emeritus at Mie University, describes these changes below.

"For me, the most notable and greater-than-expected effect of Aricept® in Japanese society was the major change in the approach and awareness in dealing with dementia. Prior to the launch of Aricept®, dementia was regarded as a symptom of aging. There was little awareness that this was a disease needing therapeutic intervention. The arrival of Aricept® transformed this awareness. I believe this was a major turning point that led to efforts to overcome dementia with the involvement of not just medical practitioners, patients and caregivers but also with the participation of all citizens in Japan. The limitations of drug therapy with Aricept® were also clearly demonstrated at the same time and this helped promote a wide acceptance of the importance of care for coping with peripheral symptoms (Behavioral and Psychological Symptoms of Dementia (BPSD))."



Dr. Shigeki Kuzuhara (2013)
Dean, Graduate School of Health Science
Professor, Department of Nursing, Faculty of Nursing, Suzuka University of Medical Science
Professor Emeritus (Neurology), Mie University School of Medicine

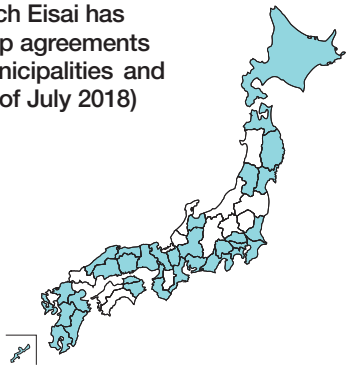
*MMSE (Mini Mental State Examination) was developed in the U.S. in 1974 for diagnosing dementia and other diseases. This is an examination mainly for measuring recall, calculation ability, language ability and orientation.

Increase in Partnership Agreements for Dementia

Taking a cue from the launch of Aricept®, Eisai has conducted disease awareness activities and the provision of information in cooperation with local governments and medical associations. In 2008, we started activities to support the building of communities living with patients with dementia, aiming for more concrete activities based on the accumulation of experience and knowledge.

In 2010, Eisai entered into a community development partnership with Asahi Ward in Yokohama City. This was the first agreement to support dementia patients at the community level in Japan. Through this agreement, we have compiled numerous achievements. These include implementing a community needs survey to formulate the Asahi Ward Welfare Plan; participating in the Home Medical Care Liaison Council; holding a study workshop with the Area Comprehensive Support Center and consulting doctors; and convening a study workshop for specialists. These achievements earned high acclaim and we expanded these partnership agreements to regions across Japan. We have concluded partnership agreements for dementia with 138 municipalities/medical associations/pharmacist associations in Japan as of the end of July 2018. Our partnership network covers 34 prefectures, as shown in the figure below. We aim to expand the network to all prefectures in Japan.

34 prefectures in which Eisai has concluded partnership agreements for dementia with municipalities and others (as of the end of July 2018)



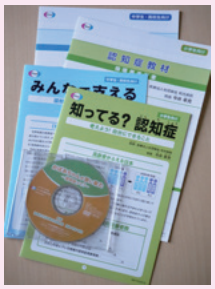
Developing the *hhc* Solutions Business: Aiming to Build the Foundation for a Society that Coexists with Dementia

Throughout almost 20 years of disease awareness activities in the dementia area, Eisai learned that the provision of pharmaceuticals was not enough to satisfy the truly unmet dementia-related needs. Since April 2016, Eisai has engaged in the business of providing a variety of solutions in cooperation with partners including counterparts of the dementia partnership agreements to meet the unmet needs of patients and their families and build the foundation for a society that coexists with dementia.

Educational materials on dementia

Children and students are less likely to be exposed to patients with dementia due to the trend of nuclear families. Eisai started to sell teaching materials for elementary and junior high and high school students in December 2017, considering it as very important to learn about dementia, and think and discuss together how patients with dementia feel and how people should treat them.

We created a DVD which is a live action drama of a grandmother with dementia and her family. It helps viewers learn how patients with dementia feel and how to treat them. Textbooks for students and guides for instructors are also available.



Educational materials on dementia

Use of educational materials on dementia in community-run seminars for training young supporters of patients with dementia

We interviewed Dr. Tsutomu Hamada, the director of Kiire Hamada Clinic. He is devoted to dementia education for children and has been holding a number of dementia seminars at elementary and junior high schools.

Q: How did you become involved with dementia education?

A: When my grandmother developed dementia, I was sad because as an elementary school student I didn't know how to cope at the time. I want children to understand dementia and learn about the disease early on, which motivated me to get involved in dementia education.

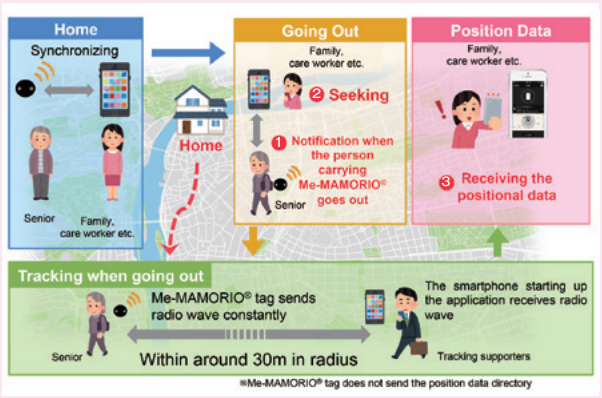
Q: How do you use the educational DVD?

A: We held a young supporter training seminar at Hitokura Elementary School in Kagoshima on January 23, 2018. The staff from the Community General Support Center and local residents participated as well as students, their guardians and teachers. After all the participants watched the DVD, they were divided into groups to think and discuss how the grandmother felt and how they should interact with her. I'm sure it helped that the participants gain a stronger interest and a deeper understanding of the disease.

Dr. Hamada's seminars

A tool to support going out “Me-MAMORIO®”

In September 2017, Eisai launched “Me-MAMORIO®” in Japan. It is a tool to support people with dementia and seniors going out freely. Me-MAMORIO® is a lightweight device that looks like a round button for the sake of portability, aimed at people with dementia and seniors. Me-MAMORIO® can be sewn onto a jacket or hat or put in a bag or wallet.



Eisai and joint development partner MAMORIO, Inc. performed demonstration experiments aiming for implementation in cooperation with local governments and community residents. The results were used for refining Me-MAMORIO®, including modifying the shape and weight of tags to make them easier to carry and improving the accuracy of positional data. Additionally, it was determined that in conjunction with the usage of Me-MAMORIO®, it would be important to create a supportive environment, including a human network, in order to support people with dementia and seniors going out freely.

Together with the widespread use of Me-MAMORIO®, Eisai is supporting the establishment of an environment where the community as a whole can look out for people with dementia and seniors.

Dr. Kazuhiro Ota, chairman of Takehara Healthcare and Nursing Association

At Hiroshima Takehara Healthcare and Nursing Association, we concluded a cooperation agreement with Eisai on building a community that coexists with dementia in July 2016. We established a dementia watch group to conduct training to help the lost and wandering elderly persons using with a tracking tool to support them when they go out and set up a network for watching over the elderly. We have made efforts to raise awareness through civic forums and movie screenings, and conduct approach training. During the training, by ascertaining the approximate position with Me-MAMORIO®, participants could approach and find a missing person more easily and quickly than when they only have information about the person’s clothes or gender. We would like to continue activities for increasing awareness and understanding of dementia while building a watching-over network using Me-MAMORIO®.

Dr. Kazuhiro Ota

The director of Ota Orthopedic & Intermedicine Clinic

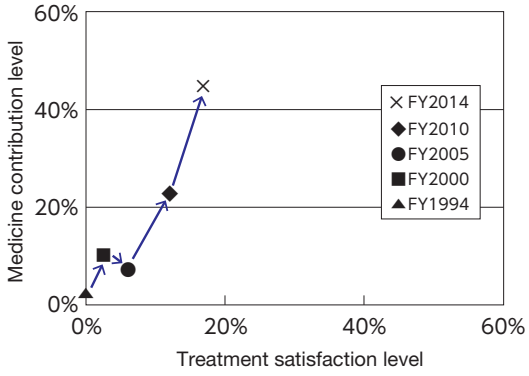
Chairman of Takehara Healthcare and Nursing Association

Aiming to Further Raise Patient Satisfaction Levels

Approximately every five years since fiscal 1994, the Japan Health Sciences Foundation has implemented a questionnaire survey mainly targeting physicians that asks about treatment satisfaction levels and medicine contribution levels for 60 socially important diseases. According to this survey, treatment satisfaction levels and medicine contribution levels for Alzheimer’s disease are steadily rising even though these are still lower compared with other diseases. Eisai believes these increases are a manifestation of the positive results of Eisai’s activities centering on disease awareness activities and support for “community building” in addition to the provision of Aricept®.

Eisai will make its utmost efforts to satisfy the needs of patients and their families.

●Trends in treatment satisfaction levels and medicine contribution levels for Alzheimer’s disease



Source: Japan Health Sciences Foundation, Fiscal 2015 Domestic Basic Technology Survey Report “Survey on Medical Care Needs for 60 Diseases and New Medical Care Needs II”

Aim to realize new value creation through innovative business models

Terushige Iike (Left)
Senior Vice President
President, Oncology Business Group

Takashi Owa (Right)
Vice President
Chief Medicine Creation Officer, Oncology Business Group,
Chief Discovery Officer, Oncology Business Group

Strengths

1. Capability to create products supported by superior drug discovery science and organic synthetic chemistry
2. Maximization of patient contribution and product value based on our "Ricchi" * strategy, which aims to fulfill unmet medical needs and establish position as a standard treatment
3. Strategic partnerships that enable the realization of new value creation
4. Progress of pipeline following Halaven® and Lenvima® (E7386, MORAb-202, E7130, H3B-6527, H3B-8800, H3B-6545)

* For further details, please refer to page 21.

Weaknesses

1. Discovery of biologics (antibody drugs) following MORAb-202
2. Proactive initiatives based on predicting the rise of innovative new therapies (game changers) are still at an early stage

Opportunities

1. Expansion of oncology market along with creation of high value-added drugs, as well as economic growth in developing and emerging countries
2. Reform of regulatory environment in China
3. Change in treatment system through artificial intelligence (AI) and innovation in diagnostic technology

Threats

1. Revolutionary competitive products entering the market
2. Increasing pressure to lower drug prices as governments promote policies to reduce healthcare costs

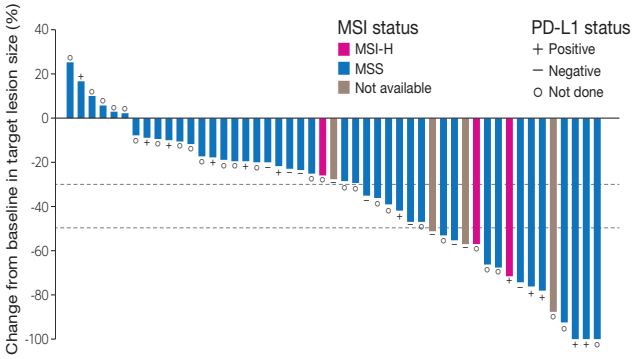
Q: What are Eisai's strengths in the area of Oncology?

A: Iike Our greatest strength is **capability to create products supported by superior drug discovery science and organic synthetic chemistry.** Lenvima® is a unique in-house tyrosine kinase inhibitor, possessing a novel binding mode for target kinase and an inhibitory action for FGFR (fibroblast growth factor receptor) or RET, created through an original drug discovery approach and superior drug discovery science.

Halaven® is an in-house microtubule dynamics inhibitor which endorses our superior organic synthetic chemistry. In pharmaceutical R&D, finding innovative candidate compounds during the basic research stage is of course very important. But equally important is the technology to efficiently synthesize the compound and link it to commercial production. In that sense, I think that Halaven® was truly innovative, as it was created via the successful industrial synthesis of a naturally-derived compound with a complex chemical structure; a groundbreaking achievement at the time.

Owa Lenvima® was created from the unique fusion of the innovative and distinctive *in vitro* and *in vivo* model system established by the Tsukuba Research Laboratory biology team and an extremely intricate drug design by the chemistry team. The project team didn't just focus on the creation of VEGF (vascular endothelial growth factor) pathway inhibitors. Rather, their design concept was to look at the entire tumor angiogenesis process, and by inhibiting it, produce life extending effects *in vivo*. As a result, Lenvima® has a unique mechanism of action which selectively inhibits both the kinases involved in maintaining the tumor microenvironment and the kinases involved in the proliferation of cancer cells, in a well-balanced way.

●The tumor regression effect by combination therapy of Lenvima® with KEYTRUDA® on endometrial cancer*



*Presented at American Society of Clinical Oncology 2018 Annual Meeting

like Another strength is **our initiatives to maximize product value based on "Ricchi" strategy, which focuses on competitive superiority and differentiation.** Indication expansion for Lenvima® is proceeding very smoothly. Lenvima® is approved for the treatment of thyroid cancer in over 50 countries, and also approved in combination with everolimus for the treatment of renal cell carcinoma (second-line) in over 45 countries. Regarding the third indication of hepatocellular carcinoma, we obtained approval in Japan in March 2018, and in the U.S., Europe and South Korea in August 2018, and are aiming to obtain approval in China in fiscal 2018.

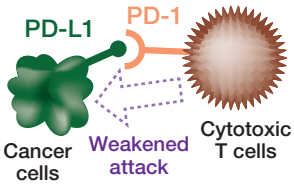
Additionally, Phase Ⅲ study (Study 307) in combinations with anti-PD-1 antibody KEYTRUDA® or everolimus in renal cell carcinoma (first-line for patients without systemic therapy) is underway.

Moreover, we are conducting clinical studies evaluating the combination of Lenvima® and KEYTRUDA® in multiple cancer types. Study 111 is ongoing for renal cell carcinoma, endometrial cancer, head and neck cancer, non-small cell lung cancer, urothelial cancer and melanoma. Study 116 is ongoing for hepatocellular carcinoma. We have obtained favorable results in these studies so far. For example, 47.2% ORR (independent imaging review) has been observed in patients with endometrial carcinoma, which suggests the potential for significant contribution to patients. We received Breakthrough Therapy Designation from the FDA for combination therapy with advanced and/or metastatic non-microsatellite instability high (MSI-H)/proficient mismatch repair endometrial carcinoma in July 2018.

Synergies in anticancer effect have been observed with the combination of Lenvima® and anti-PD-1 antibody. Results from preclinical studies showed that antitumor activity of the anti-PD-1 antibody was enhanced with Lenvima® administration by reducing tumor-associated macrophages (TAM) and increasing activated cytotoxic T cells, which attack cancer cells.

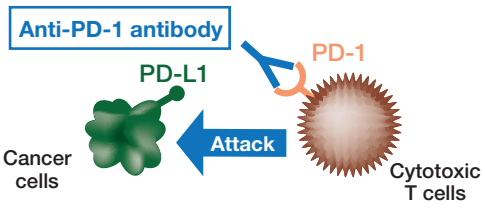
●The main mechanism to strengthen efficacy of anti-PD-1 antibody by Lenvima®

Self-protection of cancer cells against cytotoxic T cells



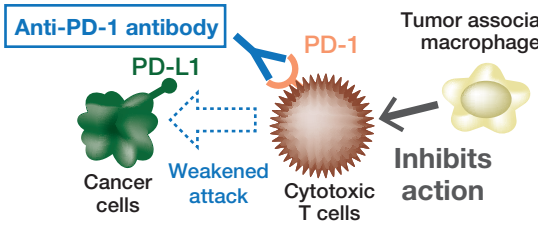
To protect themselves, cancer cells inhibit the action of cytotoxic T cells attacking cancer cells through the binding between PD-1 and PD-L1

The work of anti-PD-1 antibody



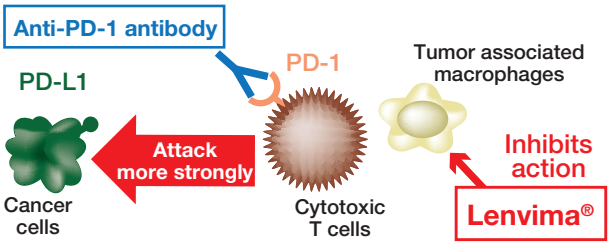
The anti-PD-1 antibody releases the brake on the cytotoxic T cells by inhibiting the binding between PD-1and PD-L1, which results in attacking the cancer cells

The mechanism of tumor associated macrophages



Tumor associated macrophages are cells that cancer cells activate to protect themselves and inhibit the attack of cytotoxic T cells

The mechanism of Lenvima®

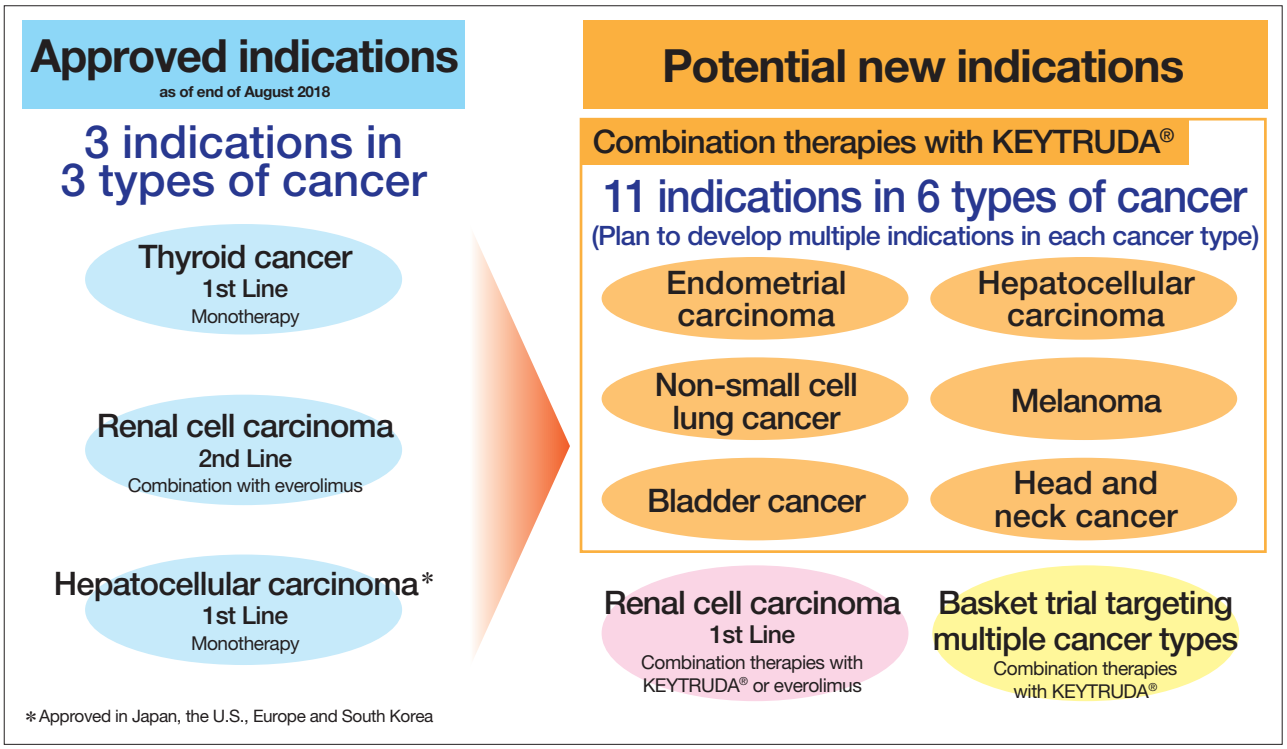


Lenvima® activates cytotoxic T cells by inhibiting the action of tumor associated macrophages, which results in attacking the cancer cells more strongly

The agreement of strategic collaboration with Merck & Co., Inc., Kenilworth, N.J., U.S.A. (U.S. Merck) concluded in March 2018 to maximize the potential of Lenvima® is a game-changer. Under the collaboration with U.S. Merck, clinical studies for 11 indications in six types of cancer; endometrial carcinoma, hepatocellular carcinoma, non-small cell lung cancer, head and neck cancer, melanoma and bladder cancer, will be conducted. Moreover, a basket trial targeting other multiple cancer types will be conducted simultaneously aiming to seek further potential to expand indications.

As a result, the collaboration will significantly expand contribution to patients and lower the costs and risks in development by sharing R&D costs with U.S. Merck. Even though U.S. Merck has conducted clinical studies on combinations of KEYTRUDA® with other tyrosine kinase inhibitors (TKI), this is the first time for them to develop a combination through this kind of comprehensive collaboration. We believe Lenvima® has potential as the best TKI suitable for combination therapy with an anti-PD-1 antibody.

● Indications of Lenvima®



● Payments received under agreement with U.S. Merck

Maximum of up to 5.76 billion U.S. dollars in total (approx. 611.0 billion yen*)

▶ **One-time payment: 950 million U.S. dollars (approx. 101.0 billion yen*)**

- Upfront payment: 300 million U.S. dollars (approx. 32.0 billion yen*) (Received in March 2018)
- One-time option payments associated with U.S. Merck exercising for certain option rights: 650 million U.S. dollars (approx. 69.0 billion yen*)

  Plan to receive 325 million U.S. dollars in fiscal 2018, 200 million U.S. dollars in fiscal 2019, 125 million U.S. dollars in fiscal 2020

▶ **Reimbursement for R&D payment: 450 million U.S. dollars (approx. 48.0 billion yen*)**

- 450 million U.S. dollars of reimbursement for R&D payment was received in March 2018 and was booked in deposits. The deposits will be withdrawn as Eisai's share of the R&D expenses concerning Lenvima® occurs, and then booked as the reversal of R&D expenses.

▶ **Milestone payments: Maximum of up to 4.36 billion U.S. dollars in total (approx. 462.0 billion yen*)**

- Clinical and regulatory milestones: Up to 385 million U.S. dollars (approx. 41.0 billion yen*)

  including regulatory approval of indications in hepatocellular carcinoma or renal cell carcinoma
- Milestones associated with sales of Lenvima®: Maximum of up to 3.97 billion U.S. dollars (approx. 421.0 billion yen*)

*USD 1=106 yen

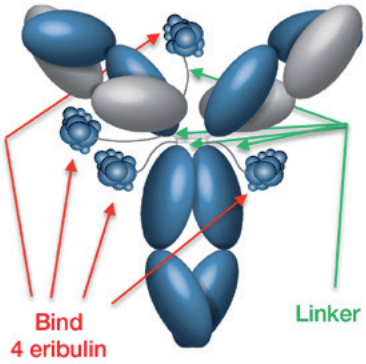
Q: What is the development status of next-generation products that will follow on from Halaven® and Lenvima®?

A: Owa **As a third flagship drug candidate, the small molecule agent E7386 has the potential to follow Halaven® and Lenvima®**. We believe that it significantly enhances efficacy in combination therapy with Lenvima® or anti-PD-1 antibody through inhibition of interaction of proteins (CBP and β-catenin) located downstream of Wnt signaling pathways.

As for biologics (antibody drugs), **a Phase Ⅰ study is ongoing for Eisai's first antibody drug conjugate (ADC) MORAb-202**. ADCs are next-generation antibody drugs, in which antibody drugs and small molecular drugs (payloads) are chemically conjugated via a suitable linker. MORAb-202 is Eisai's unique investigational ADC which combines the antibody drug farletuzumab, developed with the antibody technology of our subsidiary Morphotek, Inc., and eribulin (Halaven®), a masterpiece of modern organic synthetic chemistry with a novel mechanism of action that impacts the tumor microenvironment. MORAb-202 showed enhanced efficacy and antitumor activity in triple-negative breast cancer and its tumor microenvironment. Morphotek, Inc., seeks to expand its business not only focusing on creating biologics following MORAb-202, but also the possibility of taking on contract research outsourcing business.

Eisai's First Antibody-Drug Conjugate (ADC) MORAb-202

This ADC is a combination of farletuzumab, an in-house discovered antibody currently in clinical development, and eribulin, a masterpiece of modern synthetic organic chemistry.



One of our other candidates is the middle molecule compound E7130, which is a compound synthetically produced from halichondrin through joint research with Harvard University utilizing Eisai's strength in synthetic organic chemistry. We position E7130 as a microenvironment modulator with different characteristics from eribulin and Phase Ⅰ study is ongoing for solid tumors.

Furthermore, **Phase Ⅰ study is ongoing for estrogen receptor 1 inhibitor H3B-6545, discovered by our subidiary H3 Biomedicine Inc.** H3B-6545 targets hormone receptor positive and HER 2 negative breast cancer, and has potential efficacy in patients resistant to hormone therapy. **H3 Biomedicine Inc. has a rich pipeline, conducting Phase Ⅰ studies for two other compounds of splicing modulator H3B-8800 and FGFR4 inhibitor H3B-6527**.

We believe the strategic collaboration in oncology with U.S. Merck enables us to proactively invest in R&D projects. In addition to small molecule compounds, which Eisai has strengths in, we are conducting medicine creation research leveraging Eisai's uniqueness from middle molecule compounds to biologics (antibody drugs).

Q: Are there any marketing challenges for the expansion of Lenvima®?

A: like With regard to the second line treatment of advanced renal cell carcinoma, the largest market is the U.S. Even with intensifying competition following the emergence of anti-PD1 antibodies, we think that there is sufficient evidence that the combination therapy of Lenvima® and everolimus will be competitive. This combination therapy was granted Breakthrough Therapy and Priority Review Designation from the FDA and approved based on the results of Phase Ⅱ study. Recognition of the combination therapy of Lenvima® and everolimus is still low, but we can expect increased recognition of Lenvima® through ongoing Phase Ⅲ study for the first line treatment for renal cell carcinoma as well as co-commercialization with U.S. Merck.

Additionally, in December 2017 the U.S. FDA granted Breakthrough Therapy Designation for combination therapy of Lenvima® and KEYTRUDA® in the treatment of renal cell carcinoma, under co-development with U.S. Merck.

On the other hand, with regard to the treatment for hepatocellular carcinoma, sorafenib is the only systemic therapy approved in 10 years, and there are still regional gaps in the treatment algorithm. A local treatment including transcatheter arterial chemoembolization (TACE), tends to be the most common treatment option. We have to maximize contribution to patients by introducing the right timing for pharmaceutical therapy by capitalizing on the launch of Lenvima®. And also, we strive to promptly expand contributions to patients under the collaboration with U.S. Merck.

Q: What are the opportunities and threats in the oncology area?

A: like It is thought that the creation of ground-breaking high value-added drugs will **further expand the oncology market.** In addition, we expect the market to expand along with economic growth in developing and emerging countries.

Owa The launch of innovative products by the competitors is a large threat, but not one that will necessarily take growth opportunities from us. Currently the combination therapies are becoming standard, so if we can demonstrate the scientific rationality of using our agents in combination with new products, then we can dramatically increase our growth potential. For Lenvima® and Halaven®, we are actively developing combination therapies with anti-PD1 antibodies and molecular targeted drugs. The key in this case is to demonstrate rational combination mechanisms in both clinical and nonclinical studies.

At the same time, in terms of R&D organization management, we try to cultivate an environment where researchers can seek innovative treatment with potential to be a game changer and move first without fear of failure. In the oncology area which changes rapidly over time, it is tough to recover quickly once you lose the initiative and the core of the treatment algorithm is occupied by other companies.

like Many governments around the world are implementing policies to reduce healthcare costs, and as a result, there is increasing pressure to lower drug prices, which is a threat to our business. High priced anticancer agents are appearing one after another on the market, so setting reasonable prices is a very important issue for us. We feel that drug prices should be determined based on the fundamental value that they provide to patients. We are striving to create drugs that bring true value to patients, but at the same time, we believe that the value of innovation should also be appropriately reflected in the price.

In addition, the thinking behind the categorization of diseases and indications is rapidly changing in line with **radical advances in artificial intelligence (AI) and technology for diagnosis.** This can be either an opportunity or a threat for our business. For example, the U.S. FDA approved KEYTRUDA® for the treatment of solid tumors in adult and pediatric patients with unresectable or metastatic, microsatellite instability-high (MSI-H) or mismatch repair deficient under the Accelerated Approval Program. It was a cutting-edge event for the pharmaceutical industry since the approval is not based on primary site of cancer, but focuses on characteristics of cancer prescribed by biomarkers. In the near future, it is quite possible that a new drug will be approved across internal organs with innovations in biomarkers found based on AI analysis of pharma-related big data, which has never been analyzed sufficiently so far. Eisai seeks to convert such threats into opportunities by promptly responding to changes in the treatment algorithm, proactively utilizing AI technology, and leading evolution in cancer treatments.

Owa We recognize that we have an opportunity and the responsibility to position Lenvima® as a first-line therapy and standard of care in a clinical setting. We believe that the combination therapy of Lenvima® and KEYTRUDA® has the potential to be one of the most commonly used chemotherapies for a wider variety of cancers. From the precise analysis of cancer genome information in recent years, it has been found that cancer will evolve in accordance with the environment where each patient is placed. The anticancer agent administered to the patient is an important environmental factor, and treatment with Lenvima® has the potential to control cancer evolution. I think that being able to formulate a therapeutic strategy by directing cancer evolution with Lenvima® and conversely utilizing it is the greatest strength for Eisai, who owns Lenvima®, and our partner. In fact, we already have next generation treatment candidates that aim to cure cancer within the new treatment algorithm created by Lenvima®.

Accumulation of Experience and Knowledge from Global Business Activities

Eisai has been developing global business activities on its own and accumulating experience and knowledge over many years. Eisai's history of overseas operation dates back to the foundation of a local affiliate company in Southeast Asia in the late 1960s. From the 1980s to the early 1990s, Eisai created a three-hub R&D network in Japan, the U.S. and Europe. From the 1990s to the early 2010s, Eisai established pharmaceutical subsidiaries in major countries worldwide in line with the expansion of Alzheimer's disease treatment Aricept® and proton-pump inhibitor Pariet®.

Developing global business activities independently is always associated with difficulty. However, Eisai considers that it is important to overcome any difficulty and accumulate experience and knowledge to leverage for future growth. This is how Eisai has built a solid business foundation in Japan, the U.S., Europe, China, and Asia.

●Drug creation site ●Production site

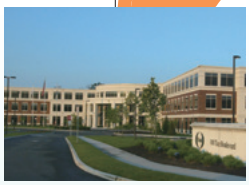
Americas (North America)

H3 Biomedicine Inc.
(Cambridge, Massachusetts, U.S.)
●Drug discovery research

Eisai Center for Genetics Guided Dementia Discovery (G2D2)
(Cambridge, Massachusetts, U.S.)*2
●Drug discovery research

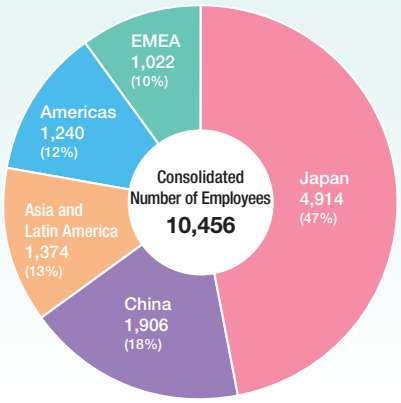
Baltimore Plant (U.S.)
●Formulation and packaging (only wafers)

Morphotek, Inc.
(Exton, Pennsylvania, U.S.)
●Drug discovery and development research
●API production (only products under development)

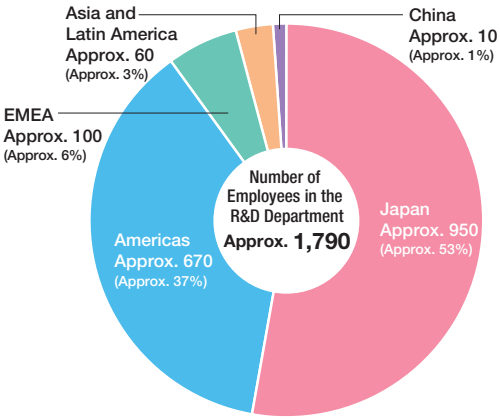


Eisai Inc.
(Woodcliff Lake, New Jersey, U.S.)
●Clinical research

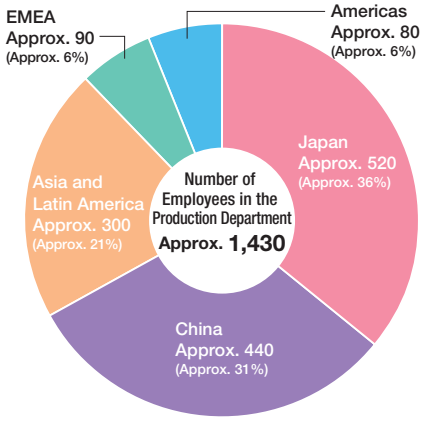
Number of Employees*1



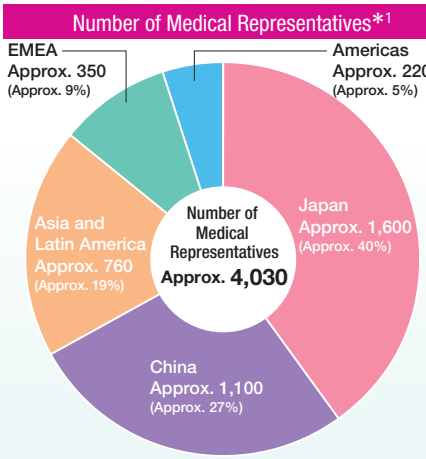
Number of Employees in the R&D Department*1



Number of Employees in the Production Department*1



Number of Medical Representatives*1



*1 The numbers of employees shown above is as of the end of March 2018. The numbers include staff dispatched to Eisai Co., Ltd. from other group companies, and excludes the employees of Eisai Co., Ltd. who are on loan to other group companies. The number of medical representatives includes those whom are heads of organizations.
*2 G2D2 is scheduled to commence operation in the first quarter of fiscal 2019. Once G2D2 commences operation, the current Andover innovative Medicines Institute will be closed down.

Intellectual Capital

Global Business Activities

Drug Creation Activities

Creating innovation utilizing researchers' strong sense of mission as well as accumulated experience and knowledge

Akiko Nakahama (Left)
Corporate Officer
Head of Medicine Development Center
hhc Data Creation Center

Kappei Tsukahara (Right)
Senior Group Officer
Head of hhc Data Creation Center
Head of Tsukuba Research Laboratories

Strengths

1. Researchers' strong sense of mission to contribute to patients
2. Accumulation of experience and knowledge in drug creation activities for dementia (initiated in 1983) and oncology (initiated in 1987), as well as using natural products (research initiated in 1966)
3. Experience and knowledge of developing drug creation activities globally
4. Global strategic partnerships that enable increased probability of success and accelerated development with optimization of development and commercialization expenses

Weaknesses

1. Limited R&D expenditure compared with big pharma companies overseas

Opportunities

1. Expansion of the market accompanied by world population aging and an increase in the middle-income class
2. Expansion in drug creation opportunities in line with the improvement of scientific and diagnostic technologies
3. Increase in drug creation seeds as a result of strengthened cooperation among industry, government and academia

Threats

1. Successful development of epoch-making competitor products
2. Progress on breakthrough medical technologies

Q: Given that Eisai continues to develop in-house products one after the other, what do you think are Eisai's strengths in drug creation activities ?

A: Tsukahara The biggest strength is **our researchers' sense of mission to fulfill their responsibilities to contribute to patients through the creation of new drugs.** Eisai's researchers enter the company with substantial empathy for our *human health care* (*hhc*) philosophy of giving our first thoughts to patients and their families. All employees receive socialization training in which they spend at least 1% of their working time with patients. They learn the anxieties and frustrations about treatment from patients and apply this to their research activities.

In the development of anticancer agent Lenvima®, for example, we selected compounds by placing importance on the outcome, namely the extent to which the administration of the drug would help prolong a patient's life, not just the rate of tumor shrinkage. In an experimental animal model, we evaluated the medicinal effects of compounds using life prolongation as an index. This took a lot of time but we are confident that we have found the best compounds for patients. Swiftly delivering new drugs to patients requires the development activities to progress as efficiently and quickly as possible. However, it means nothing if you hurry too much and fail halfway. We capture the essence and never give up. The tenaciousness comes from a sense of mission, which is Eisai's strength.

hhc human health care

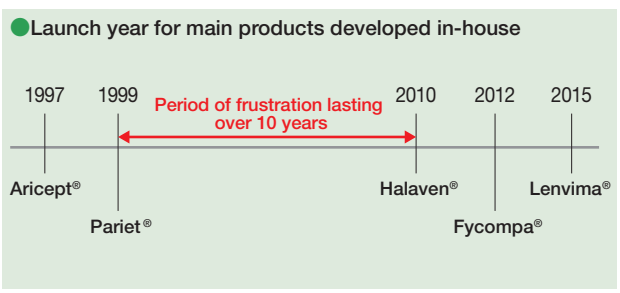
Nakahama In the area of dementia, our researchers have an extremely strong sense of mission to create new drugs to contribute to patients. The U.S. FDA has not approved any new drug for the treatment

of dementia since 2003. In that context, great hopes have been placed on Eisai for the creation of new dementia drugs as the company that created Alzheimer's disease treatment Aricept®. Numerous researchers who have learned the most advanced technologies about dementia in their academic studies join the company. Furthermore, Eisai has **over 35 years of experience and knowledge of drug creation activities for dementia.** Under this environment, our pipeline in the area of dementia has enhanced. The creation of new dementia drugs is Eisai's earnest wish and we want to make it come true as early as possible.

Tsukahara **Drug creation research on natural products, from which other companies are withdrawing, has been consistently underway at Eisai since 1966.** Natural products include compounds with structures exceeding human knowledge. There are many examples that natural products trigger drug development based on their unique activities. A representative result from natural product research in Eisai is the anticancer agent Halaven®. Halaven® was optimized as a medicine based on halichondrin B found in a marine sponge *Halichondria okadai*. It is said to be the most complicated structure in the world among industrially produced drugs. The organic synthesis technology and capability to develop drugs from natural products which created Halaven® are Eisai's core technologies.

For the employees of the R&D division, nothing would be more frustrating than being unable to create a new drug for a long time. After launching Aricept® and proton-pump inhibitor Pariet®, we were unable to create new drugs for more than 10 years until the launch of Halaven® in 2010. During that time, we unfortunately gave up developing some new drug candidates and became frustrated by being unable to fulfill our responsibilities to contribute to patients. **Our researchers used that frustrating experience to make even more strenuous efforts.** This led to the successful development and creation of new drugs and the current improvement of our pipeline.

Nakahama **Our knowledge from our experience with globally undertaking drug creation activities for many years** is another big advantage of Eisai. As Eisai globally conducts all of its discovery research, development research and clinical research, we have seen many successful cases. The most recent one



October 30, 2017
Acceptance of application documents at CFDA (China Food and Drug Administration) reception center

is **the New Drug Application (NDA) of Lenvima® for hepatocellular carcinoma in China**, which was successfully filed on October 30, 2017. I think this is a historic case of success in the pharmaceutical industry for two reasons. First, the application **used global Phase Ⅲ study results without conducting a local clinical study in China.** Second, **the NDA in China was filed nearly simultaneously with those in Japan, the U.S. and Europe** (the application in Japan was filed on June 23, 2017, and those in the U.S. and Europe were filed on July 24, 2017).

Obtaining new drug approval for an imported drug in China requires data from more than 100 Chinese patients per arm. In other countries, the regulatory authority's approval for the commencement of a clinical trial can usually be obtained in one to three months. However, it takes nearly one year in China. This makes it very difficult to enroll a predetermined number of Chinese patients in a global study. Therefore, clinical studies for applications in China are usually conducted separately from global studies. However, China has nearly half of the global number of hepatocellular carcinoma patients, everyone involved in this project at Eisai gathered their knowledge and tried to obtain data for applications in China from the global Phase Ⅲ study, based on the strong will to deliver Lenvima® to patients in China as soon as possible. As a result, we successfully enrolled 213 of 954 patients in China in the global Phase Ⅲ study.

On October 10, 2017, the Chinese authorities enacted a change in regulations, which allowed the NDA of an imported drug to be filed based on the results of a global study, even without filing an application for the exemption of the Clinical Trial Application (CTA). Eisai capitalized on the change and became the first manufacturer to achieve an NDA after the change in regulations. Conventionally, an examination period of nearly 16 months is required for an application for CTA exemption, which is expected to be shortened by the change in regulations.

From my perspective, **the success of the simultaneous applications in Japan, the U.S., Europe and China is attributable to the Eisai employees' dedicated sense of mission to contribute to patients and to Eisai's experience and knowledge from global activities in drug creation over many years.**

Q: What are Eisai's weaknesses in its drug creation activities? What kind of strategy are you developing to overcome these weaknesses?

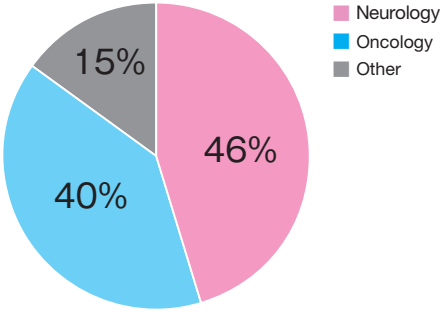
A: Nakahama Eisai considers the creation of new drugs to be the most important innovation and aggressively puts 20% or more of its consolidated revenue into R&D. However, **we have limited R&D expenditure in comparison with big pharma companies overseas.** To overcome this weakness, it is imperative for Eisai to have strategies to enhance the productivity and efficiency of its drug creation activities.

A: Tsukahara First, Eisai is thoroughly **selecting and concentrating on priority projects.** In April 2016, we started the medium-term business plan 'EWAY 2025', in which we chose neurology and oncology as the strategic areas of focus that have high unmet needs and would allow us to utilize our accumulation of knowledge and know-how. We have concentrated R&D resources in those area intensively. In fiscal 2017, we put **85% of the direct R&D expenditure into these two areas.** The business groups for these two areas centralize functions such as discovery/development, clinical, commercial and strategy/planning, and are organized so as to ensure that important decisions are made quickly. Chaired by the CEO, the Corporate Milestone Committee is organized and the priority of optimal pipelines is decided on a company-wide basis, which transcends the borders of discipline.

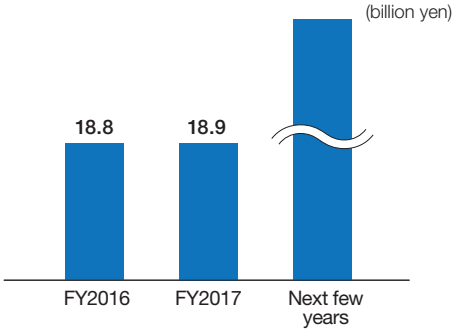
With an aim to enhance the quality of drug creation activities, the Eisai Scientific Advisory Board (ESAB), consisting of world-renowned scientific advisors, has played a large role in selecting priority projects since 2007. ESAB meetings are held regularly and attended by the CEO and members of the leadership concerned with drug creation. This enables ongoing discussions regarding subjects such as project reviews or the validity of research plans, backed up by the very latest scientific insight.

Nakahama The second strategy to overcome weaknesses is **utilizing the partnership model.** Joint development with partners who have diverse experience and know-how is a very effective way to increase the probability of success of new drug development and accelerate it. Also, partnerships greatly contribute to the dispersion of risk in R&D and investment efficiency. **In the consolidated income statement for fiscal 2017, our R&D expenditure is 139.6 billion yen (ratio to revenue: 23.3%), which does not include 18.9 billion yen, the amount of partners' share of costs. R&D expenditure inclusive of partners' share of costs is 158.5 billion yen (ratio to revenue: 26.4%).** The utilization of partnerships has streamlined our R&D expenditure, which can now be invested in candidates for next-generation flagship drug candidates. Under these conditions we can greatly expect a virtuous cycle for the creation of innovation.

●Direct R&D expenditure by area (fiscal 2017 results)



●Annual amount of partners' share of costs in R&D expenditure



Q: How will you train and develop researchers?

A: Tsukahara In addition to the "Socialization with Patients" Program, **our laboratories in the world organize research meetings annually** to stimulate the exchange of knowledge among researchers. The Tsukuba Research Laboratories has an annual meeting where nearly 100 presentations are made. Participants include researchers from around the world who are not from the Tsukuba Research Laboratories. This leads to the extensive exchange of knowledge and human resources.

In Japan, **discovery researchers are allowed to set up the project to create drugs within a few years after entering Eisai and can subsequently proceed the project as leaders**. As a project advances in stage, researchers covering pharmacokinetics, analytical research and many other fields join the project. A leader develops his/her capability including leadership, decision making and coordination through advancing the project while managing the members. Researchers covering a field other than discovery also participate in the projects when they are still new, representing the specialized field respectively. In this way they develop their skills and experience.

We also encourage the exchange of human resources with an aim to allow researchers to leverage their experience and skills and work actively from a wide perspective. For example, it is not unusual that discovery researchers are transferred to a clinical development organization or a medical division. Some return to the discovery research organizations and apply their experience in the clinical development or medical divisions, creating diverse career paths.

Q: What are your thoughts on opportunities and threats in drug creation activities?

A: Tsukahara In addition to the aging of the world's population, the middle-income class is expected to grow in emerging countries and developing countries. This will lead to **the continued expansion of the pharmaceutical market**. Also, we will have more drug creation opportunities by stimulating improvements of scientific and diagnostic technologies and collaboration with domestic and international venture companies, academia, and public agencies including the Japan Agency for Medical Research and Development (AMED).

One threat is the successful development of epoch-making competitor products in respective areas. In the last few years, immune checkpoint inhibitors were launched in the oncology field and an innovative new drug against hepatitis C was launched in the liver disease field. **These epoch-making products could change the current treatment algorithm in a way that was unimaginable just a few years ago**. Threats are not limited to new drugs. Advances in regenerative medicine, gene therapy and **innovative medical technologies** brought about by the development of artificial intelligence (AI), the Internet of Things (IoT) and other digital technologies **can also pose threats**. Changing these threats to opportunities requires us to foresee the healthcare environment years later and develop drug creation projects by having the future on our side. Therefore, we try to develop human resources that will become capable of identifying new business opportunities.

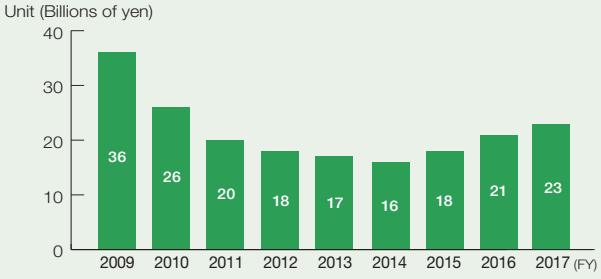
Selection and Concentration and the Utilization of Partnerships to Facilitate the Pursuit of Productivity and Efficiency in our R&D

According to a study* published by Tufts University in the U.S., the total cost required to globally develop a single drug was estimated at around $2.6 billion (approximately ¥290 billion) during the period from 2000 to 2010 and has increased at a phenomenal rate over the last decade. This is further proof that developing pharmaceuticals is becoming increasingly difficult every year.

Eisai puts creation of new drugs right at the heart of innovation and actively invests around 20% of consolidated revenue into R&D. Since fiscal 2009, Eisai has been selecting and focusing on priority projects and making the most of proactive partnerships to improve R&D productivity and efficiency, preventing a rise in R&D expenditure per approval. Amid accelerating development of next-generation flagship drugs, our spending has started to increase gradually since fiscal 2015.

**Journal of Health Economics* 47 (2016) 20-33

●R&D expenditure per approval in Eisai
(Moving average for five years, including indication expansions, additional formulations, etc.)



Examples of the Development of New Technologies and Utilization of AI at Eisai

AI-based, ultrahigh-speed 3D image analysis system using technology for making tissues transparent

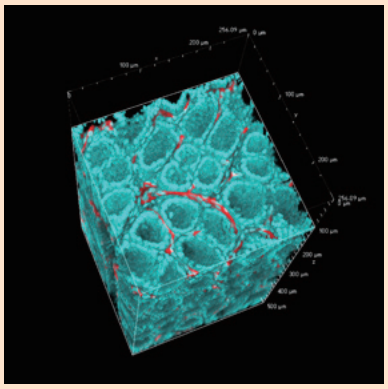
The utilization of AI technologies is a large matter of interest for the pharmaceutical industry. Eisai is proactively committed to the application of AI for the creation of drugs. For example, we cooperated with the University of Tokyo and other institutions on a notation project. We are developing technology to analyze states of diseases and effects of dosing by gaining support from AMED and combining the image technology of Big Data Analytics and Deep Learning, at which AI excels, with other technologies for making tissue specimens transparent.

Essentially, tissues in the human body are opaque. However, methods for making tissues transparent are being developed through the minimization of differences in the refraction indexes of different substances in the tissue. Automatically photographing transparent tissues on a three-dimensional basis and performing AI-based analysis of that large amount of image data would make it possible to identify changes that are difficult to see by the human eye with a high-speed and energy-saving image diagnosis. These technologies are expected to contribute to the elucidation of the microenvironment of the brain and tumor, on which we are focusing, as well as application to the evaluation of drug effects and streamlining of pathological examination in safety studies, among others.

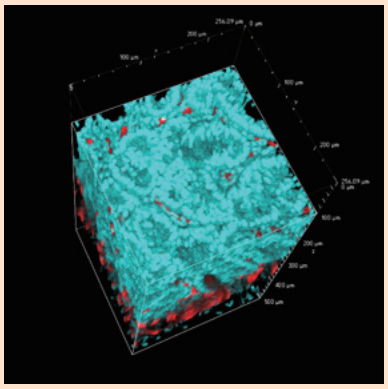
Example of tissues made transparent

Tissues in a mouse's colon

Normal tissue



Abnormal site



The images show the large-intestinal mucosa in a cross-sectional manner. The cell nuclei are indicated in blue and the vascular endothelium is indicated in red. The orderly structure (sequence of mucosal epithelial cells), which is usually observed in normal tissues, is disordered at the **abnormal site**, demonstrating the occurrence of abnormal proliferation.

Ethical and Transparent Drug Creation Activities

Eisai carries out pharmaceutical R&D while maintaining a high sense of ethics based on the *hhc* corporate philosophy, complying with the spirit of the Declaration of Helsinki, various regulations in each country, international standards including ICH-GCP (standards for undertaking clinical trials of drugs), as well as with all relevant regulations, standards and human rights.

＊For detailed information, please access the following page on our website.
▶ https://www.eisai.com/company/business/research/discovery/index.html

Protection and Reinforcement of Intellectual Property

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

＊For detailed information, please access the following page on our website. ▶ https://www.eisai.com/company/business/research/ip/index.html
＊For the number of patent applications, please refer to the ESG Index on page 90.

Manufactured Capital

Global Business Activities
Production Activities

Stable supply of products ensured through collaboration between in-house plants at 10 sites

Strengths
1. Owns plants at 10 sites in major regions worldwide
2. Track record of supplying Eisai's products to more than 70 countries
3. Develops product improvement activities to contribute to patients on a global scale under the *hhc* philosophy

Weaknesses
1. Lack of an in-house production facility for antibody drugs

Opportunities
1. Increase in the supply volume of products and the number of regions through strategic collaboration with partners
2. Increase in the number of new products that require advanced manufacturing technological capabilities

Threats
1. Concern about raw material procurement for long-listed drugs with declining revenue

Global activities through collaboration among 10 sites

Eisai owns plants at 10 sites in major regions worldwide, including Japan, the U.S., China, Europe, and India, and has established a system in which products are swiftly and constantly supplied to each market through highly cooperative partnerships. Fulfilling a complex logistics function, each plant leverages its strengths and is operated as part of an integrated system on a global scale, **supplying Eisai's products to more than 70 countries worldwide.** In addition, by having an in-house manufacturing function, cooperation is strong with related organizations in the value chain, such as R&D and marketing, and **the ability to address the actualization of patient needs in line with demand in each market** is a unique strength of Eisai.

On the other hand, **regarding manufacturing capability of antibody drugs** that have attracted attention in recent years, Eisai has only the capability to manufacture drug substances, and thus **has to depend on an outsourcing contractor**.

Expansion of opportunities with strategic partnerships

Eisai has effectively advanced **strategic partnerships with other companies**, and year after year has increased its supply volume as well as the number of regions where it supplies its products as a result of the emergence of products that Eisai is contracted to produce as well as through the expansion of revenue channels due to joint marketing. In addition, because of **the increase in new products developed in-house by Eisai that require complex synthesis technology**, there are many cases in which there is a focus on the importance of originality and ingenuity in commercial manufacturing. On the whole, there is a rising trend toward a renewed focus on the manufacturing function in order to smoothly operate business as a pharmaceutical company.

However, **regarding long-listed drugs with low profitability and declining revenue**, raw material manufacturers continue to withdraw from the market and **there is concern that stable supply will be difficult**. This issue is shared among research-driven companies and Eisai continues to explore options for the future.

●List of the functions of each plant and major manufactured items

Plant	Country	APIs	Formulation	Packaging	Major manufactured items
Kashima	Japan	○			Halaven®, Lenvima®, Fycompa®
Kawashima			○	○	Lenvima®, Fycompa®
Fukushima (EA Pharma)			○	○	Elental®
Suzhou	China		○	○	Methycobal®
Benxi		○*1	○	○	Transfer factor
Bogor	Indonesia		○	○	Pariet®
Vizag	India	○	○	○	Warfarin®, diethylcarbamazine
Hatfield	U.K.		○	○	Halaven®, Lenvima®, Fycompa®
Baltimore	U.S.		○*2	○	Gliadel®
Exton		○*3			(Only products under development)

*1 Only herbal medicine *2 Only wafers *3 Only culture

Human Capital

Global Business Activities
Marketing Activities

Leveraging experience and knowledge accumulated over many years as well as partnerships, Eisai develops its marketing activities globally to promptly maximize its contributions to patients

Strengths
1. Accumulation and sharing of experience and knowledge from global marketing activities
2. Leveraging partnerships that enable the prompt expansion of contributions to patients
3. Presence of multiple products developed in-house

Weaknesses
1. Halfway through the growth of new in-house products to replace Aricept® and Pariet®

Opportunities
1. Expansion of the market in emerging and developing countries accompanying economic growth and aging

Threats
1. Increasing pressure to lower drug prices as governments promote policies to reduce healthcare costs
2. Market entry of breakthrough competing products

2016 Global Ranking of Pharmaceutical Sales of Manufacturers:
Ranked **31st** (**5th** among Japanese pharmaceutical companies)

∗ Source: *NEW Pharma Future* No.7 June to July 2017

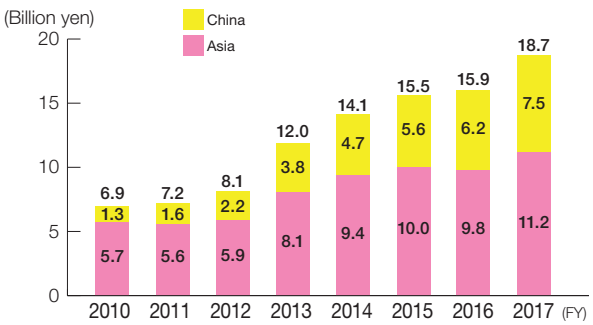
Strength No. 1 : Accumulation and sharing of experience and knowledge from global marketing activities

Eisai's greatest strength in marketing activities is the accumulation and sharing of experience and knowledge from its global marketing activities over many years.

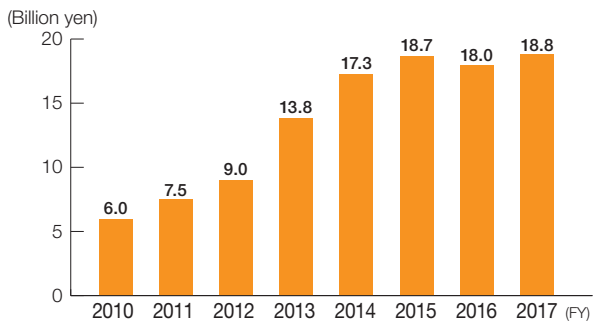
Eisai's history of overseas operation dates back to the foundation of a local affiliate company in Southeast Asia in the late 1960s. From the 1990s to the early 2010s, Eisai established pharmaceutical subsidiaries in major countries worldwide, including the U.S., Europe and China, in line with the expansion of Alzheimer's disease treatment Aricept® and proton-pump inhibitor Pariet®. The basic structure of Eisai's marketing activities is **independent marketing or co-promotion with potent partners, placing emphasis on booking its own revenue**. Eisai has never commissioned all of the marketing activities for in-house developed products to other companies in major countries. As the system and commercial practices related to pharmaceuticals vary by country, **global marketing activities that the company develops on its own are always associated with difficulty. However, Eisai considers that it is important to overcome any difficulty and accumulate experience and knowledge to leverage for future growth**. This is how Eisai has built a solid business foundation in Japan, the U.S., Europe, China and Asia.

The accumulated experience and knowledge of Eisai are shared on a global scale beyond the regional framework. For example, the experience and knowledge on disease awareness campaigns accumulated through the launch of Aricept® is shared globally. After the expiration of exclusivity for **Aricept®, revenue has declined in Japan, the U.S. and Europe, but double-digit growth has been achieved in China and Asia in fiscal 2017 by enhancing disease awareness campaigns utilizing shared experience and knowledge.** In addition, the marketing method for peripheral neuropathy treatment Methycobal® which was launched in the 1970s in Japan, has been succeeded in China. As a result, **Methycobal® is the best-selling product, accounting for 33% of revenue for the China pharmaceutical business.** Eisai believes this success story was achieved through the sharing of experience and knowledge from its own global marketing activities.

●Revenue trend of Aricept® in China/Asia



●Revenue trend of Methycobal® in China



Strength No. 2 : Leveraging partnerships that enable prompt expansion of contributions to patients

As there are many patients in the world longing for treatment for their conditions, contributions to patients need to be expanded promptly following the launch of a new drug. In addition, it is important to quickly maximize contributions to patients from a business perspective since there is an expiration of the patent term covering a drug. Eisai's independent marketing is an effective method to accumulate a lot of experience and knowledge, but it sometimes takes time to expand contributions to patients. Therefore, Eisai considers **co-promotion with potent partners to be a highly effective method to expand contributions to patients**.

In March 2018, Eisai and Merck & Co., Inc., Kenilworth, N.J., U.S.A. ("U.S. Merck") reached a strategic collaboration agreement in the field of oncology for Lenvima®, an anti-cancer agent developed by Eisai. Based on this agreement, the companies are jointly developing and commercializing Lenvima® as monotherapy and in combination with anti-PD-1 antibody Keytruda® (generic name: pembrolizumab) developed by U.S. Merck. With this collaboration, the contribution to patients through Lenvima® can be promptly maximized in multiple cancer types, and revenue will significantly exceed an Eisai sole development/promotion case.

In neurology area, Eisai is collaborating with Biogen Inc. on the joint development and marketing of next-generation Alzheimer's disease treatments. A number of preparations are required in the medical environment and social environment in order to smoothly launch and deliver next-generation Alzheimer's disease treatments, which are currently under development. Eisai considers collaboration with Biogen Inc. is significant for preparation of these environments.

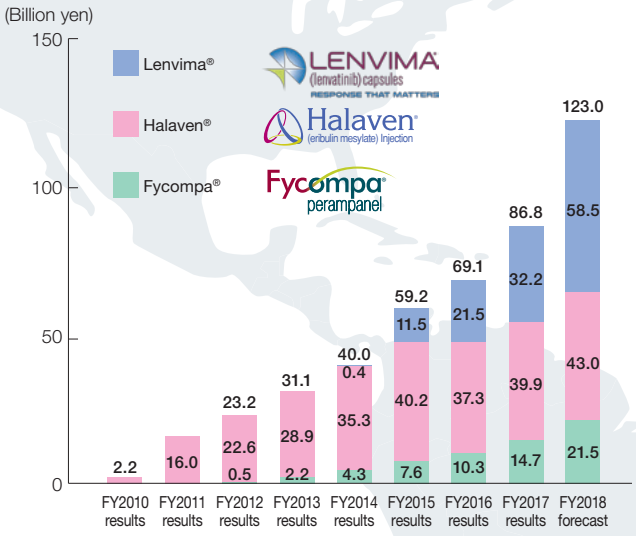
Strength No. 3 : Presence of multiple products developed in-house

Eisai's three growth drivers, **anticancer agents Lenvima® and Halaven®, and antiepileptic agent Fycompa®, are developed in-house**. The products successfully developed by the employees of Eisai's R&D division after overcoming many challenges are marketed passionately by the employees in the marketing division. In addition, as these products do not require payment such as royalties, the profit ratio of the products developed in-house by Eisai is higher than those of in-license products, thereby contributing considerably to performance.

In the 2000s, Aricept® and Pariet®, both developed in-house, supported Eisai's growth. **Cultivating new in-house products to replace Aricept® and Pariet® has become Eisai's key issue.**

Through joint development and commercialization of Lenvima® with U.S. Merck, revenue for Lenvima® is expected to greatly exceed a sole promotion case, with the potential to exceed the peak sales of Aricept® (322.8 billion yen in fiscal 2009). In addition, Eisai estimates that the potential of next-generation Alzheimer's disease treatments under development, including BACE inhibitor elenbecestat (in-house) are very likely to exceed the peak revenue of Aricept®, considering the expected benefits. The presence of multiple products developed in-house is one of Eisai's strengths and Eisai will further focus on the growth of these products.

Revenue trend of three products developed in-house



Developing marketing activities on a global scale while identifying opportunities and threats

In emerging and developing countries, expansion of the pharmaceutical market is expected to continue accompanying economic growth and aging. On the other hand, pressure to lower drug prices is currently mounting in line with the promotion of policies to reduce expenditure on drugs in many countries including Japan. In addition, market entry of breakthrough competing products may result in reduced revenue of Eisai's products.

Opportunities and threats vary among markets, and identifying them is important. Eisai utilizes its accumulated experience and knowledge as well as partnerships to accurately identify opportunities and threats in each market, and develops its marketing activities on a global scale in order to promptly maximize contributions to patients in each country.

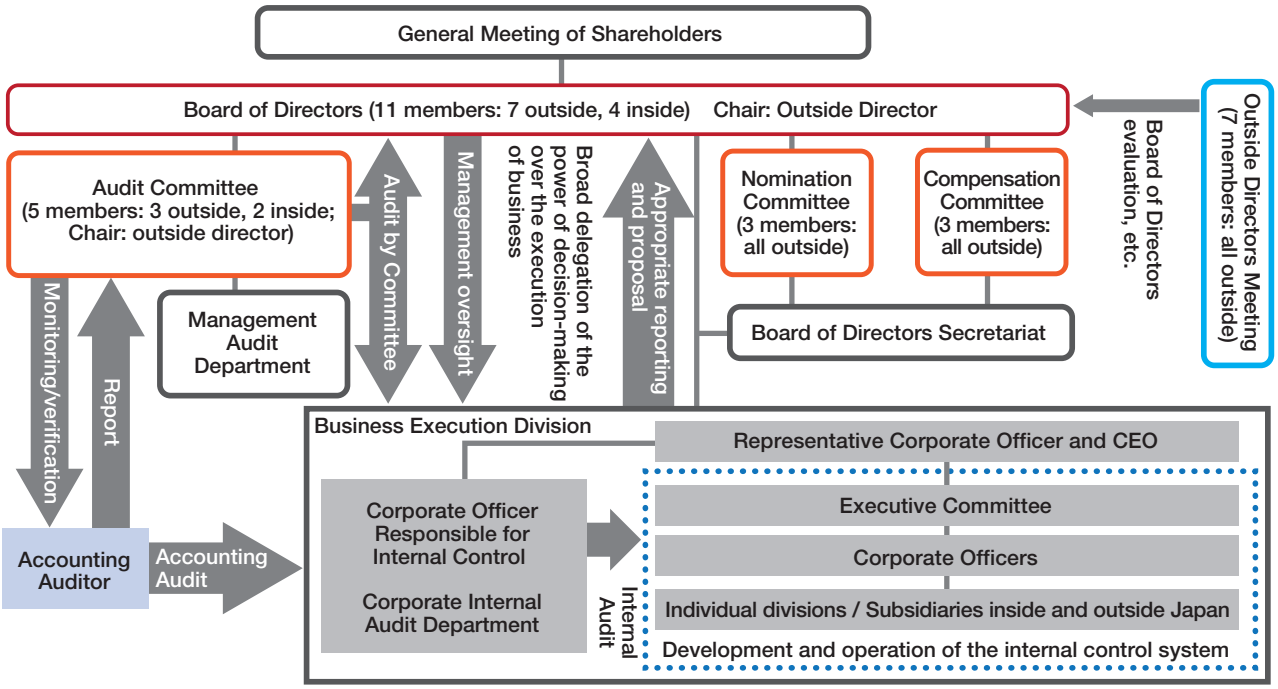
Corporate Governance System

Management oversight functions and business execution functions have been clearly separated since 2004, in pursuit of a system that emphasizes independence and neutrality.

Eisai's Corporate Governance System

Eisai has pursued the best corporate governance practices and has remained committed to the improvement of governance.

- ●Adopted the Company with a Nomination Committees, etc., System in 2004 and clearly separated management oversight functions from business execution functions.
- ●Since 2004, more than half of Eisai's directors are outside directors.
- ●Since 2005, the chair of the Board of Directors has been chosen from among the outside directors. The Representative Corporate Officer and CEO is the only director serving concurrently as a Corporate Officer.
- ●The members of the Nomination Committee and the Compensation Committee comprise outside directors only. The majority of the members of the Audit Committee are outside directors.
- ●Each chair of the above committees is an outside director.
- ●The internal control system and its operation have been improved mainly to ensure the credibility of financial reporting.



	Board of Directors	Nomination Committee	Audit Committee	Compensation Committee	Outside Directors Meeting
Number of meetings held in fiscal 2017	10 times	7 times	12 times	9 times	6 times
Attendance in fiscal 2017	100%	100%	100%	100%	100%

Features of Eisai's Corporate Governance

❶Clear Separation of Management Oversight Functions and Business Execution Functions

The core aspect of Eisai's corporate governance system is **the clear separation of management oversight functions and business execution functions through which maximum benefit is obtained from Eisai's status as a Company with a Nomination Committee, etc., System**. Eisai has established that **the Chair of the Board of Directors be an outside director and that the CEO is the only director serving concurrently as a corporate officer.**

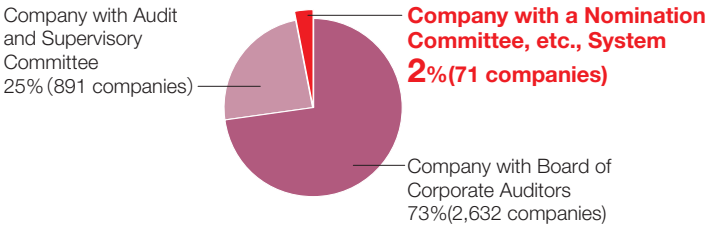
The Board of Directors is able to devote its attention to management by entrusting a large portion of decision-making authority to corporate officers. This enables corporate officers to increase the speed and flexibility of business execution, to enhance the dynamics of management and to establish, develop and operate the internal controls within the scope of their responsibilities to secure autonomy.

The corporate officers fulfill their accountability by making reports to the Board of Directors on the status of the execution of their assigned activities. Based on the reports from the corporate officers, the Board keeps up-to-date on matters such as the progress of our business plans, the current status and issues of our operations, labor management, occupational health and safety, efforts for environmental protection and the status of efforts to meet compliance requirements such as the prevention of corrupt acts and bribery. In this way, the Board supervises the execution of operations.

Under this system, along with checking the status of execution of operations by the corporate officers, the Board also inspects the status of internal controls such as business execution and decision-making processes from the perspective of shareholders and society.

●Types of Board of Directors in Japan

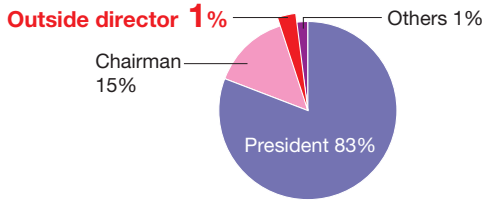
2% of companies in Japan adopt a Companies with a Nomination Committee, etc. System



Subject: 3,594 Tokyo Stock Exchange-listed companies (Aggregated data as of July 1, 2018)
Source: White Paper of Outside Directors and Outside Corporate Auditors 2018 by ProNed Inc.

●Attributes of the Chair of the Board in Japan

1% of the Board of Directors in Japan is chaired by outside directors



Subject: 3,594 Tokyo Stock Exchange-listed companies (Aggregated data as of July 1, 2018)
Source: White Paper of Outside Directors and Outside Corporate Auditors 2018 by ProNed Inc.

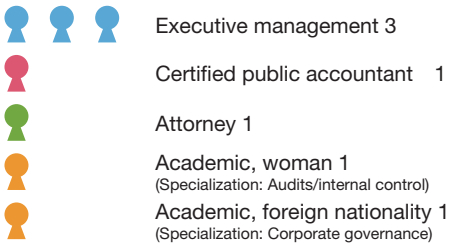
❷Ensuring the Independence and Neutrality of Outside Directors

Eisai's Nomination Committee, which is composed exclusively of outside directors, strictly applies the "Requirements for the Independence and Neutrality of Outside Directors", for the selection of candidates for outside directors. Every year, the Nomination Committee examines each outside director candidate, whether for new election or re-election, to determine whether he or she meets the Requirements and to assess his or her independence and neutrality.

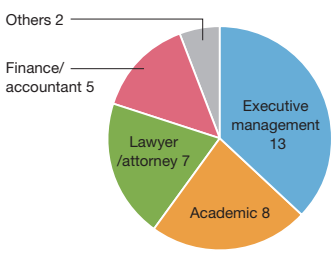
Eisai emphasizes **constructing the Board of Directors with directors who have diverse expertise, experience and backgrounds**. The expectation is that by doing so, the Board of Directors will contribute to the enhancement of corporate value by providing oversight of the efficiency, appropriateness, etc., of management from the viewpoint of a wide range of stakeholders.

Each year, the Nomination Committee conducts a simulation of the configuration of the Board of Directors from a medium-and long-term perspective of 3 to 5 years, and determines the requirements for candidates in light of the diversity of specialized knowledge and experience, etc., of each director.

●Composition of Eisai's outside directors in fiscal 2018



●Attributes of the 35 Eisai outside directors who were in office since year 2000



Of the 35 outside directors, 3 are women and 6 are of foreign nationality

❸Initiatives for Enhancement of Corporate Governance Centered on Outside Directors

At Eisai, **the seven outside directors, who account for the majority of the members of the Board of Directors**, supports the effectiveness of the corporate governance system. Eisai is continuously carrying out initiatives to enhance corporate governance centered on outside directors.

Outside Directors Meeting

Eisai holds Outside Directors Meetings with only outside directors in attendance, on a regular basis. These meetings provide outside directors with opportunities to interact, communicate at a deeper level, and make discussions at gatherings of the Board of Directors, etc., more dynamic. The Meeting was held 6 times in fiscal 2017, and the members worked on the following themes.

a) Information sharing and discussion regarding the succession plan

In fiscal 2016, the Outside Directors Meeting discussed how to share information related to the CEO succession plan, etc., and preparation for unexpected events. As a result, in April 2017, rules regarding the consideration of a succession plan were established, with the unanimous support of the directors. Since fiscal 2017, in accordance with these rules, the Outside Directors Meeting has been held regularly, with all directors, including inside directors in attendance, to share information and discuss succession plans proposed by the Representative Corporate Officer and CEO.

b) Implementing the corporate governance evaluation

The effectiveness of the Board of Directors' management oversight function is evaluated each year at the Outside Directors Meeting. If any issues related to the operation of the Board of Directors, etc., are identified, a request and proposal for improvement is submitted to the Board of Directors and business execution divisions. In the corporate governance evaluation, the status of the activities of the Board of Directors, etc., is inspected and evaluated based on the corporate governance evaluation carried out in the previous fiscal year, issues are identified for the next fiscal year, and improvement measures are shown, thereby driving the Plan-Do-Check-Act (PDCA) cycle.

Beginning in fiscal 2017, Eisai have had an external organization review our processes and results once every 3 years to ensure the appropriateness and suitability of continued, regular corporate governance evaluations.

c) Dialogue with outside directors and investors (Engagement)

Up to this point as well, Eisai has conducted meetings between institutional investors and outside directors in Japan and overseas. In fiscal 2017, outside directors visited multiple institutional investors, providing explanations of the Company's efforts regarding governance and the activities of the Independent Committee of Outside Directors related to the Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders, and taking the opportunity to exchange opinions. We have confirmed that outside directors will continue the dialogue with investors in order to deepen mutual understanding of efforts toward corporate governance aimed at increasing corporate value.

Corporate Governance Evaluation

Since fiscal 2015, the Board of Directors discusses the effectiveness of its management supervision function and reviews the Corporate Governance Guideline and rules relating to internal control, as Board of Directors evaluation. The results of the self-review are summarized as the corporate governance review. Beginning in fiscal 2017, we have had an external organization review our processes and results once every 3 years to ensure the appropriateness and suitability of continued, regular corporate governance evaluations.

①Board of Directors evaluation

- The Board of Directors evaluation is based on self-evaluations by individual directors. The scope of evaluation includes the Nomination Committee, Audit Committee, Compensation Committee, and the Outside Directors Meeting.
- The results of the Board of Directors evaluation are compiled and summarized by the Outside Directors Meeting to ensure the objectivity of the evaluation, and the evaluation is determined in a meeting of the Board of Directors.

②Self-review of the Corporate Governance Guidelines

- The Corporate Governance Guidelines are a code of conduct for corporate governance established by the Board of Directors. The Board of Directors conducts reviews each year to evaluate whether the execution of duties by the Board of Directors, etc., is maintained and operated in accordance with these Guidelines.

③Self-review of the Internal Control Regulations

- The Internal Control Regulations were established by the Board of Directors to stipulate matters required for the execution of duties by the Audit Committee and to ensure suitable performance of duties by corporate officers. The Board conducts reviews each year to evaluate whether systems are established and evaluated in accordance with both sets of rules.

With regard to the Corporate Governance Guidelines and Internal Control Regulations, no evidence was found of operation, etc., that deviates from the rules, and it was confirmed that the directors and corporate officers, etc., are executing their duties appropriately to improve corporate governance. In regard to the Board of Directors evaluation, we confirmed and evaluated the status of response in fiscal 2017 based on the Board of Directors evaluation for fiscal 2016, and identified issues, etc., for the next fiscal year. Some of the major issues identified are listed below.

Major issues identified for fiscal 2018 relating to the roles, proceedings etc. of the Board of Directors

- In regard to the selection of proposals, initiatives based on directors' duty of care, such as setting timely themes and carrying out discussions on risks to the Company while trying to predict such risks, will continue to be sought.
- Amid the global changes in discussions on how risks should be understood, it was confirmed that the content should go beyond the reporting of risks, such as compliance items, and there was a need for the recognition of corporate officers on and reports of strategic risks (including both positive and negative risks) relating to business activities being sought, as qualitative improvement of the content reported to the Board of Directors.
- The need for directors to take the initiative to make risks visible by proactively seeking reports on risks from operational divisions and to make habitual sound risk management by proceeding with things after correctly understanding the risks, was confirmed.

＊For the further information regarding the corporate governance review, please refer to pages 48-55 of the Notice of Convocation of the 106th Ordinary General Meeting of Shareholders: ▶ https://www.eisai.com/ir/stock/meeting/pdf/einv106_all.pdf

Performance-based Compensation for Directors and Corporate Officers

The directors are in a position of being independent from the execution of business duties and their compensation is set at a fixed amount without incorporating performance-based compensation to ensure that the content of compensation is appropriate for enabling the adequate deployment of management monitoring functions, which are the duty of directors.

The compensation paid to the corporate officers is made up of base compensation, bonuses and stock-based compensation at a ratio of 6:3:1, and performance-based compensation accounts for 40% of total compensation.

Compensation Paid to Corporate Officers

The stock-based compensation system, a medium- to long-term incentive plan, was introduced in fiscal 2013. Stock-based compensation involves providing corporate officers with stocks on an annual basis through a trust in accordance with the degree of achievement of company-wide performance objectives. **The system motivates the corporate officers to share profit awareness based on the same perspective as that of the shareholders, and to remain aware of performance and stock prices in executing their duties from a medium- to long-term perspective.**

The amounts of bonuses provided to corporate officers are calculated in accordance with the degree of the achievement of company-wide performance goal and the corporate officers' performance objectives.

The degree of the achievement of company-wide performance objectives is determined after reviewing **consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company) and consolidated ROE.**

＊For details of the stock-based compensation system for corporate officers please refer to pages 60-65 of the Notice of Convocation of the 106th Ordinary General Meeting of Shareholders: ▶ https://www.eisai.com/ir/stock/meeting/pdf/einv106_all.pdf

＊Please refer to the corporate website for details about Eisai's Corporate Governance Guideline, the Rules of the Board of Directors, the Rules of the Nomination, Audit and Compensation committees, the Corporate Governance Report and Policy for Protection of Company's Corporate Value and Common interests of Shareholders: ▶ https://www.eisai.com/company/governance/index.html

Interview with Outside Director

Eisai's Corporate Governance System

Tamaki Kakizaki

Q: What was the background that led to your appointment as an outside director at Eisai?

A: As an expert in internal control, I had participated in the Corporate Group Internal Control study workshop together with the former manager of Eisai's Management Audit Department. I was later approached and sounded out by Eisai about my interest in serving as a director, which took me by complete surprise. I decided to accept the position, thinking that all my research to date on corporate law (the Companies Act) and internal control could be put to good use in practical business. Following an informal agreement, the Chair of the Nomination Committee visited me at the university where I teach and I received a formal appointment request. Eisai CEO Naito then came to greet me after my provisional appointment at the Nomination Committee. Eisai places utmost importance on the independence and neutrality of outside directors and this is why their appointment of directors centers on outside directors. I hear that this type of appointment process is very uncommon.

Q: From your perspective as an expert in corporate law (the Companies Act) and internal control, what are the outstanding features of Eisai's governance?

A: Eisai has adopted the Company with a Nomination Committee, etc., System, the organizational structure under the Companies Act that is the most difficult to implement. On top of this, an outside director chairs the Board of Directors and the majority of directors are outside directors. This made me think that the excellence of this system as a "governance framework" was unsurpassed. That said, upon actually joining the Board and participating firsthand in the governance system as an outside director, I soon realized that attention should be focused on implementation and substance rather than on the framework or shape of the governance system.

The Tokyo Stock Exchange currently suggests that listed companies appoint two or more outside directors. Even so, some people ask how outside directors really serve without being given sufficient information. Regarding this point, Eisai stands out in terms of the quality and quantity of information provided in advance to outside directors concerning the Board of Directors. This approach gives me a sense of Eisai's deep enthusiasm for enhancing governance. Additionally, the Audit Committee to which I belong has set up the Management Audit Department as a dedicated secretariat independent from corporate officers. Separating the Audit Committee's secretariat from the Corporate Internal Audit Department that handles internal auditing creates a structure that assures the independence of information obtained by the Audit Committee. Furthermore, by actually performing practical business as an Audit Committee member, I feel that Eisai really understands the "essence" of corporate governance.

Q: You convene the Outside Directors Meeting consisting entirely of outside directors. How does this meeting contribute to Eisai's corporate governance?

A: At the Outside Directors Meeting we can engage in extremely free-flowing and frank discussion. The establishment of this forum helps to deepen mutual understanding among outside directors and foster a climate conducive to candid discussions. This meeting is an excellent facet of Eisai's governance.

We also broach such sensitive topics as succession plans and evaluations of the effectiveness of corporate governance at the Outside Directors Meeting. For this reason, I feel that creating this forum for forthright opinion exchanges is highly effective in undertaking governance.

Q: How is the Board of Directors changing by implementing evaluations of the effectiveness of the Board of Directors?

A: Although this is my personal opinion, I feel that the Board of Directors' self-directed initiatives toward risk management are improving.

With the business environment evolving dramatically at a breathtaking pace, I believe discussions by the Board of Directors still need to catch up in terms of how we should respond quickly to the emergence of risk accompanying these changes. The Board of Directors is now able to undertake discussions focused on what types of specific risk are we facing, what measures are being adopted by corporate officers to counter this risk, and whether these measures are adequate. This type of risk-focused management leads to the implementation of quick corrective measures.

Q: What circumstances spurred changes in discussions by the Board of Directors?

A: I made a proposal that led to these changes. Previous business execution reports by corporate officers tended to emphasize the reporting of results. However, from our standpoint of supervising management, we really wanted to know what corporate officers were thinking when dealing with existing risk. The details of the business execution report have thus now shifted from being results oriented to being risk-focused. Outside directors cite various points, ask questions and make suggestions concerning these types of reports. I feel that discussions by the Board of Directors now cut straight to the point from the very start, making discussion far more effective.

Q: Could you explain Eisai's compliance and structure for preventing misconduct?

A: Eisai has established a structure for quickly putting an end to any misconduct at an early stage. Shortly after assuming the duties of outside director, I had some personal concerns in the internal reporting system of an overseas subsidiary. I recommended enhancing the system and in response action was taken immediately. In this way, we undertake discussions at the Board of Directors about implementing "a risk-based approach to management" that through high sensitivity to risk automatically takes steps if something seems amiss.

Also, Eisai holds compliance training twice a year that includes the participation of all outside directors as well as the CEO and other officers. At this workshop-style training, we verify specific case examples and receive advice from experts while engaging in passionate discussions. Officers from overseas also participate in this training. Moreover, I believe this training also provides a valuable opportunity for sharing risk sensitivity as a pharmaceutical company entrusted with the lives of patients. This is a solidly built system.

To eliminate risk in a broad sense, we must also think about training for frontline employees that obtains a high level of understanding from them.

Q: Eisai's Board of Directors clearly has the attributes of diversity that include a woman and a foreign-national director. What types of advantages does diversity bring to corporate governance?

A: Thanks to the inclusion of diverse viewpoints, the content of discussion is more enriched and this has a highly positive impact on the effectiveness of governance.

I think my opinions are rarely based on my awareness of being a woman. At the same time, however, I think I'm unconsciously strengthening my monitoring of such areas as promoting active roles for women and harassment countermeasures. In this way, I believe that acting with an awareness of values that should be taken for granted as a woman will probably bring out the benefits of diversity even at the Board of Directors.

On a personal note, I have elderly family members suffering from cancer and dementia, so I naturally think from the standpoint of patients and their families at the Board of Directors. I believe this type of perspective is probably also one example of the meaningfulness of having outside directors.

Q: What is your impression of Eisai's employees and the permeation of the corporate philosophy?

A: I've visited research laboratories, production plants and sales offices and participated in interchange meetings with young employees on numerous occasions. One point that strikes me when listening to their presentations is their high sense of purpose. I get the impression that even if their respective points of view and perspectives differ, these employees have integrated a mission connected to the corporate philosophy into their own jobs and take action on their own. Seeing this has filled me with encouragement and energy. I have high hopes they will accomplish great things in the future.

Interviewer: Yasukazu Kanamori, Executive Director, Investor Relations

Board of Directors and Executive Officers

Seven of the eleven Directors are Outside Directors

※For matters relating to Outside Directors, please see the Corporate Governance Report.

▶ https://www.eisai.com/company/governance/cgregulations/index.html

※Number of the Company's shares held by each Director is as of March 31,2018.
※The attendance of Board of Directors and Committees in this section indicates the records of fiscal 2017.

Directors (As of July 1, 2018)

Haruo Naito

Director, Representative Corporate Officer and CEO

Inside

Date of birth (age)
December 27, 1947 (70 years of age)

No. of years served as a director 35

No. of the Company's shares held by the candidate 634,076

Reasons for nomination as a director candidate
The Nomination Committee has determined that the candidate has appropriately explained resolution items and report items in meetings of the Board of Directors as the only director with concurrent duties as a corporate officer and has sufficiently fulfilled the role of overseeing important management decisions and the execution of business, and has nominated the candidate to continue from the previous year serving as a director.
The Company's corporate governance guidelines call for the Representative Corporate Officer and CEO to serve concurrently as a director.

Attendance Board of Directors 100% (10/10)

Noboru Naoe

Member of the Audit Committee

Inside

Date of birth (age)
February 8, 1956 (62 years of age)

No. of years served as a director 4

No. of the Company's shares held by the candidate 19,117

Reasons for nomination as a director candidate
The Company's corporate governance guidelines call for selecting inside directors who have abundant experience working within the Company to serve as members of the Audit Committee. On this point, the candidate has gained long experience and knowledge regarding sales-related business, which is the work that is closest to Eisai's principal stakeholders: patients and consumers. Furthermore, the candidate has obtained considerable knowledge and experience related to management through his service as a corporate officer.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) in-house experience, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.

Attendance Board of Directors 100% (10/10)
Audit Committee 100% (12/12)

Yasuhiko Katoh

Chair of the Board of Directors, Member of the Independent Committee of Outside Directors

Outside Independent

Date of birth (age)
May 19, 1947 (71 years of age)

No. of years served as a director 2

No. of the Company's shares held by the candidate 490

Senior Advisor, Mitsui E&S Holdings Co., Ltd.

Reasons for nomination as a director candidate
As can be seen from his personal history, the candidate has abundant experience as a manager of a global corporation in the shipping and marine industries, etc., as well as a high level of insight into management and excellent supervisory ability.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director, member of the Nomination Committee, and chair of the Compensation Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as an outside director.

Attendance Board of Directors 100% (10/10)
Nomination Committee 100% (7/7)
Compensation Committee 100% (9/9)
Independent Committee of Outside Directors 100% (5/5)

Hirokazu Kanai

Member of the Audit Committee

Inside

Date of birth (age)
January 28, 1960 (58 years of age)

No. of years served as a director 2

No. of the Company's shares held by the candidate 10,305

Reasons for nomination as a director candidate
The Company's corporate governance guidelines call for selecting inside directors who have abundant experience working within the Company to serve as members of the Audit Committee. On this point, the candidate has obtained considerable knowledge and experience through his work related to accounting and finance, as well as his service as a group officer.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) in-house experience, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.

Attendance Board of Directors 100% (10/10)
Audit Committee 100% (12/12)

Directors (As of July 1, 2018)

Tamaki Kakizaki

Member of the Audit Committee, Member of the Independent Committee of Outside Directors

Outside Independent

Date of birth (age)
January 16, 1961 (57 years of age)

No. of years served as a director 2

No. of the Company's shares held by the candidate 163

Professor, School of Law, Meiji University

Reasons for nomination as a director candidate

As can be seen from her personal history, the candidate is a specialist in internal controls and internal audits. Although she has not been directly involved with management, she has experience serving as an outside director for another company, and a high level of insight into management and excellent supervisory ability thanks to an extensive research background that gives her a deep knowledge of corporate internal controls, corporate governance, and risk management.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing her management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.

Attendance Board of Directors 100% (10/10)
Audit Committee 100% (12/12)
Independent Committee of Outside Directors 100% (5/5)

Daiken Tsunoda

Member of the Audit Committee, Chair of the Independent Committee of Outside Directors

Outside Independent

Date of birth (age)
January 29, 1967 (51 years of age)

No. of years served as a director 2

No. of the Company's shares held by the candidate 0

Partner, Nakamura, Tsunoda & Matsumoto (Law Firm)

Reasons for nomination as a director candidate

As can be seen from his personal history, the candidate is a legal expert and a specialist in the Companies Act. Although he has not been directly involved with management, he has served as an outside director for other companies and has rich experience related to corporate law, giving him a high level of insight into management and excellent supervisory ability.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.

Attendance Board of Directors 100% (10/10)
Audit Committee 100% (12/12)
Independent Committee of Outside Directors 100% (5/5)

Bruce Aronson

Chair of the Compensation Committee, Member of the Nomination Committee, Member of the Independent Committee of Outside Directors

Outside Independent

Date of birth (age)
May 14, 1952 (66 years of age)

No. of years served as a director 1

No. of the Company's shares held by the candidate 0

Visiting Lecturer, Hitotsubashi University Graduate School of Law (Business Law Department)

Reasons for nomination as a director candidate

As can be seen from his personal history, the candidate is a practicing attorney and a legal academic with a focus on international comparative corporate governance. Although he has not been directly involved with management, he has a high level of insight into management and excellent supervisory ability thanks to an extensive research background that gives him deep knowledge of corporate internal controls, corporate governance and risk management.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director and member of the Nomination Committee and the Compensation Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as an outside director.

Attendance Board of Directors 100% (8/8)
Nomination Committee 100% (6/6)
Compensation Committee 100% (7/7)
Independent Committee of Outside Directors 100% (5/5)

*Because Bruce Aronson was newly appointed to be a director and assumed his post at the 105th Ordinary General Meeting of Shareholders held on June 21, 2017, his attendance at meetings of the Board of Directors and committee meetings indicates attendance at meetings beginning on June 21, 2017.

Yutaka Tsuchiya

Inside

Date of birth (age)
June 29, 1952 (66 years of age)

No. of years served as a director 1

No. of the Company's shares held by the candidate 34,938

Reasons for nomination as a director candidate

The Company aims to ensure optimum decision-making and the fairness of management through a clear separation of functions between management oversight and business execution, with the Board of Directors dedicated to management oversight. To achieve these aims, the Company appoints inside directors, who are familiar with the Company, to provide support for the practical management of the Board of Directors. In this regard, the candidate has experience working abroad and has also obtained considerable knowledge and experience through his work as well as service as a corporate officer. His work experience encompasses areas including research and development, pharmaceutical and other quality assurance, public relations, government relations, healthcare policy, China operations, and Japanese OTC product-related work.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as the candidate's (1) practical accomplishments as a director, (2) qualifications and capabilities as a director, (3) in-house experience, and (4) number of years in office, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate to continue from the previous year serving as a director.

Attendance Board of Directors 100% (8/8)

*Because Yutaka Tsuchiya was newly appointed to be a director and assumed his post at the 105th Ordinary General Meeting of Shareholders held on June 21, 2017, his attendance at meetings of the Board of Directors indicates attendance at meetings beginning on June 21, 2017.

Directors (As of July 1, 2018)

Shuzo Kaihori

Chair of the Nomination Committee,
Member of the Compensation Committee,
Member of the Independent Committee of Outside Directors

Outside Independent

Date of birth (age)
January 31, 1948 (70 years of age)

No. of years served as a director 0

No. of the Company's shares held by the candidate 0

Advisor, Yokogawa Electric Corporation

Reasons for nomination as a director candidate

As can be seen from his personal history, the candidate has abundant experience as the top executive of a global corporation in industrial instruments and process control equipment businesses. He has a high level of insight into management as well as excellent supervisory ability.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and career background, etc., the Nomination Committee has considered such factors as the candidate's (1) qualifications and capabilities as a director and (2) career background. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate as a new outside director.

∗Shuzo Kaihori is newly appointed as a Director in fiscal 2018.

Ryuichi Murata

Member of the Nomination Committee,
Member of the Compensation Committee,
Member of the Independent Committee of Outside Directors

Outside Independent

Date of birth (age)
April 12, 1948 (70 years of age)

No. of years served as a director 0

No. of the Company's shares held by the candidate 0

Senior Advisor, Mitsubishi UFJ Lease & Finance Company Limited

Reasons for nomination as a director candidate

As can be seen from his personal history, the candidate has abundant experience as a top executive of companies in the finance and leasing industries. He possesses a high level of insight into management and has excellent supervisory ability.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and career background, etc., the Nomination Committee has considered such factors as the candidate's (1) qualifications and capabilities as a director and (2) career background. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate as a new outside director.

∗Ryuichi Murata is newly appointed as a Director in fiscal 2018.

Hideyo Uchiyama

Chair of the Audit Committee,
Member of the Independent Committee of Outside Directors

Outside Independent

Date of birth (age)
March 30, 1953 (65 years of age)

No. of years served as a director 0

No. of the Company's shares held by the candidate 0

Executive Advisor, ASAHI Tax Corporation

Reasons for nomination as a director candidate

As can be seen from his personal history, the candidate has expertise as a certified public accountant. At the same time, he has abundant experience as the head of an audit firm and top executive of a global consulting firm. He also has a high level of insight into management as well as excellent supervisory ability.

In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and career background, etc., the Nomination Committee has considered such factors as the candidate's (1) qualifications and capabilities as a director and (2) career background. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated the candidate as a new outside director.

∗Hideyo Uchiyama is newly appointed as a Director in fiscal 2018.

Corporate Officers (As of August 1, 2018)

Haruo Naito
Representative Corporate Officer and CEO

Hideki Hayashi
Representative Corporate Officer, Japan Business and CIO
Japan Business
hhc Solutions Headquarters
Chief Information Officer

Yasushi Okada
Representative Corporate Officer, CTO, Industry Affairs and China Business
Chief Talent Officer, Industry Affairs, China Business, General Affairs, Environmental and Safety Affairs, Data Integrity

Kenta Takahashi
Senior Vice President
General Counsel
Intellectual Property

Edward Stewart Geary
Senior Vice President
Chief Medical Officer
Head of Corporate Medical Affairs Headquarters
Global Safety Board Chair

Gary Hendler
Senior Vice President
President, EMEA Region
Chairman & CEO, Eisai Europe Ltd.

Terushige Iike
Senior Vice President
President, Oncology Business Group

Ryohei Yanagi
Senior Vice President
Chief Financial Officer
Chief IR Officer

Ivan Cheung
Senior Vice President
President, Neurology Business Group
President, Americas Region
Chairman & CEO, Eisai Inc.

Takashi Owa
Vice President
Chief Medicine Creation Officer, Oncology Business Group
Chief Discovery Officer, Oncology Business Group

Yasunobu Kai
Vice President
Chief Planning Officer, Oncology Business Group
Head of Planning Department, Oncology Business Group
Data Administration Officer, Oncology Business Group

Lynn Kramer
Vice President
Chief Clinical Officer, Neurology Business Group
Chief Medical Officer, Neurology Business Group

Sayoko Sasaki
Vice President
President, Asia and Latin America Region

Junichi Asatani
Vice President
Chief Compliance Officer
Internal Control

Shaji Procida
Vice President
President & COO, Eisai Inc.
Oncology Commercial, Americas

Teiji Kimura
Vice President
Chief Discovery Officer, Neurology Business Group

Hidenori Yabune
Vice President
Head of Regional Cooperation Shuto-Ken Headquarters, Eisai Japan
China and Asia Coordination, Eisai Japan

Hiroyuki Kato
Vice President
Chief Quality Officer
Global Product Emergency Management

Alexander Scott
Vice President
Chief Strategy Officer, Neurology Business Group
Head of Strategy Department, Neurology Business Group
Data Administration Officer, Neurology Business Group

Masayuki Miyajima
Vice President
President, Eisai Japan

Tatsuyuki Yasuno
Vice President
Global Partnership Development

Yanhui Feng
Vice President
President, Eisai China Holdings Ltd.
President, Eisai China Inc.

Yoshiteru Kato
Vice President
President, Eisai Demand Chain Systems

Mitsuaki Tanaka
Vice President
Chief Planning Officer
Head of Corporate Planning Department

Shohei Kanazawa
Vice President
Japan Business Strategy
President, Consumer hhc Business Division
API Solutions

Masatomi Akana
Vice President
Corporate Affairs
Global Value & Access

Hiroyuki Kobayashi
Vice President
Chief Medical Officer Japan and Asia
Head of Medical Headquarters

Akiko Nakahama
Vice President
Head of Medicine Development Center
hhc Data Creation Center

Kazumasa Nagayama
Vice President
Chief Strategy Officer
Head of Corporate Strategy Department

Compliance & Risk Management

Eisai defines compliance as "the observance of the highest legal and ethical standards" and positions it at the core of management activities.

To contain risks within acceptable levels, Eisai is carrying out various initiatives including establishing, developing and implementing internal control systems as well as conducting internal audits.

Eisai designates a Chief Compliance Officer, who is also the corporate officer responsible for internal control, to supervise the Corporate Compliance and Risk Management Department and promote compliance and risk management. Eisai defines compliance as "the observance of the highest legal and ethical standards" and positions it at the core of management activities. Eisai implements its compliance program that consists of delivering the message of top management, developing the Code of Conduct and other relevant rules, conducting educational activities, establishing a training system as well as providing consultation services.

In risk management, Eisai defines risk as "the threat or probability that an action or event will adversely affect the achievement of corporate and/or organizational objectives." To contain risks within acceptable levels, Eisai is carrying out various initiatives including establishing, developing and implementing internal control systems as well as conducting internal audits.

1. Compliance Promotion

In 1999, Eisai was prosecuted by the U.S. Department of Justice for its involvement in a cartel for synthesized bulk vitamin E products, and agreed to a plea bargain. In addition, for this incident, penalties and fees were also imposed by countries outside the U.S., and Eisai had to respond to multiple civil actions filed against it as well. **From the lessons of this vitamin lawsuit, Eisai started to promote full-fledged compliance in fiscal 2000.** The Corporate Compliance and Risk Management Department works with compliance departments and compliance personnel in each region to promote compliance globally.

These compliance promotion activities periodically undergo objective reviews by a Compliance Committee that consists of external experts such as lawyers and consultants from Japan and overseas.

❶ Establishment of Code of Conduct and Other Relevant Rules and Conducting Educational Activities to Foster Compliance Awareness

The Compliance Handbook

Eisai believes that fostering compliance awareness in all officers and employees is essential for ensuring that each officer and employee always engages in corporate activities based on compliance.

For this reason, **Eisai created a Compliance Handbook,** which outlines Eisai Network Companies (ENW) Charter of Business Conduct and the Code of Conduct. The handbook is **available in 17 languages,** and is distributed to all officers and employees in all Eisai network companies. In addition, all officers and employees declare every year that they understand and abide by the contents of the Compliance Handbook.

Furthermore, **a "Code of Conduct for Business Partners," which covers the behavior expected from all business partners and employees, was issued** and rolled out globally in fiscal 2017.

Eisai has also created a Compliance Card that contains the contact information for the Compliance Counter and shared it with all officers and employees in Eisai network companies in Japan.

Eisai continues to conduct training through various means such as compliance workshops (including those designed for directors and officers), e-learning and distribution of case studies in order to foster compliance awareness.

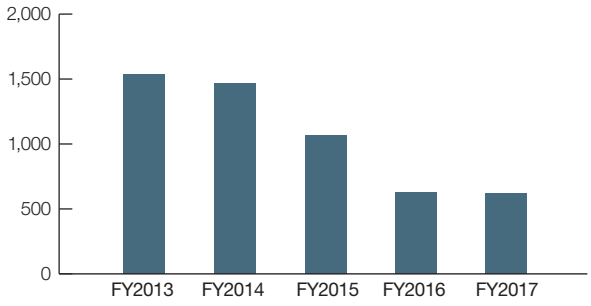
❷ Use of Compliance Counter

The Compliance Counter serves as a point of contact for the whistle-blowing system in Eisai network companies and is set up globally across Japan, the U.S., Europe, China, Asia and other countries. It is a consultation/contact resource that all officers and employees can use to seek assistance with interpreting legal provisions and finding answers to questions about whether their own conduct, or the conduct of their supervisors or co-workers conforms to the compliance policies. The Compliance Counter handles many topics, including harassment, personal information protection, copyright, ethics guidelines for public servants and industry self-regulation.

In Japan, the Compliance Counter also provides resources such as whistle-blowing system operated by outside lawyers and contact desk operated by the external counselors, creating an environment that serves to further promote compliance.

At Eisai, receiving as much consultation/contact as possible is believed to be important in addition to making the internal whistle-blowing system function effectively, and the Compliance Counter receives not only whistle-blowing reports but also all sorts of consultations regarding compliance. From fiscal 2013 to fiscal 2015, the number of inquiries increased primarily due to changes in the operation of the Fair Competition Code, which are the industry rules directly related to MR activities, as well as the introduction of transparency guidelines. However, since the rules and operations were thoroughly enforced afterward, the number of inquiries has settled down.

●The number of Compliance Counter inquiries in Japan



❸ Compliance Awareness Survey

A compliance awareness survey was conducted at all Eisai network companies in fiscal 2017. This survey analyzed and assessed compliance awareness for each ENW employee as well as the status of activities, and the results were utilized to further enhance the compliance program.

❹ Prevention of Bribery and Corruption

Based on its strong determination to undertake honest business activities, **Eisai formulated the Corporate Anti-Bribery and Anti-Corruption (ABAC) Policy for Eisai network companies in January 2012.** This policy provides common rules for Eisai network companies when dealing with external parties in line with efforts to carry out business activities without bribery or corruption across the Eisai network companies.

As one concrete initiative, **Eisai introduced the ABAC due diligence system** that uses a web-based system for receiving responses to a globally common questionnaire on the possibility of bribery and corruption that is sent out beforehand to companies with which we plan to newly undertake transactions. By using this system, we have already achieved **certain results in reducing risk** associated with new business transactions. Based on the thinking of a risk-based approach, this system is being operated in the Americas region that includes Mexico, Brazil and Canada; the EMEA region that encompasses Russia and Eastern Europe; China, India, and countries in Asia.

Additionally, **Eisai is moving ahead with the advanced introduction of a system** at overseas subsidiaries **that detects signs of potential fraud by monitoring accounting and financial data.**

2. Risk Management Promotion

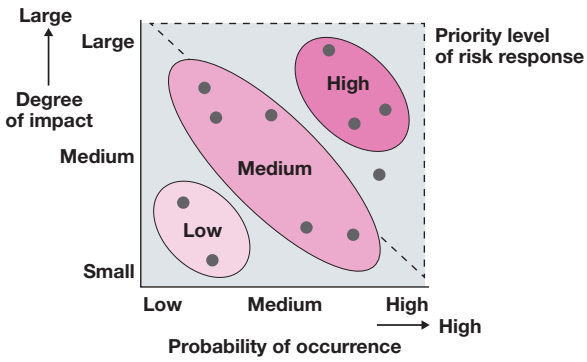
In accordance with the Companies Act, Eisai's Board of Directors formulated the "Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers." **These rules stipulate that all corporate officers should identify the risks in their duties and establish, develop and implement internal control systems.** In response, the corporate officer responsible for internal control established the "ENW Internal Control Policy", and is establishing, developing and implementing internal control systems covering all Eisai network companies as well as implementing initiatives for containing risk within acceptable levels.

❶ Promoting a Risk Management System and Response to Risks

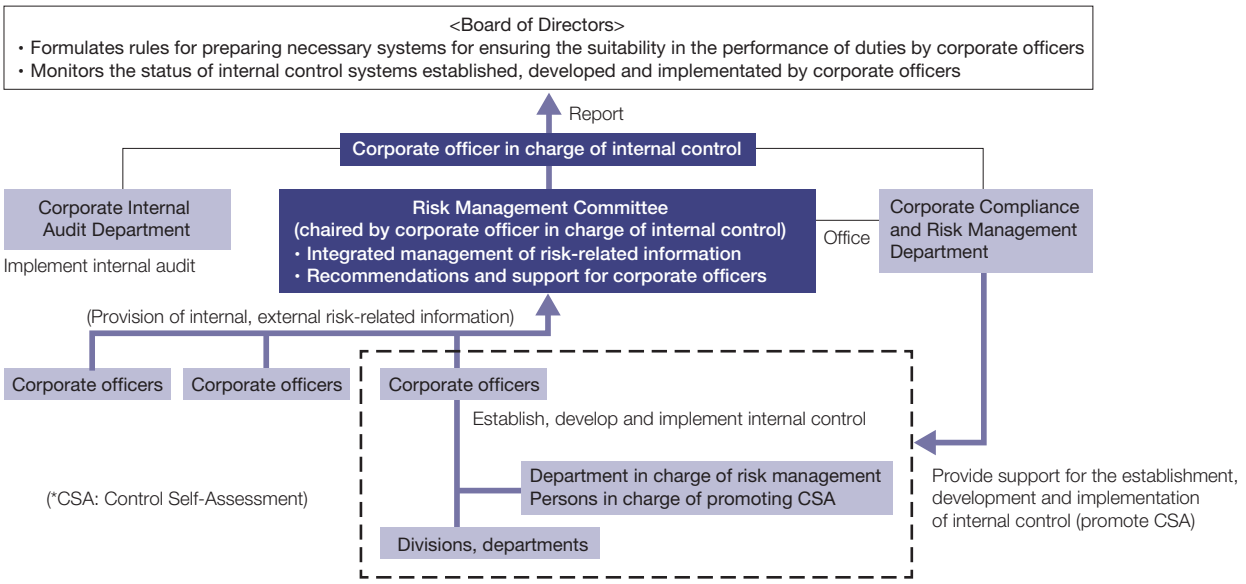
Of all the risks identified by corporate officers and department managers through Control Self-Assessment (CSA), critical risks are uniformly managed by the Risk Management Committee. Also, Eisai quickly detects its own potential risks through continuous monitoring for external corporate misconduct and prevents these risks from occurring by promptly responding to risks.

The identified risks are evaluated in terms of the degree of impact based on the magnitude of the inherent risk (degree of impact and probability of occurrence) and the level of internal control (status of establishment, development and implementation). The priority level of risk response is then determined and risk management is efficiently undertaken.

●Evaluating Degree of Risk Impact



●Eisai's Risk Management System



❷ CSA (Control Self-Assessment)

One of the tools used by Eisai for risk management is CSA. CSA is conducted yearly for all department managers in Eisai network companies to identify and evaluate risk in their own structure. Identified risks are dealt with through workshops and others. In addition, CSA ensures the effectiveness of risk management by identifying critical company-wide risk through interviews and reports and by following up on the risk response implementated by corporate officers.

❸ Internal Audit Activities based on International Standards

Internal audits are voluntary audits that differ from the audits conducted by the Audit Committee and the accounting audits. The Corporate Internal Audit Department is established under the corporate officer in charge of internal control. **The Corporate Internal Audit Department implements internal audits globally, while cooperating with internal audit departments in Japan, the U.S., Europe, China and Asia.** These internal audits independently and objectively assess whether the execution of duties by corporate officers is being undertaken appropriately and efficiently. The results are reported to the Executive Committee and to the Audit Committee.

To assure high-quality audits that conform to global standards, the Corporate Internal Audit Department undergoes an assessment every year by an external assessment committee composed of outside experts in accordance with the standards of The Institute of Internal Auditors (an international professional association for internal auditors based in the U.S.).

❹ Serious Risks and Measures Taken

The following table outlines the major risks that could potentially have a serious impact on Eisai's business activities and measures taken in response to those risks. The risks included in the table are just a selection of those deemed to be serious based on risk assessments.

Risk	Outline	Measures Taken
Risks relating to product safety and quality	Potential impact on patients' health or stable product supplies as well as on business results associated with product recalls, suspension of sales, etc., as a result of concerns regarding the safety or quality of products due to raw materials, manufacturing processes or other factors	Eisai is working to strengthen pharmaceutical quality management systems in order to reliably produce and supply compliant products that have been confirmed to be safe and effective in accordance with "ICH Q10 Pharmaceutical Quality System Guidelines."
Risks relating to pharmaceutical safety management (side effect information, etc.)	Eisai is obligated to scientifically evaluate and notify the regulatory authorities regarding any adverse events or safety precautions associated with Eisai's products. Potential impact on patients' health due to issues with safety monitoring activities (pharmacovigilance) or provision of safety information	Eisai has established a global pharmacovigilance system and is working to ensure that its products are used in an appropriate manner. Activities are spearheaded by the Safety Executive Committee, which consists of safety management supervisors from key areas, and the Global Safety Board, which consists of safety and medical evaluation supervisors for each product.

Risk	Outline	Measures Taken
Risks related to overseas operations	The Group conducts production/sales activities for products around the world. However, there are risks such as legal restrictions, socio-political uncertainty, and business environment uncertainty in its global business activities. In the event the Group faces such risks, there is a possibility that original projected earnings may not be achieved.	Eisai has deployed corporate officers at key locations including the U.S., Europe, China and Asia, and has built a system to immediately ascertain and share important information, as well as enable a response. In addition, Eisai also expands risk management activities globally, and together with promoting initiatives to lower risk in executing operations, responsible departments are implementing response processes for when risks are actualized.
Risks relating to outsourcing	Potential serious impact on Eisai's operations and/or results in the event of research, manufacturing or other selected operations outsourced by the group being suspended for any reason, or in the event of any issues with research results or manufactured output provided by outsourcing partners	Eisai examines and verifies the suitability of each outsourcing partner before outsourcing operations. Eisai also conducts regular audits to ensure that outsourcing partners are carrying out operations in an appropriate manner. In addition, Eisai makes preparations including development of a backup system for when risks are actualized.
Risks relating to information management	Potential impact on Eisai's competitiveness and/or reputation and potential disadvantages for concerned stakeholders in the event of a leak involving confidential technical or business information, or personal information held by Eisai	Eisai has set out policies, including the ENW Confidential Information Security Policy, and continues to organize training seminars to ensure that confidential information is handled properly. Eisai has also put in place a personal information protection system.
Risks relating to financial reporting	Potential for stakeholders to sustain unexpected losses and for significant loss of confidence in Eisai due to inaccurate financial reporting	Eisai is compliant with standards for evaluating, auditing and implementing internal controls in relation to financial reporting in accordance with the Financial Instruments and Exchange Act and other applicable legislation. Eisai has put in place effective internal control systems in relation to financial reporting and ensures that they are operated in an appropriate manner.
Risks related to financial market conditions and currency movement	The effect of foreign exchange fluctuations on the yen conversion of sales of overseas consolidated subsidiaries as well as export and import transactions and other foreign currency transactions may also impact business results. Furthermore, as Eisai holds stocks and other marketable securities, a decline in the stock market could result in losses on sales or devaluation of stocks and other securities. In addition, an increase in projected benefit obligations due to changes in the interest rate may have an impact on business results.	Considering the impact on business results, Eisai is always monitoring financial markets and foreign exchange fluctuations. Regarding financial assets, Eisai regularly revises its obligations held, and aims for optimization. In addition, regarding the impact of foreign exchange, based on the statuses of the Group's transactions and business activities, Eisai sets a base currency and utilizes currency hedges as well as other derivatives in an effort to reduce risk.
Risks related to plant closure or shutdown	Eisai's plants may be closed or shut down due to technical problems, raw material shortages, influenza and other pandemics, fire, earthquakes and other natural disasters. In such cases, the supply of products may become difficult and can significantly impact business results.	Through regular assessment of contract manufacturers and API suppliers, as well as maintenance of reasonable inventories of API and products, etc., Eisai works to reduce risks relating to the supply of products. Combined with making doubly sure of preparations for every kind of disaster, in order to bring about business continuity as well as early recovery/restart, Eisai has set a "Business Continuity Plan" for each department. Together with planning responses, Eisai also works to regularly review these plans to increase their effectiveness.
Risks relating to the environment	Potential serious impact on the local community and the environment in the event of environmental contamination stemming from one of Eisai's facilities. Potential serious impact on results due to factors such as legal action (closure of facilities, etc.), remedial environmental measures or compensation for the local community	Eisai has set out the ENW Environmental Protection Policy and established a company-wide Environment and Safety Committee in order to discuss and make decisions regarding important matters relating to protecting the environment. Individual facilities also establish their own management systems, including obtaining ISO 14001, and carry out their own environmental activities.
Risks relating to disasters, etc.	Potential large-scale damage to plants, sales offices and other facilities and potential impact on Eisai's activities in the event of a natural disaster such as an earthquake or typhoon, or an accident such as a fire	Together with making doubly sure of preparations for every kind of disaster, each division formulates a "Business Continuity Plan (BCP)" to ensure that business can continue or be quickly restored/reinstated. In addition to BCP measures, Eisai also carries out regular reviews to make plans more effective.

Social and Relationship Capital

Partnerships

Aiming to Improve Business Efficiency and Productivity by Leveraging Partnerships

Eisai believes that partnerships are an extremely effective means of improving business efficiency and productivity. While we engage in a diverse array of collaboration models, such partnerships can be broadly divided into “Partnerships aimed at creating innovation in therapeutic areas of focus”, “Partnerships aimed at building new business models” and “Partnerships aimed at expanding access to medicines.” Eisai will continue to make effective use of partnerships to promptly maximize contributions to patients.

* Details of the agreements below are as of the end of July 2018.

Partnerships aimed at creating innovation in therapeutic areas of focus

Neurology Area

Arena Pharmaceuticals, Inc. (U.S.) Corporation

Change of licensing agreement for exclusive commercialization of the anti-obesity agent lorcaserin hydrochloride (generic name, name in the U.S. : BELVIQ®) that was originally concluded in November 2013. Based on the change in the agreement, Eisai acquired all development and marketing rights for BELVIQ® from Arena Pharmaceuticals, Inc.

BIAL-Portela & Ca, S.A. (Portugal) Corporation

License for marketing and co-promotion of the antiepileptic agent Zebinix® in Europe

BioArctic AB (Sweden) Corporation

Exclusive license agreement for worldwide research and development, manufacturing and sales of the anti-beta amyloid (Aβ) protofibril antibody BAN2401 for the treatment of Alzheimer’s disease

Biogen Inc. (U.S.) Corporation

1. Joint development/joint sales promotion related to BACE (beta-site amyloid precursor protein-cleaving enzyme) inhibitor elenbecestat, anti-Aβ protofibril antibody BAN2401 and anti-Aβ antibody aducanumab
2. Acquisition of option rights related to joint development/joint sales promotion of the anti-tau antibody (BIIB076) under development by Biogen Inc.
3. Co-promotion of Biogen’s multiple sclerosis treatments, Avonex®, Tysabri®, and Tecfidera® in Japan to accounts that Biogen Inc. currently does not call upon, and also distribution and booking sales for three products above and Plegridy® in Asia (excluding China).

JCR Pharmaceuticals Co., Ltd. (Japan) Corporation

Agreement for collaborative research using JCR’s blood-brain-barrier (BBB) penetration technology J-Brain Cargo® to the discovery of new treatments

Johns Hopkins University (U.S.) Academia

Collaboration agreement for neurological drug discovery research

Keio University (Japan) Academia

Implementation of new joint research for the discovery and development of new drugs targeting dementia

Meiji Seika Pharma Co., Ltd. (Japan) Corporation

License agreement for the commercialization of safinamide in Japan and Asia, currently under clinical development in Japan for the treatment of Parkinson’s disease

Novartis AG (Switzerland) Corporation

License agreement for worldwide development, manufacturing and sales of the antiepileptic agent Inovelon®/Banzel®

Orion Corporation (Finland) Corporation

1. Comprehensive marketing agreement concerning Parkinson’s disease treatment Eldepryl® in China
2. Marketing and distribution agreement concerning Parkinson’s disease treatments Comtan® and Stalevo® in China

Pfizer Inc. (U.S.) Corporation

Co-promotion of the pain treatment Lyrica® in Japan

Purdue Pharma L.P. (U.S.) Corporation

Agreement for global co-development and co-promotion of the dual orexin receptor antagonist lemborexant

Sumitomo Dainippon Pharma Co., Ltd. (Japan) Corporation

License agreement for manufacturing and sales of the antiepileptic agent Zonegran® in Europe and Asia

Sunovion Pharmaceuticals Inc. (U.S.) Corporation

Exclusive license for the development and marketing of the anti-insomnia agent Lunesta® in Japan

Sysmex Corporation (Japan) Corporation

Comprehensive non-exclusive collaboration agreement for creating new diagnostics in the dementia area

University College London (UCL) (U.K.) Academia

Agreement to form major drug discovery alliance to develop new therapeutics for neurological diseases

Oncology Area

Epizyme, Inc. (U.S.) Corporation

Partnership in development and commercialization of the anticancer therapies targeting EZH2, including E7438 within Japan, as well as regarding the right of first negotiation for licensing rights in Asia

Halozyme Therapeutics, Inc. (U.S.) Corporation

Collaboration agreement for evaluating Halaven® in first-line HER2-negative advanced breast cancer in combination with Halozyme’s investigational new drug PEGPH20, a PEGylated recombinant human hyaluronidase

HUYA Bioscience International, LLC (U.S.) Corporation

Acquisition of exclusive license to develop and market the oral histone deacetylase (HDAC) inhibitor HBI-8000 in Japan, South Korea, Thailand, Malaysia, Indonesia, the Philippines, Vietnam and Singapore

Merck & Co., Inc., Kenilworth, N.J., U.S.A. (U.S.) Corporation

Agreement for joint development and commercialization of Eisai’s tyrosine kinase inhibitor, Lenvima®, as monotherapy and in combination with Merck & Co., Inc., Kenilworth, N.J., U.S.A.’s KEYTRUDA® for multiple cancer types

Orion Corporation (Finland) Corporation

Comprehensive marketing agreement concerning Orion’s breast cancer drug Fareston® in China

PRISM Pharma Co., Ltd. (Japan) Corporation

Joint research and development concerning CBP/β-catenin inhibitor E7386 and others

SymBio Pharmaceuticals Limited (Japan) Corporation

1. Exclusive license on joint development and marketing of the anticancer agent Treakisym®/Symbenda® in Japan
2. Exclusive development and marketing licenses in Singapore and South Korea

Other Areas (gastrointestinal disease, and others)

AbbVie Deutschland GmbH & Co. KG (Germany) Corporation

Development, sales and co-promotion of the fully human anti-TNF-α monoclonal antibody Humira® in Japan, Taiwan and South Korea (EA Pharma Co., Ltd and AbbVie GK undertake co-promotion for indications in the area of gastrointestinal disease (ulcerative colitis, Crohn's disease and intestinal Behçet's disease))

Ajinomoto Co., Inc. (Japan) Corporation

Agreement for integrating (absorption type split) Eisai's gastrointestinal disease treatment business with Ajinomoto Pharmaceuticals Co., Ltd. (Establishment of EA Pharma Co., Ltd.)

Almirall, S.A. (Spain) Corporation

License agreement concerning the development, manufacturing and marketing of the gastrointestinal prokinetic agent Cidine® in China

Minophagen Pharmaceutical Co., Ltd. (Japan) Corporation

Exclusive rights for the development and marketing of liver disease/allergic disease agents Stronger Neo-Minophagen C® and Glycyron® Tablets in Euro-Asian countries where the products have not yet been sold, as well as exclusive first negotiation rights for exclusive marketing rights in China and other Euro-Asian countries where the products are already sold

Sato Pharmaceutical Co., Ltd., Seren Pharmaceuticals Inc. (Japan) Corporation

Agreement of Sato Pharmaceutical Co., Ltd. and Eisai to co-promote new oral antifungal agent (product name: NAILIN® Capsules 100mg) containing the active ingredient fosravuconazole L-lysine ethanolate which was discovered by Eisai, in Japan

Toyama Chemical Co., Ltd., Taisho Pharmaceutical Co., Ltd.(Japan) Corporation

Agreement to take over the marketing authorization and marketing activities for anti-rheumatic agent KOLBET® Tablets 25mg in Japan

University of Tsukuba (Japan) Academia

Agreement for industry-academia joint research for the development of new drugs for inflammatory bowel disease that use biomarkers

Partnerships aimed at building new business models

Grupo Biotoscana (Uruguay) Corporation

Exclusive licensing agreement to seek regulatory approvals and commercialize the anticancer agents Halaven® and Lenvima®, as well as antiepileptic agents Fycompa® and Inovelon® in Latin America

Nichi-Iko Pharmaceutical Co., Ltd. (Japan) Corporation

Strategic alliance agreements including incremental transfer of all shares of Elmed Eisai Co., Ltd., co-operation in building Eisai's Ecosystem, as well as collaboration on the active pharmaceutical ingredient (API) business promoted primarily at Eisai's Vizag Plant in India

Partnerships aimed at expanding access to medicines

Access Accelerated Global Partnership

Participation in a multi-stakeholder global partnership to advance access to non-communicable diseases (NCDs) prevention, treatment and care in low and lower-middle income countries

Broad Institute (U.S.) Research Institute

Joint research aimed at the development of new treatments for Chagas disease, malaria and tuberculosis, and development of new antimalarial medicine based on the drug targets that the joint research team identified in 2016

Colorado State University, University of Chicago (U.S.) Academia

Joint research agreement to develop a potential new treatment for tuberculosis with the compound identified from Broad Institute's chemical library

Drugs for Neglected Diseases *initiative* (DND*i*) (Switzerland) Not-for-profit R&D organization

1. Collaboration and licensing agreement for new drug development for Chagas' disease and eumycetoma
2. Participation in the Drug Discovery Booster Consortium formed by DND*i* with the aim of accelerating the development of new drugs for leishmaniasis and Chagas disease

Fundacao Oswaldo Cruz (Fiocruz) (Brazil) Research Institute

Agreement for joint research and development of compounds developed by Eisai for the treatment of malaria and NTDs

Global Health Innovative Technology Fund (GHIT Fund) (Japan) Non-Profit Public-Private Partnership

Participation in public-private partnership aimed at bringing Japanese innovation to accelerate development of new medicines to cure infectious diseases in the developing world

Liverpool School of Tropical Medicine (U.K.) , University of Liverpool (U.K.) Academia

1. Agreement for joint research for creating *Wolbachia* inhibitors (new antifilarial agents)
2. Agreement for joint research for developing antimalarial drugs

Macrofilaricide Drug Accelerator Global Partnership

Participation in global partnership aimed at developing new drugs for filariasis (especially river blindness)

Medicines for Malaria Venture (MMV) (Switzerland) Non-Profit Public-Private Partnership

Agreement for joint research for the development of new antimalarial drugs

Sabin Vaccine Institute (U.S.) Research Institute

Agreement for joint research for development of new vaccines for Chagas' disease

TB Alliance (U.S.) Not-for-profit R&D organization

Alliance to find faster-acting and affordable drug regimens to fight tuberculosis

Tuberculosis Drug Accelerator (TBDA) Global Partnership

Participation in global partnership aimed at creating innovative new drugs for tuberculosis

University of Kentucky (U.S.) Academia

Agreement for joint research aimed at developing new antimalarial agent

World Health Organization (WHO) (Switzerland) UN Agency

Agreement for providing free of charge DEC (diethylcarbamazine) tablets, a treatment for lymphatic filariasis, and participation in partnership for providing lymphatic filariasis diagnostic kits free of charge to endemic areas

World Intellectual Property Organization (WIPO) (Switzerland) UN Agency

Participation in consortium sponsored by WIPO for promoting the development of new drugs for tropical diseases

Social and Relationship Capital | Manufactured Capital

Quality Assurance, Stable Supply, Safety Information Management for Products

Fulfilling our responsibility as a pharmaceutical company

Eisai's General Policy on Product Quality

"The quality of every single tablet, capsule and ampule that we produce is integral to the life of the patient."

Eisai carries out its activities with an awareness that every drug it manufactures is directly linked to patient's lives. As long as there are people around the world in need of medicine, there exists a mission and a responsibility to continue to assure the stable supply of high-quality pharmaceutical products. In order to do so, Eisai consistently strives for high quality through the implementation of a robust management system that oversees all processes from drug substance and formulation research to production and distribution.

Quality Assurance Activities

Believing that quality must be assured until pharmaceutical products are delivered to and used by patients and consumers who need these products, Eisai implements quality control in the manufacturing phase in accordance with its **globally unified Good Manufacturing Practice (GMP) standards (international regulations for production and quality management)**, while placing emphasis on **maintaining product quality in the distribution phase.** Under this global quality assurance system, Eisai is carrying out quality assurance activities to supply pharmaceutical products that can be used by patients with a sense of security in every country and region. The quality assurance departments within Eisai strive to supply products that generate customer satisfaction by pursuing quality that satisfies both the apparent and latent needs of patients and customers.

Stable Supply

Eisai has formulated a **business continuity plan (BCP)** to ensure stable supply in case of risks such as natural disaster, accident or act of terrorism. Even in the event of a large earthquake, we are committed to resuming plant operations as soon as possible and continuing the stable supply of products by consistently ensuring appropriate product inventory. Additionally, we are undertaking initiatives for securing **backup sites** that enable alternate operations in times of emergency, primarily for specific products with a high degree of urgency and importance.

Initiatives against Counterfeit Drugs

As the globalization of the development and distribution of pharmaceutical products accelerates remarkably, there have been reports of an increasing risk of counterfeit drugs not only in developing and emerging countries but also in developed countries. In addition to its regular quality-assurance activities, Eisai is implementing **global product security activities** to ensure that its products are reliably delivered to patients. In collaboration with regulatory authorities, other companies in the industry and industry groups, Eisai is actively participating in monitoring and establishing measures against counterfeit drugs and the illegal distribution of drugs. When an actual case is detected, Eisai responds quickly by undertaking investigations, taking various legal steps and assuring stable supplies, with these efforts led by the Product Security Execution Committee.

Safety Information Management for Pharmaceutical Products

The value of pharmaceutical products can only be fully deployed through proper usage upon correctly understanding the risks and benefits. Pharmacovigilance (pharmaceutical product safety monitoring) is defined by WHO as "the science and action relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problem". Pharmacovigilance is indispensable for properly evaluating the balance between the risks and benefits of pharmaceutical products.

Eisai works to ensure that its products are used properly in countries around the world by **providing updated product information to healthcare professionals and patients in a timely manner. For updating, we continually collect and evaluate product safety information worldwide** spanning the initial stage of pharmaceutical product development through to post launch.

Global Safety Information Management System

Eisai has established a **global pharmacovigilance system for products** that is centered on the **"Safety Executive Committee"** mainly composed of persons responsible for safety management in each major region, as well as the **"Global Safety Board"** mainly composed of persons responsible for safety evaluations for each product. Under this system, Eisai has prescribed global standards for uniform product safety profiles and is making responses to thoroughly assure the proper usage of its products through discussions on issues concerning pharmaceutical safety that consider the latest information on healthcare and regulations in countries around the world.

Eisai *hhc* Hotline

At Eisai Co., Ltd., **the Eisai *hhc* Hotline (toll-free customer information service) is open 365 days a year**. Its mission is to relieve any concerns that patients, customers and healthcare practitioners may have in the use of Eisai products, and provide correct information for their proper use.

Inquiries or opinions are shared as valuable information within us, and utilized for development and improvement of products as well as provision of information or services in order to address the diverse potential needs of patients and healthcare providers.

Initiatives for Reinforcing Data Integrity

Data integrity refers to the completeness of data. For a research and development based pharmaceutical manufacturer like Eisai, securing the integrity of research data, manufacturing data, and other data is extremely important. In recent years, there have been various scandals involving data falsification and fabrication at other companies. We have come to recognize the importance of securing data integrity as well as initiatives to prevent fraud in advance. Accordingly, we initiated a project in September 2017, and have worked to secure the integrity of important data mainly at our research and development divisions, production divisions, and medical divisions. Firstly, **we have identified over 3,000 employees involved in handling important data, and are implementing training for all of these employees**. We completed the first training program in fiscal 2017. Furthermore, **a new system for reinforcing initiatives to secure data integrity** was introduced in January 2018.

〈The Outline of the New System〉

■Appointing a Corporate Officer in charge of Data Integrity and Chief Quality Officer

With an aim to reinforce quality assurance over product quality, which is the foundation of the pharmaceutical industry, a Chief Quality Officer has been appointed, and the officer promotes initiatives for enhancing data integrity under the support of the Corporate Officer in charge of Data Integrity.

■New Establishment of a Global Quality Headquarters

In order to increase the independence of the quality assurance division from the perspective of strengthening data integrity, Eisai has established Global Quality Headquarters under the Chief Quality Officer. Global Quality Headquarters is centrally responsible for global GMP management, including building a global quality system and auditing suppliers.

■Appointment of a Data Integrity Committee

The structure of the previously mentioned project has been transitioned to a committee structure. The committee is promoting initiatives to secure reliability and accountability of important data regarding product quality, research and development, post-marketing surveys and pharmacovigilance.

Natural Capital

Business with Consideration for the Global Environment

Eisai conducts business operations seeking coexistence with the global environment. Based on the Eisai Network Companies (ENW) Environmental Protection Policy, all employees recognize the importance of environmental protection and incorporate an environmental perspective in working to solve social issues. In promoting business expansion into countries across the world, Eisai will fulfill its corporate social responsibility by focusing on reducing environmental impact at each stage of business.

Developing a Management System for Protecting the Global Environment

Eisai established the company-wide Environment and Safety Committee as a decision-making body for deliberation of important environmental protection issues. Moreover, Eisai develops its own management system in each of its offices in an effort to facilitate its environmental activities. At our major production bases in Japan and overseas, we engage in activities that are based on the acquisition of ISO14001 so that we can check the validity of the environmental management system through external reviews. In addition to observing environment-related laws, ordinances and agreements, we periodically conduct internal environmental audits by an organization specializing in internal auditing to identify and solve issues.

Business locations that have acquired ISO14001 certification
Kawashima Plant (Japan), Kashima Plant (Japan), EA Pharma (Fukushima Office, Research Institute, Head office) (Japan), Suzhou Plant (China) and Vizag Plant (India)

Serious problem(s) detected by external environment-related review agencies
Fiscal 2017 0

Number of administrative measures and lawsuits relating to the environment
Fiscal 2017 0

Environmental communication
Publication of environmental reports, organizing local meetings, administrative committee meetings and others

Formation of a Low-Carbon Society: Aiming to Reduce CO_2 Emissions of Eisai Group in Japan by 23% compared to Fiscal 2005 by Fiscal 2020

Eisai is promoting initiatives for the formation of a low-carbon society to help solve the problem of climate change. Eisai is participating in the Commitment to a Low Carbon Society initiated by the Federation of Pharmaceutical Manufacturers' Associations of Japan, and the Eisai Group in Japan is implementing relevant initiatives based on its own medium-term plan for the reduction of CO_2 emissions. More specifically, we plan to reduce domestic CO_2 emissions by 23% compared to fiscal 2005 by fiscal 2020. In fiscal 2017, our domestic CO_2 emissions were reduced by 37.1%*1 compared to fiscal 2005.

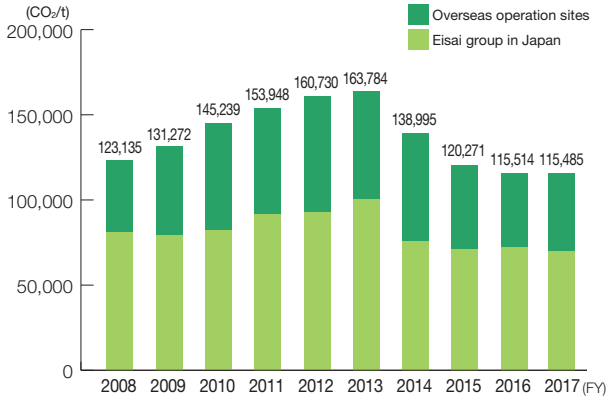
Furthermore, revenue per CO_2 emissions, one of the ecoefficiency indices, has been increasing.

In June 2018, Eisai submitted its commitment letter to Science Based Targets initiative (SBTi)*2, which was accepted.

Domestic CO_2 Emissions Reduction Target
23% reduction compared to fiscal 2005 by fiscal 2020
↓
Domestic CO_2 Emissions Fiscal 2017 Result
37.1% reduction*1 compared to fiscal 2005

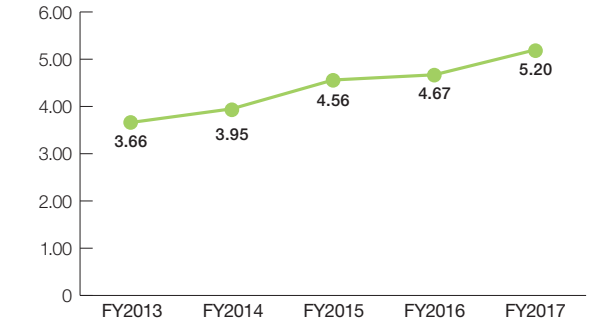
*1 Where the carbon emission factor based on the use of electricity is assumed to be 0.385t-CO_2/MWh as in the evaluation of the Eisai group target
*2 The SBTi helps companies determine a pathway for reducing their emissions in line with what is required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures. The SBTi was established in 2015 and is a collaboration between CDP (formerly the Carbon Disclosure Project), the UN Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Eisai CO_2 Emissions*3



*3 Emissions from business activities at offices outside Japan and vehicles for sales use are not included.
•The data was revised due to recalculation.
•CO_2 emissions from overseas operation sites are calculated based on the International Energy Agency's "CO_2 Emissions from Fuel Combustion (2017 Edition)".

Revenue / CO_2 Emissions*4



*4 Consolidated revenue (million yen) / global CO_2 emissions (CO_2/t)
Previous global CO_2 emissions data was revised due to recalculation.

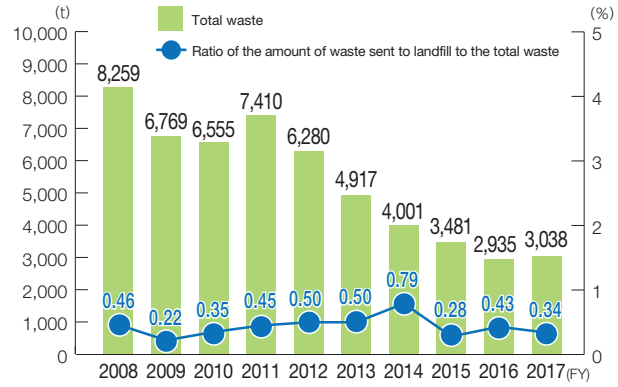
Establishment of a Recycling-Oriented Society: Zero Emissions Have Been Achieved in Japan for Ten Consecutive Years

Eisai is conducting waste disposal with three goals in mind: reduce the amount of waste generated, increase the rate of recycling and decrease the amount of waste sent to landfill. We also sort waste for recycling and select the best waste disposal contractors possible in a timely manner. Furthermore, we are actively trying to process recycling that has value in the market and to reduce disposal costs. In fiscal 2017, we have domestically attained "zero emissions", which indicates a ratio of the amount of waste sent to landfill to the total waste of less than 1%, for ten consecutive years.

Waste Reduction Target in Japan
Continuation of zero emissions
(amount of waste sent to landfill / total waste < 1%)

Fiscal 2017 Result **Achieved for ten consecutive years**

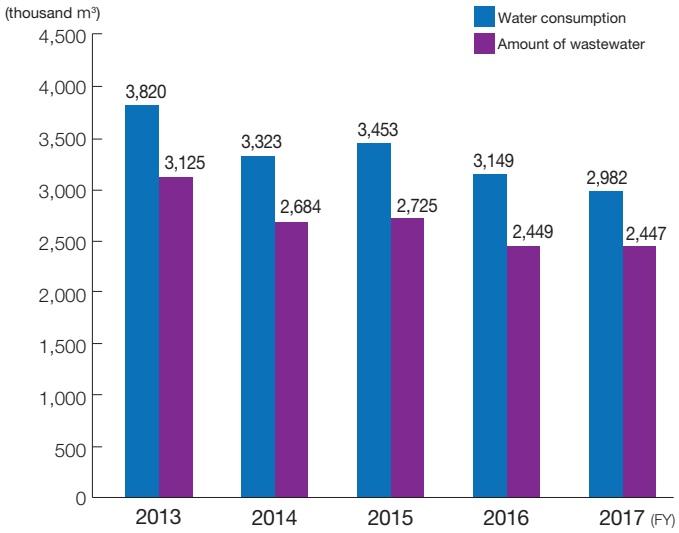
Total Waste and Ratio of Amount of Waste Sent to Landfill in Japan



Handling the Risk of Water Shortage through the Efficient Use of Water Resources

In recent years, the number of regions suffering from severe water shortages due to climate change and other environmental changes has been increasing worldwide and the importance of effective use of water resources is rising year by year. To conserve water resources, Eisai tries to secure the quality of water discharged from its plants and laboratories. We perform regular measurement and ensure that the amount of pollutant emissions to domestic waters is below the standard defined by the Water Pollution Control Law and the agreements on pollution prevention. We are also committed to reducing water consumption and drainage and to facilitating the reuse of water. As a result, our water consumption and drainage from our facilities in Japan are decreasing in recent years. Also, the results of our internal research indicate that the sites of Eisai's plants and laboratories are not situated in high-risk areas that would force them to suspend operations due to water shortages in the near future.

Global Water Consumption and Amount of Wastewater*5



*5 The data was revised due to recalculation.

Rated "B" in the CDP*6 Climate Change Report 2017 and Ranked 3rd in WWF Japan's Ranking of Corporations for Effective Efforts to Address Climate and Energy Issues (Pharmaceutical Industry)

In 2017, the CDP evaluation system highly rated Eisai as "B", which is equivalent to the "Management" level. In the Japanese health care sector, only two companies achieved "Leadership" level (A-), while three companies including Eisai achieved "Management" level (B).

CDP DISCLOSURE INSIGHT ACTION

*6 A non-profit organization based in London, formerly known as Carbon Disclosure Project. Requests information relating to climate change, water, and forests from companies with top ranking market capitalization in principal countries and discloses the information to the government and investors. The CDP evaluation system evaluates the status of implementation of a company's environmental management activities on a scale of one to eight (A, A- to D and D-) on four different levels including leadership, management, recognition and information disclosure.

In June 2018, the non-government organization World Wide Fund for Nature Japan (WWF Japan)*7 announced its Ranking of Corporations for Effective Efforts to Address Climate and Energy Issues for the pharmaceutical industry, in which Eisai was ranked 3rd among Japanese pharmaceutical manufacturers.

*7 WWF Japan is one of the world's largest conservation non-government organizations, and has published its ranking of corporations for effective efforts to address climate and energy issues by industry since 2014.

*For more detailed information, please refer to WWF Japan's website. ▶ https://www.wwf.or.jp/activities/activity/3630.html (In Japanese only)
*See the Environmental Report for more detailed information about our environmental activities
▶ https://www.eisai.com/ir/library/annual/index.html

Initiatives for Achieving Sustainable Development Goals (SDGs) and Contributing to Global Compact

For Sustainability of Society

We believe it is necessary to realize our *human health care* (*hhc*) corporate philosophy, and implement corporate measures based on a long-term perspective under enhanced governance for the achievement of a sustainable society. We acknowledge that it is extremely important for us to actively address global environmental and social issues and contribute to the sustainability of society. These ESG (Environmental, Social, Governance) initiatives also improve corporate value as non-financial value.

Eisai is actively committed through its daily corporate activities to help achieve the United Nations (UN) Sustainable Development Goals (SDGs), contribute to the UN Global Compact, and improve of corporate value including non-financial value.

Initiatives for Achieving SDGs

Eisai is focusing its efforts on achieving the SDGs including the following three goals.

1. No Poverty

- Aim to contribute to patients through improvement of access to medicines in developing and emerging countries, thereby improving health and welfare as well as contributing to economic growth through the expansion of the middle-income class (Pages 15-17,29,36-39,79)

3. Good Health and Well-Being

- Creation of innovative medicines（Pages 12-14,40-45,49-63,92-94）
- Offering solutions that go beyond providing pharmaceuticals (Pages 46-48)
- Initiatives to eliminate neglected tropical diseases (NTDs) which are endemic in developing countries
  - •Provision of diethylcarbamazine (DEC) tablets at Price Zero (free of charge) for elimination of lymphatic filariasis (Pages 15-17,29,37)
  - •Initiatives to create new medicines for Chagas disease, filariasis, leishmaniasis, mycetoma, malaria and tuberculosis which spread mainly among people of lower-income classes in developing countries (Pages 16-17,38)
- Provision of Eisai products based on Affordable Pricing Policy in developing and emerging countries (Pages 17, 38-39)

17. Partnerships

- Partnerships with corporations, United Nations organizations, non-profit organizations, research institutions, academia and other groups for creating innovation in priority areas and expanding access to medicines (Pages 12-17,29-30,38,40-41,49-53,58-59,61-63,78-79)

Eisai's Initiatives for the UN Global Compact

Eisai joined the UN Global Compact in December 2017. Eisai shall fulfill its contribution to the international community under its corporate philosophy, in accordance with the ten principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

WE SUPPORT UN GLOBAL COMPACT

Ten Principles in four areas		Status of initiatives
Human Rights	Principle 1 : Businesses should support and respect the protection of human rights; and Principle 2 : make sure that they are not complicit in human rights abuses.	Eisai respects human rights and prevents, within the scope of its business, modern slavery such as child labour, forced labour and human trafficking. In addition, Eisai's Charter of Business Conduct requires it to take into consideration the cultures and customs of the countries where it operates in the course of business, and this Charter of Business Conduct is shared with all employees around the world. Regarding Human Rights and Labour, assessment is carried out with the aim of actualizing potential risks at each of the five regions. Based on the results of assessment, we will consider responses, as well as formulate and execute action plans.
Labour	Principle 3 : Businesses should uphold the freedom of association and the recognition of the right to collective bargaining; Principle 4 : the elimination of all forms of forced and compulsory labour; Principle 5 : the effective abolition of child labour; and Principle 6 : the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7 : Businesses should support a precautionary approach to environmental challenges; Principle 8 : undertake initiatives to promote greater environmental responsibility Principle 9 : encourage the development and diffusion of environmentally friendly technologies.	Eisai is committed to the formation of a low-carbon society and a recycling-oriented society. ＊For further details, please refer to pages 82-83. ＊For further details, please refer to the Environmental Report. ▶ https://www.eisai.com/ir/library/annual/index.html
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Aiming to undertake honest business activities, Eisai formulated the Corporate Anti-Bribery and Anti-Corruption (ABAC) Policy for Eisai Network Companies. In addition, we have introduced a due diligence system for companies with which we plan to newly undertake transactions. ＊For further details, please refer to page 75.

An example of our initiatives for SDGs

Remember I Love You: a project to improve understanding of dementia in China

In China, population aging is accelerating rapidly. Although China will be the world's largest ageing country in the 2030s, when those aged 60 years and older are expected to account for 30% or more of its total population, there is still a lack of understanding of dementia in society. It is estimated that only 21% of patients with dementia underwent a medical examination and only 19.6% of those patients received proper treatment*.

*Source: *Chinese Journal of Neurology*, Volume 46, Issue 1

Eisai China has been working on a variety of initiatives to raise awareness of dementia and improve consultation rate. These activities as collectively named "Remember I Love You."

Educational activities via social media –Yellow Wristband–

As a part of this project, Eisai China has entered into a partnership with the China Population Welfare Foundation, and launched an official account called Yellow Wristband on WeChat, China's largest social media platform. As yellow wristband is known as a symbol of dementia in China, it was chosen as the account name.

Yellow Wristband

The official Yellow Wristband account is regularly updated with articles on dementia and related disorders, videos on the symptoms of dementia and know-how on caregiving. It also provides information about simple diagnostic tools and a list of the outpatient centers for dementia across China. About 59,000 people have registered with the Yellow Wristband (as of May 2018). Eisai continues to enhance and provide easy-to-understand and useful information, and expand our disease awareness activities to more people.

Disease awareness activities for dementia in a broad-ranging approach

In addition to social media, Eisai has conducted various disease awareness activities regarding dementia through "socialization" with elderly people as well as discussions with doctors and caregivers to understand the needs of the people directly involved. For example, Eisai China has established dementia booths in parks and facilities in communities, held a media seminar with a medical expert on dementia in China and posted a special feature regarding dementia in newspapers and magazines. Through *hhc* activities, academic exchange meetings and cooperation with nursing care facilities, Eisai China is striving to promote a proper understanding of dementia, and working to build a society where patients with dementia and elderly people can live peacefully.

Provision of Yellow Wristband to patient

A simple diagnosis for dementia

Eisai staff socializing with patients at a nursing home

Impressions from project members of "Remember I Love You"

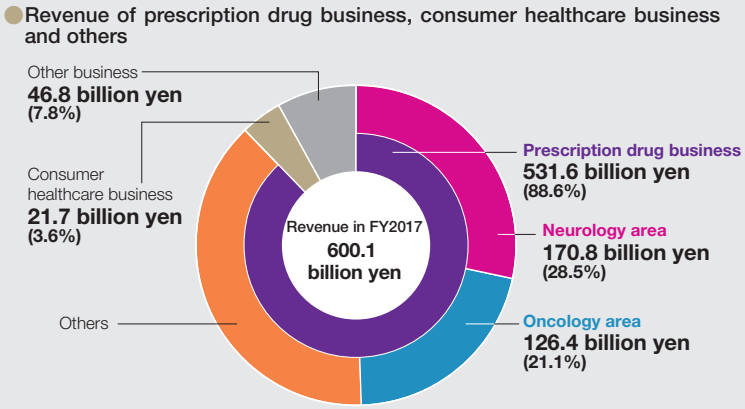
We provide accurate information on dementia to patients, their family members and the public, and have worked for many years on disease awareness and the promotion of early consultation. We have provided patients with dementia and their family members with approximately 250,000 Yellow Wristbands with the address and contact information of the patient registered as a QR code. In fact, there have been cases where a patient who was lost came home safely thanks to the Yellow Wristband.

Major project members of "Remember I Love You"

Information on memory clinics across China, easy-to-understand facts and know-how regarding the care of patients with dementia are available on the official Yellow Wristband account. Through these activities, we feel that we are contributing to patients and their families, and this boosts our motivation to work.

Major Products

Product lineup mainly consisting of two major focus areas (Neurology and Oncology)



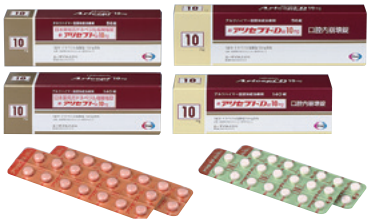
Prescription drug business Revenue in fiscal 2017 ¥531.6 billion (Composition of consolidated revenue 88.6%)

Neurology Area Revenue in fiscal 2017 ¥170.8 billion (Composition of consolidated revenue 28.5%)

Aricept® (generic name: donepezil) In-house

Treatment for Alzheimer's disease/dementia with Lewy bodies

Revenue in fiscal 2017 ¥44.3 billion (90% YoY)



A dementia treatment discovered and developed in-house by Eisai that is believed to slow the overall progression of symptoms associated with Alzheimer's disease by inhibiting acetylcholinesterase enzyme which breaks down the neurotransmitter acetylcholine. Currently approved in more than 100 countries worldwide. The agent received additional approval for a new indication for the treatment of dementia with Lewy bodies in Japan, the Philippines and Thailand.

Although revenue is decreasing mainly due to the expansion of generics in Japan, revenues are increasing in China and Asia.

Methycobal® (generic name: mecobalamin) In-house

Peripheral neuropathy treatment

Revenue in fiscal 2017 ¥40.1 billion (100% YoY)

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

Although revenue is decreasing in Japan, revenues are increasing in China and Asia.

Fycompa® (generic name: perampanel) In-house

Antiepileptic agent

Revenue in fiscal 2017 ¥14.7 billion (142% YoY)

An AMPA receptor antagonist discovered and developed in-house by Eisai, Fycompa has been approved in Japan, the U.S., Europe and Asia for the adjunctive treatment for both partial-onset seizures and primary generalized tonic-clonic seizures.

Currently, revenue is increasing worldwide.

Lyrica® (generic name: pregabalin) In-license

Pain treatment

Revenue in fiscal 2017 (Co-promotion income) ¥26.5 billion (109% YoY)

A pain treatment originally developed by Pfizer Inc. of the U.S. Currently approved in more than 130 countries worldwide. Co-promoted in Japan by Pfizer Japan Inc. and Eisai Co., Ltd., with both companies working to provide information on its proper use.

Revenue is increasing due to the success of activities to raise awareness of peripheral neuropathy.

BELVIQ® (generic name: lorcaserin) In-license

Treatment for chronic weight management

Revenue in fiscal 2017 ¥4.8 billion (123% YoY)

A new chemical entity discovered and developed by Arena Pharmaceuticals, Inc. that is believed to encourage decreased food consumption and promote satiety by selectively activating serotonin 2C receptors in the brain. BELVIQ® was the first prescription treatment for obesity approved by the U.S. Food and Drug Administration in 13 years and was launched in June 2013. Additionally, the once-daily formulation was launched in the U.S. in October 2016.

In fiscal 2017, the market environment in the U.S. was very tough and revenue decreased, however revenue to partners grew in regions outside the U.S., and global revenue increased.

Lunesta® (generic name: eszopiclone) In-license

Insomnia treatment

Revenue in fiscal 2017 ¥10.2 billion (127% YoY)

A non-benzodiazepine type $GABA_A$ receptor agonist that was originally developed by Sunovion Pharmaceuticals Inc. Eisai has pursued the development of the product since acquiring the exclusive rights from Sunovion Pharmaceuticals Inc. to develop and market the agent in Japan. The product was launched in Japan in April 2012.

Revenue increased mainly due to the success of activities to raise awareness of Lunesta as "a drug for the elderly" in Japan.

Oncology Area

Revenue in fiscal 2017 ¥126.4 billion
(Composition of consolidated revenue 21.1%)

Halaven® (generic name: eribulin) — In-house

Anticancer agent/microtubule dynamics inhibitor

Revenue in fiscal 2017 ¥39.9 billion (107% YoY)

An anticancer agent discovered and developed in-house by Eisai. A synthetic analog of halichondrin B derived from the marine sponge *Halichondria okadai*. Shows an antitumor effect by arresting the cell cycle through inhibition of the growth of microtubules. Approved in more than 65 countries for the treatment of breast cancer. Approved in over 50 countries for use in the treatment of liposarcoma (soft tissue sarcoma in Japan).

In fiscal 2017, contribution to patients in Japan was expanded to an earlier line of treatment, and global revenue grew.

Lenvima® (generic name: lenvatinib) — In-house

Anticancer agent/molecular targeted drug

Revenue in fiscal 2017 ¥32.2 billion (150% YoY)

A selective tyrosine kinase inhibitor (TKI) with a novel binding mode originally discovered and developed in-house by Eisai. Approved as a treatment of refractory thyroid cancer in over 50 countries worldwide.

In addition, the agent has been approved for use in the treatment of renal cell carcinoma in combination with everolimus in over 45 countries including the U.S. and Europe (product name in Europe: Kisplyx®).

Revenue is increasing worldwide.

Others

Humira® (generic name: adalimumab) — In-license

Fully human anti-TNF-α monoclonal antibody

Revenue in fiscal 2017 ¥54.9 billion (116% YoY)

A treatment for autoimmune diseases such as rheumatoid arthritis. In Japan, the agent is manufactured and marketed by AbbVie GK and marketed by Eisai. AbbVie GK and Eisai are co-promoting the agent for the indications in the areas other than gastrointestinal disease, while AbbVie GK and EA Pharma Co. Ltd., are co-promoting the agent for the indications in the gastrointestinal disease area.

Revenue is increasing in Japan and Asia mainly due to the success of promotion leveraging the strengths of having a wide range of indications.

Gastrointestinal Area

EA Pharma Co., Ltd., a gastrointestinal specialty pharma with a full value chain including research and development, production and logistics, sales and marketing, was formed in April 2016 from the merger of Eisai's gastrointestinal treatment business and AJINOMOTO PHARMACEUTICALS CO., LTD. In Japan, EA Pharma Co., Ltd. conducts promotional activities in the field of gastrointestinal diseases.

Pariet® (generic name: rabeprazole) — In-house

Proton-pump inhibitor

Revenue in fiscal 2017 (in Japan) ¥17.2 billion (81% YoY)

A proton-pump inhibitor originally discovered and developed in-house by Eisai. Indicated for the treatment of gastric and duodenal ulcers, reflux esophagitis and eradication of *Helicobacter pylori* infections, etc. Approved in more than 100 countries worldwide.

Although revenues are increasing in China and Asia, revenue is decreasing mainly due to increasingly severe competition and the expansion of generics in Japan.

Generic Business (Elmed Eisai Co., Ltd.)

Revenue in fiscal 2017 ¥27.8 billion

In March 2018, a strategic capital alliance agreement as well as a share transfer agreement were signed with Nichi-Iko Pharmaceutical Co., Ltd. regarding Eisai's generic pharmaceutical business subsidiary Elmed Eisai Co., Ltd. All shares of Elmed Eisai Co., Ltd. are to be transferred incrementally to Nichi-Iko Pharmaceutical Co., Ltd. (scheduled for completion on April 1, 2019).

Consumer Healthcare Business

Revenue in fiscal 2017 ¥21.7 billion
(Composition of consolidated revenue 3.6%)

Chocola BB® Products

Revenue in fiscal 2017 ¥13.9 billion (112% YoY)

Ranging from the signature product Chocola BB® Plus, a Vitamin B2 preparation for rough skin and stomatitis, a variety of products such as third-class OTC drugs, designated quasi-drugs and food with nutrient function claims are available.

In fiscal 2017, revenue increased due to the launch of new and updated products as well as the effect of television commercials and growth of Chocola BB® from inbound tourism.

Chocola.com
▶ http://www.chocola.com/index.html (Japanese only)

Chocola BB® Plus:
Third-class OTC drug

Chocola BB® Royal 2:
Designated quasi-drug

Financial Capital

Consolidated Financial Highlights

Achieved double-digit growth in revenue/profit in fiscal 2017
Secured financial integrity which enables stable dividend and proactive investment

(Billion yen)

Financial Indicators (IFRS)	FY2017	FY2016	FY2015	FY2014	FY2013
〈Income Statement Items〉					
Revenue	**600.1**	539.1	547.9	548.5	599.5
Cost of sales	**201.3**	195.9	194.5	193.6	194.7
Ratio to revenue (%)	**33.5**	36.3	35.5	35.3	32.5
Gross profit	**398.8**	343.2	353.5	354.9	404.8
Ratio to revenue (%)	**66.5**	63.7	64.5	64.7	67.5
Research and development expenses*	**139.6**	117.2	122.3	131.9	136.3
Ratio to revenue (%)	**23.3**	21.7	22.3	24.1	22.7
Selling, general and administrative expenses*	**183.9**	174.9	192.8	194.5	203.3
Ratio to revenue (%)	**30.6**	32.5	35.2	35.5	33.9
Other income	**3.0**	13.6	17.7	1.0	4.1
Ratio to revenue (%)	**0.5**	2.5	3.2	0.2	0.7
Other expenses	**1.1**	5.6	4.1	1.1	2.8
Ratio to revenue (%)	**0.2**	1.0	0.7	0.2	0.5
Operating profit	**77.2**	59.1	51.9	28.3	66.4
Ratio to revenue (%)	**12.9**	11.0	9.5	5.2	11.1
Profit for the year	**54.4**	42.2	55.0	43.5	38.5
Ratio to revenue (%)	**9.1**	7.8	10.0	7.9	6.4
Profit for the year attributable to owners of the parent	**51.8**	39.4	54.9	43.3	38.3
Ratio to revenue (%)	**8.6**	7.3	10.0	7.9	6.4
Comprehensive income for the year	**53.8**	36.8	16.5	114.2	84.5

(Reference data)

(Billion yen)

Financial Indicators (J-GAAP)	FY2013	FY2012	FY2011	FY2010	FY2009	FY2008
〈Income Statement Items〉						
Net sales	600.4	573.7	648.0	768.9	803.2	781.7
Cost of sales	188.2	174.1	173.4	167.8	160.7	152.5
	31.3	30.3	26.8	21.8	20.0	19.5
Gross profit	412.2	399.6	474.6	601.1	642.4	629.3
	68.7	69.7	73.2	78.2	80.0	80.5
Research and development expenses	130.5	120.4	125.1	145.0	179.1	156.1
	21.7	21.0	19.3	18.9	22.3	20.0
Selling, general and administrative expenses	210.5	208.7	253.7	343.0	376.9	381.4
	35.1	36.4	39.1	44.6	46.9	48.8
Operating income	71.1	70.5	95.7	113.1	86.4	91.8
	11.8	12.3	14.8	14.7	10.8	11.7
Ordinary income	64.9	65.6	90.0	105.2	79.7	82.6
	10.8	11.4	13.9	13.7	9.9	10.6
Net income (loss)	33.0	48.3	58.5	67.4	40.3	47.7
	5.5	8.4	9.0	8.8	5.0	6.1

∗ From fiscal 2017, Eisai has clarified the definition of research and development expenses in order to more accurately reflect the condition of the business, and this has resulted in a portion of expenses relating to medical affairs activities, such as creation and provision of scientific evidence for health care providers, being apportioned to research and development expenses. The figures for fiscal 2016 have been revised and restated to reflect this change.

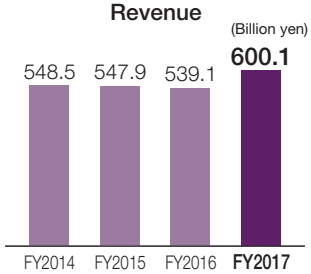
<Cash Flow Statement Items>					
Net cash from operating activities	**149.6**	75.9	95.6	76.0	91.3
Net cash from investing activities	**17.0**	(28.6)	(6.7)	(18.8)	20.9
Net cash from financing activities	**(81.9)**	(35.4)	(72.9)	(59.7)	(115.1)
Free cash flow*	**136.7**	81.7	81.2	61.3	87.3

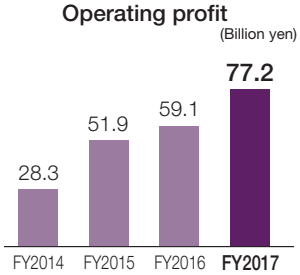
<Cash Flow Statement Items>						
Net cash from operating activities	85.7	73.2	90.6	123.2	107.9	105.0
Net cash from investing activities	26.2	21.7	(2.6)	(58.8)	(69.8)	(55.0)
Net cash from financing activities	(114.8)	(81.8)	(78.0)	(68.0)	(49.2)	(31.0)
Free cash flow*	66.4	54.5	71.4	100.3	52.9	59.3

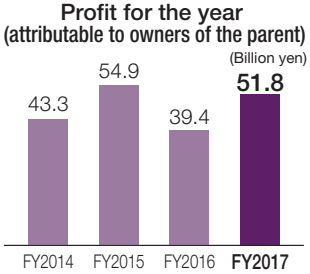
∗ Free cash flow = "Net cash from operating activities" – "Capital expenditures(cash basis)∗∗ "
∗∗ Expenditures from purchases of financial assets and proceeds from sale and redemption of financial assets are included in the formula used to calculate capital expenditures in IFRS .

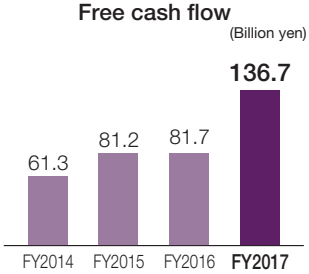
<Financial Position Items>					
Total assets	**1,049.0**	1,030.8	974.0	1,053.8	973.8
Equity attributable to owners of the parent	**593.6**	584.6	573.7	598.7	526.3
Non-controlling interests	**20.5**	18.0	3.2	3.3	3.1
Total liabilities	**434.9**	428.2	397.2	451.8	444.4

<Balance Sheet Items>						
Total assets	945.5	990.2	1,004.7	1,046.3	1,101.9	1,148.2
Shareholders' equity	506.8	469.4	416.8	404.2	415.9	428.0









Managerial Indices (IFRS)	FY2017	FY2016	FY2015	FY2014	FY2013
Ratio of R&D expenses to revenue (%)	**23.3**	21.7	22.3	24.1	22.7
Return on equity attributable to owners of the parent (ROE) (%)	**8.8**	6.8	9.4	7.7	7.6
Return on sales ratio (%)	**9.1**	7.8	10.0	7.9	6.4
Leverage (times)	**1.8**	1.8	1.7	1.8	1.9
Total capital turnover ratio (no. of times)	**0.6**	0.5	0.5	0.5	0.6
Ratio of equity attributable to owners of the parent (%)	**56.6**	56.7	58.9	56.8	54.0
Net debt equity ratio (Net DER)(times)*1	**(0.27)**	(0.11)	(0.06)	0.00	0.08
Dividend on equity attributable to owners of the parent (DOE)(%)*2	**7.3**	7.4	7.3	7.6	8.5
Dividend payout ratio (DPR) (%)	**82.8**	109.0	78.0	99.0	111.8
Earnings per share (basic) (EPS) (yen)	**181.2**	137.6	192.2	151.6	134.1
Dividend per share (DPS) (yen)	**150.0**	150.0	150.0	150.0	150.0

(Reference data)

Managerial Indices (J-GAAP)	FY2013	FY2012	FY2011	FY2010	FY2009	FY2008
Ratio of R&D expenses to net sales (%)	21.7	21.0	19.3	18.9	22.3	20.0
Return on equity (ROE) (%)	6.8	10.9	14.3	16.4	9.6	10.9
Return on sales ratio (%)	5.5	8.4	9.0	8.8	5.0	6.1
Leverage (times)	1.9	2.1	2.4	2.6	2.6	2.7
Total capital turnover ratio (no. of times)	0.6	0.6	0.6	0.7	0.7	0.7
Shareholders' equity ratio (%)	53.6	47.4	41.5	38.6	37.7	37.3
Net debt equity ratio (Net DER) (times)	0.14	0.27	0.38	0.49	0.62	0.63
Dividend on equity (DOE) (%)	8.8	9.6	10.4	10.4	10.1	9.1
Dividend payout ratio (DPR)(%)	129.8	88.6	73.1	63.4	105.9	83.7
Earnings per share (EPS) (yen)	115.6	169.4	205.3	236.5	141.6	167.3
Dividend per share (DPS) (yen)	150.0	150.0	150.0	150.0	150.0	140.0

*1 "Net debt equity ratio (Net DER)" = ("Interest-bearing debt" ("Bonds and borrowings") – "Cash and cash equivalents" – "Time deposits exceeding three months, etc." – "Investment securities held by the parent company** ")/ "Equity attributable to owners of the parent"
** Investment securities held by the parent company are included in the formula used to calculate liabilities ratio.
*2 Dividend on equity attributable to owners of the parent (DOE) = Dividend payout ratio (DPR) x Return on equity attributable to owners of the parent (ROE)

Statement of Income -Achieved double-digit growth in revenue/profit-

Due to the growth of anticancer agent Halaven®, Lenvima®, Humira® (fully-human anti-TNF-α monoclonal antibody) and antiepileptic agent Fycompa® in addition to the receipt of lump-sum payments per the strategic collaboration with Merck & Co., Inc., Kenilworth, NJ, USA ("U.S. Merck"), the Group's revenue finished overall at ¥600.1 billion (up 11.3% year on year).

Operating profit totaled ¥77.2 billion (up 30.7% year on year) as increased gross profit from the increase in revenue outweighed the aggressive R&D investment in dementia and oncology projects.

Statement of Financial Position -Secured financial integrity-

Total assets as of the end of this fiscal year amounted to ¥1,049.0 billion (up ¥18.3 billion from the end of the previous fiscal year) due to an increase in cash and cash equivalents primarily accompanying the receipt of an upfront payment and reimbursement for research and development payment from U.S. Merck.

Total liabilities as of the end of this fiscal year amounted to ¥434.9 billion (up ¥6.8 billion from the end of the previous fiscal year) due to the recording of reimbursement for research and development payment from U.S. Merck as deposits received, despite repayment of long-term borrowings (¥50.0 billion).

Total equity as of the end of this fiscal year amounted to ¥614.1 billion (up ¥11.5 billion from the end of the previous fiscal year) due to an increase in retained earnings from an increase in profit, despite a decrease in exchange differences due to appreciation of the yen.

As a result of the above, the ratio of equity attributable to owners of the parent was 56.6% (down 0.1 percentage points from the end of the previous fiscal year).

Statement of Cash Flows -Secured free cash flow, significantly exceeding annual dividend payment of ¥42.9billion-

Net cash provided by operating activities amounted to an inflow of ¥149.6 billion (up ¥73.8 billion from the previous fiscal year). This was primarily due to decrease in working capital (down ¥63.0 billion from the previous fiscal year) due to increase in deposit received accompanying receipt of reimbursement of research and development payment from U.S. Merck (up ¥47.0 billion from the previous fiscal year).

Net cash provided by investing activities amounted to an inflow of ¥17.0 billion (outflow of ¥28.6 billion in the previous fiscal year). This was primarily due to proceeds from redemption of time deposits exceeding three months accompanying repayment of long-term borrowings. Capital expenditures* totaled ¥13.0 billion.

Net cash used in financing activities amounted to an outflow of ¥81.9 billion (up ¥46.4 billion from the previous fiscal year). Expenditure due to repayment of long-term borrowings was ¥50.0 billion, and the amount of dividends paid was ¥42.9 billion.

Free cash flows (cash flow from operating activities less capital expenditures., etc.) for the year stood at ¥136.7 billion (up 55.0 billion from the previous fiscal year).

*Expenditure from purchases of financial assets and proceeds from sale and redemption of financial assets are included in the formula used to calculate capital expenditures.

ESG Index

Aiming to enhance non-financial capital to help Eisai grow sustainably

Eisai publishes ESG (Environment, Social and Governance) indices to assess its corporate activities every year.

Scope of data : Eisai Group (Eisai Co., Ltd. and Group companies in and outside Japan)
Eisai Co., Ltd. Eisai Group in Japan (Eisai Co., Ltd. and Group companies in Japan)
(Data for subsidiaries and businesses transferred is included until the date the transfer was completed)

Future policy : ○ Items that do not require significant improvement at present
✓ Items for improvement

Corporate Governance and Compliance Indices

	Index		Period	FY2013	FY2014	FY2015	FY2016	FY2017
○	Ratio of outside directors to all directors		At fiscal year end	63.6% (7/11)	63.6% (7/11)	63.6% (7/11)	63.6% (7/11)	63.6% (7/11)
○	Ratio of women to directors		At fiscal year end	9.1% (1/11)	9.1% (1/11)	9.1% (1/11)	9.1% (1/11)	9.1% (1/11)
	Ratio of women to corporate officers		At fiscal year end	4.3% (1/23)	9.1% (2/22)	8.0% (2/25)	14.8% (4/27)	11.1% (3/27)
○	Average age of corporate officers		At fiscal year end	53.0	53.1	53.6	52.9	52.9
○	Remuneration (base salary, bonuses, retirement benefits)	Directors (internal)	At fiscal year end	¥116 million	¥114 million	¥113 million	¥113 million	¥113 million
○		Directors (outside)	At fiscal year end	¥82 million	¥76 million	¥74 million	¥74 million	¥74 million
○		Corporate officers	At fiscal year end	¥1,055 million	¥976 million	¥1,310 million	¥1,247 million	¥1,203 million
○	Number of times compliance training offered	Number of times offered	Annually	65	56	47	62	65
○		Number of executive training courses	Annually	2	2	2	2	2
○		Total participants	Annually	Approx. 5,800	Approx. 5,000	Approx. 4,600	Approx. 5,800	Approx. 4,800
○	Number of times human rights training offered	Number of times offered	Annually	23	28	30	34	34
○		Participants	Annually	2,452	2,405	5,001	5,457	5,477
○	Number of cases subject to investigation by the authorities due to violation of anti-corruption acts		At fiscal year end	0	0	0	0	0
○	Number of employee disciplinary dismissals due to violation of anti-corruption acts		At fiscal year end	0	0	0	0	0 *
○	Fines, penalties and costs of settlement related to violation of anti-corruption acts		At fiscal year end	0	0	0	0	0

* The U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, the Unfair Competition Prevention Act in Japan, etc.

Environmental Indices

	Index	Period	FY2013	FY2014	FY2015	FY2016	FY2017
○	Amount of CO_2 emissions	Annually	163,784t	138,995t	120,271t	115,514t	115,485t
○	Amount of electricity consumption	Annually	204,874MWh	181,057MWh	161,927MWh	165,417MWh	168,556MWh
○	Amount of waste generated	Annually	4,917t	4,001t	3,481t	2,935t	3,038t
○	Amount of chemical substances handled subject to the PRTR system	Annually	469t	499t	476t	258t	267t
○	Waste-recycling rate	Annually	34.9%	50.6%	57.7%	62.8%	58.7%
○	Number of administrative penalties and litigations related to the environment	Annually	0	0	0	0	0

Social Indices

Involvement with Patients

	Index		Period	FY2013	FY2014	FY2015	FY2016	FY2017
	Number of pending prescription drug applications	Japan	At fiscal year end	3	1	0	3	1
		Overseas	At fiscal year end	1	2	4	3	3
	Number of prescription drugs approved	Japan	At fiscal year end	4	4	3	1	4 *
		Overseas	At fiscal year end	1	4	4	3	2
○	Number of patents (number of patent applications)		Annually	88	87	65	55	51
○	Number of inquiries to *hhc* Hotline		Annually	99,471	91,286	97,444	90,742	82,028
○	Number of complaints (concerning product quality)		Annually	368	336	314	323	309

* Includes additional indications and formulations.

Involvement with Society

Index	Period	FY2013	FY2014	FY2015	FY2016	FY2017	
○ Amount of funds donated	Annually	¥2,377 million	¥2,073 million	¥2,602 million	¥2,118 million	¥2,505 million	
✓ Visitors to the Naito Museum of Pharmaceutical Science and Industry	Annually	34,111	35,705	36,325	40,480	41,483	
✓ Number of participants in plant tours	Annually	4,044	3,178	2,443	2,456	2,486	＊

＊ Misato plant business operations transferred to Bushu Pharmaceuticals Ltd. on March 31, 2014

Involvement with Employees

Index		Period	FY2013	FY2014	FY2015	FY2016	FY2017	
○ Number of employees	Total	At fiscal year end	10,419	10,183	9,877	10,452	10,456	
Number of employees by region	Japan	At fiscal year end	5,200	4,712	4,523	5,009	4,914	
	Americas (North America)	At fiscal year end	1,763	1,719	1,290	1,296	1,240	
	China	At fiscal year end	1,559	1,607	1,875	1,909	1,906	
	EMEA (Europe, Middle East, Africa, Russia and Oceania)	At fiscal year end	811	893	913	983	1,022	
	Asia and Latin America (excluding Japan and China)	At fiscal year end	1,086	1,252	1,276	1,255	1,374	
Number of employees	Total	At fiscal year end	4,130	3,583	3,577	3,508	3,436	＊1
	Male	At fiscal year end	3,202 (77.5%)	2,845 (79.4%)	2,838 (79.3%)	2,775 (79.1%)	2,708 (78.8%)	
	Female	At fiscal year end	928 (22.5%)	738 (20.6%)	739 (20.7%)	733 (20.9%)	728 (21.2%)	
	Management	At fiscal year end	1,455 (35.2%)	1,359 (37.9%)	1,370 (38.3%)	1,389 (39.6%)	1,401 (40.8%)	
Ratio of temporary employees to total employees/Number of temporary employees		At fiscal year end	5.1%/222	5.7%/215	3.7%/136	4.3%/156	5.9%/217	
✓ Ratio of women in management positions to total management/Number of women management		At fiscal year end	4.1%/60	4.6%/63	4.7%/65	5.2%/72	6.1%/86	
Average age		At fiscal year end	42.5	43.7	44.1	44.8	45.3	
Average years of employment	Total	At fiscal year end	20.0	19.4	19.9	20.4	20.8	
	Male	At fiscal year end	20.7	20.3	20.8	21.4	21.9	
	Female	At fiscal year end	17.8	15.9	16.2	16.9	16.9	
Turnover rate		Annually	1.6%	1.4%	2.6%	3.1%	2.5%	＊1
✓ Number of users of childcare leave	Total	Annually	78	90	95	89	97	
	Male	Annually	1	1	2	0	5	
	Female	Annually	77	89	93	89	92	
Number of users of short working hours system for childcare		Annually	86	73	93	80	75	
Average annual salary (according to the annual securities report)		Annually	¥10,401 thousand	¥10,403 thousand	¥10,939 thousand	¥10,389 thousand	¥10,446 thousand	
○ Personal development expenses (per employee)		Annually	¥177,300	¥175,800	¥198,400	¥210,200	¥214,100	＊1,2
○ Percentage of employees with disabilities		Annually	2.39%	2.56%	2.53%	2.65%	2.84%	
○ Ratio of women in new employees per year (Female / total)		Annually	36.9% (31/84)	14.3% (2/14)	33.3% (35/105)	38.2% (21/55)	44.3% (31/70)	
○ Average monthly overtime hours (per non-management employee)		Annually	10 hours 46 minutes	12 hours 11 minutes	9 hours 11 minutes	8 hours 34 minutes	9 hours 44 minutes	＊1
✓ Number of work-related accidents		Annually	17	10	18	27	19	
○ Frequency of work-related injuries that result in more than 4 days of work lost (per million hours of actual work)	Employee	Annually	0	0	0.29	0	0	
○	Contractor	Annually	0	0	0	0	0	
○ Number of work-related fatalities	Employee	Annually	0	0	0	0	0	＊1
○	Contractor	Annually	0	0	0	0	0	
○ Number of cases of work-related occupational illness	Employee	Annually	0	0	0	0	0	＊1
○	Contractor	Annually	0	0	0	0	0	
○ Percentage of employees who undergo health checks	Employee	Annually	99.83%	99.75%	99.86%	99.48%	99.56%	＊1
○	Family members	Annually	76.57%	74.45%	71.16%	80.57%	78.10%	＊3
✓ Average days of paid vacation taken (per non-management employee)		Annually	12.3	12.1	12.1	12.4	12.9	＊1

＊1 Based on the number of fulltime Eisai Co., Ltd. employees
＊2 Personal development expenses include training, studying abroad, participation in academic conferences
＊3 Health check eligibility includes dependent spouses and nondependent family members aged 40 or older

Major R&D Pipeline

Intellectual Capital Neurology Area Major R&D Pipeline (As of the end of July 2018)

Target Disease	Region	Development Stage: Phase Ⅰ	Phase Ⅱ	Phase Ⅲ	Filed	Approval
Aricept® donepezil/E2020 Treatment for Alzheimer's disease / dementia with Lewy bodies In-house Oral agent						
Severe Alzheimer's disease (Additional Indication)	China					November 2017
＊For further details, please refer to page 86.						
Fycompa® perampanel/E2007 Antiepileptic agent / AMPA receptor antagonist In-house Oral agent						
Monotherapy for partial-onset seizures (Additional Indication)	U.S.					July 2017
	Japan					
Lennox-Gastaut syndrome (Additional Indication)	Japan/U.S./Europe					
Pediatric epilepsy (Additional Indication)	U.S.				March 2018	
	Japan/Europe					
Adjunctive therapy for partial-onset seizures	China				Submission under preparation	
＊For further details, please refer to page 86.						
lemborexant/E2006 Orexin receptor antagonist In-house Oral agent						
Description: By antagonizing the orexin receptors that are involved in the regulation of sleep and awakening, it is expected to alleviate wakefulness and thereby induce and maintain natural sleep.						
Insomnia disorder (Co-development with Purdue Pharma L.P.)	Japan/U.S./Europe					
Irregular sleep-wake rhythm disorder associated with Alzheimer's disease dementia (Co-development with Purdue Pharma L.P.)	Japan/U.S.					
elenbecestat/E2609 Treatment for Alzheimer's disease / Beta secretase cleaving enzyme (BACE) inhibitor In-house Oral agent						
Early Alzheimer's disease (Co-development with Biogen Inc.)	Japan/U.S./Europe/China					
＊For further details, please refer to page 43.						
aducanumab/BIIB037 Treatment for Alzheimer's disease / anti-beta amyloid (Aβ) monoclonal antibody In-license (Biogen Inc.) Injection						
Early Alzheimer's disease (Co-development with Biogen Inc.)	Japan/U.S./Europe					
＊For further details, please refer to page 43.						
BAN2401 Treatment for Alzheimer's disease / anti-Aβ protofibril monoclonal antibody In-license (BioArctic AB) Injection						
Early Alzheimer's disease (Co-development with Biogen Inc.)	Japan/U.S./Europe					
＊For further details, please refer to page 43.						
safinamide/ME2125 Anti-Parkinson's disease agent / MAO-B inhibitor In-license (Meiji Seika Pharma Co., Ltd.) Oral agent						
Description: A selective monoamine oxidase B (MAO-B) inhibitor, which reduces the degradation of secreted dopamine, helping to maintain the density of dopamine in the brain. Additionally, it blocks sodium ion channels and inhibits glutamate release, and as such, has the potential to be a new Parkinson's disease treatment which possesses both dopaminergic and non-dopaminergic mechanisms.						
Parkinson's disease	Japan				Submission under preparation	
E2027 Treatment for dementia with Lewy bodies / phosphodiesterase (PDE) 9 inhibitor In-house Oral agent						
Description: A selective phosphodiesterase (PDE) 9 inhibitor, which reduces the degradation of cyclic GMP which is critical to signal transmission among cells. By helping maintain the concentration of cyclic GMP in the brain, E2027 has the potential to be a new treatment for dementia with Lewy bodies.						
Dementia with Lewy bodies	Japan/U.S./Europe					
BELVIQ® lorcaserin/APD356 Anti-obesity agent / serotonin 2C receptor antagonist In-license (Arena Pharmaceuticals Inc.) Oral agent						
Obesity	Japan					
＊For further details, please refer to page 86.						
E2730 In-house Oral agent						
Epilepsy	U.S.					
E2082 In-house Oral agent						
Epilepsy	Japan					

Intellectual Capital Oncology Area Major R&D Pipeline (As of the end of July 2018)*

* Regarding Lenvima, additional indication of hepatocellular carcinoma includes information as of the end of August 2018.

Target Disease	Region	Development Stage: Phase Ⅰ	Phase Ⅱ	Phase Ⅲ	Filed	Approved
Halaven® eribulin/E7389 Anticancer agent / microtubule dynamics inhibitor In-house Injection						
Breast cancer	China				November 2017	
Bladder cancer (Additional indication)	U.S./Europe					
Triple negative breast cancer (in combination with anti-PD1 antibody KEYTRUDA®) (Co-development with Merck & Co., Inc., Kenilworth, N.J., U.S.A. (U.S. Merck))	U.S.					
HER2-negative breast cancer (in combination with PEGPH20) (Co-development with Halozyme Therapeutics Inc.)	U.S.					
Liposome formulation (Additional formulation)	Japan/ Europe					
* For further details, please refer to page 87.						
Lenvima®/Kisplyx® lenvatinib/E7080 Anticancer agent / molecular targeted drug In-house Oral agent						
Hepatocellular carcinoma (Additional Indication) (Co-development with U.S. Merck)	Japan					March 2018
	U.S.					August 2018
	Europe					August 2018
	Asia (South Korea)					August 2018
	China				October 2017	
Thyroid cancer (Co-development with U.S. Merck)	China					
Renal cell carcinoma/First-line (Additional indication) (In combination with anticancer agent everolimus or anti-PD1 antibody KEYTRUDA®) (Co-development with U.S. Merck)	Japan/U.S./ Europe					
Endometrial carcinoma/Second-line (in combination with anti-PD1 antibody KEYTRUDA®)(Co-development with U.S. Merck)	Japan/U.S./ Europe					
Non-small cell lung cancer (RET translocations) (Additional indication) (Co-development with U.S. Merck)	Japan/U.S./ Europe/Asia					
Biliary tract cancer (Additional indication) (Co-development with U.S. Merck)	Japan					
Select solid tumors (endometrial cancer, renal cell carcinoma, head and neck cancer, urothelial cancer, non-small cell lung cancer, melanoma) (in combination with anti-PD1 antibody KEYTRUDA®) (Co-development with U.S. Merck)	U.S.					
	Japan					
Hepatocellular carcinoma (in combination with anti-PD1 antibody KEYTRUDA®) (Co-development with U.S. Merck)	Japan/ U.S.					
Hepatocellular carcinoma (in combination with anti-PD1 antibody nivolumab) (Co-development with Ono Pharmaceutical Co., Ltd.)	Japan					
* For further details, please refer to page 87.						
Farletuzumab/MORAb-003 Anticancer agent / humanized anti-FRA monoclonal antibody In-house Injection						
Description: A humanized IgG1 antibody that targets folate receptor alpha (FRA). Expected to show an antitumor effect against cancers that over-express FRA.						
Platinum-sensitive ovarian cancer	Japan/U.S./ Europe					
MORAb-004 Anticancer agent / humanized anti-endosialin monoclonal antibody In-house Injection						
Description: A humanized IgG1 monoclonal antibody that targets Tumor Endothelial Marker 1(TEM-1)/endosialin. Expected to show an antitumor effect against cancers that express endosialin.						
Melanoma	U.S./Europe					
Amatuximab / MORAb-009 Anticancer agent / chimeric anti-mesothelin monoclonal antibody In-house Injection						
Description: A chimeric IgG1 monoclonal antibody that targets mesothelin. Expected to show an antitumor effect against cancers that express mesothelin.						
Mesothelioma	U.S./Europe					
E7777 Anticancer agent / interleukin-2 diptheria toxin fusion protein In-house Injection						
Description: A fusion protein that combines the interleukin-2 (IL-2) receptor binding domain with diptheria toxins. Specifically binds to IL-2 receptors on the cell surface, causing diptheria toxins that have entered cells to inhibit protein synthesis.						
Peripheral T-cell lymphoma and cutaneous T-cell lymphoma	Japan					
Tazemetostat/E7438 Anticancer agent / EZH2 inhibitor In-license (Epizyme Inc.) Oral agent						
Description: Believed to have an important role in carcinogenesis, the epigenetic enzyme EZH2 is one of the proteins that constitute the histone methyltransferases. Discovered by Epizyme, Inc. through its proprietary product platform, E7438 is a first-in-class, orally administered small molecule inhibitor, and is expected to exhibit antitumor effects via inhibition of the epigenetic enzyme EZH2. Eisai is responsible for development and commercialization within Japan and has the right of first negotiation for licensing rights in Asia.						
Non-Hodgkin B-cell lymphoma	Japan					
H3B-6545 In-house Oral agent						
Breast cancer	U.S.					
E7090 In-house Oral agent						
Solid tumors	Japan					
H3B-6527 In-house Oral agent						
Hepatocellular carcinoma	U.S./Europe					
H3B-8800 In-house Oral agent						
Blood cancer	U.S./Europe					
E7386 Collaboration (PRISM Pharma) Oral agent						
Solid tumors	Europe					
MORAb-202 In-house Injection						
Solid tumors	Japan					
E7130 Collaboration (Harvard University) Injection						
Solid tumors	Japan					

Intellectual Capital Gastrointestinal Disease Area Major R&D Pipeline (As of the end of July 2018)

Target Disease	Development Stage					
	Region	Phase Ⅰ	Phase Ⅱ	Phase Ⅲ	Filed	Approved
Pariet® rabeprazole/E3810 Proton-pump inhibitor In-house Oral agent						
Maintenance therapy for proton pump inhibitor (PPI)-resistant reflux esophagitis 10 mg per dose twice daily (Additional dosage and administration) (Co-development with EA Pharma)	Japan					September 2017

＊For further details, please refer to page 87.

Rectabul® budesonide/AJG511 Ulcerative colitis treatment / locally-active steroid In-license (Dr. Falk Pharma GmbH) Rectal foam						
The first rectal foam product in Japan containing budesonide as the active ingredient. Budesonide is a locally-active steroid and therefore is expected to reduce systemic side effects. In addition, budesonide is a foam type product that can reach inflamed sites of the rectum and sigmoid colon by rectal administration, and has a characteristic feature of preventing leakage after administration. Budesonide rectal foam is already available on the market in Europe.						
Ulcerative colitis (Co-development with EA Pharma and Kissei Pharmaceutical Co., Ltd.)	Japan					September 2017
Goofice® elobixibat/AJG533 Chronic constipation treatment / bile acid transporter inhibitor In-license (Albireo Pharma, Inc.) Oral agent						
Description: An orally available constipation treatment with a novel mechanism of action. Elobixibat inhibits the bile acid transporter that regulates reabsorption of bile acids and thereby enhances natural defecation.						
Chronic constipation (Co-development with EA Pharma and Mochida Pharmaceutical Co., Ltd.)	Japan					January 2018
AJG555 Chronic constipation treatment / polyethylene glycol preparation In-license (Norgine B.V.) Oral agent						
Description: An orally available constipation treatment consisting of a polyethylene glycol preparation which facilitates bowel movement by suppressing osmotic pressure in the intestines.						
Chronic constipation (Co-development with EA Pharma and Mochida Pharmaceutical Co., Ltd.)	Japan				November 2017	
carotegrast methyl/AJM300 Ulcerative colitis treatment / α4 integrin antagonist In-house Oral agent						
Description: α4 integrin antagonist with a novel mechanism of action believed to suppress adhesion and infiltration of lymphocytes. Aiming to be marketed as the first orally-available α4 integrin antagonist in the world to be effective in ulcerative colitis.						
Ulcerative colitis (Co-development with EA Pharma and Kissei Pharmaceutical Co., Ltd.)	Japan					
Livact® Granules isoleucine, leucine and valine granules Branched-chain amino acid formula In-house Oral agent						
Description: A branched-chain amino acid formula developed by Ajinomoto Co., Inc. that increases serum albumin levels in patients with decompensated hepatic cirrhosis. Approved in Japan for "improvement of hypoalbuminemia in patients with decompensated hepatic cirrhosis that have hypoalbuminemia despite adequate dietary intake," and marketed by EA Pharma.						
Hypoalbuminemia (Co-development with EA Pharma)	China					
E6007 Ulcerative colitis treatment / integrin activation inhibitor In-house Oral agent						
Description: A compound with a novel mechanism of action that is believed to suppress the adhesion and infiltration by multiple leukocyte types by inhibiting integrin activation. Development is conducted jointly with the University of Tsukuba as an industria-academia practical application project under the Japan Science and Technology Agency.						
Ulcerative colitis (Development conducted by EA Pharma)	Japan					

Research and development in the gastrointestinal disease area is mainly conducted by Eisai's subsidiary EA Pharma. In fiscal 2017, there was significant progress in the development pipeline with the approval of Rectabul®, Goofice®, and other developments.

Intellectual Capital Other Major R&D Pipeline (As of the end of July 2018)

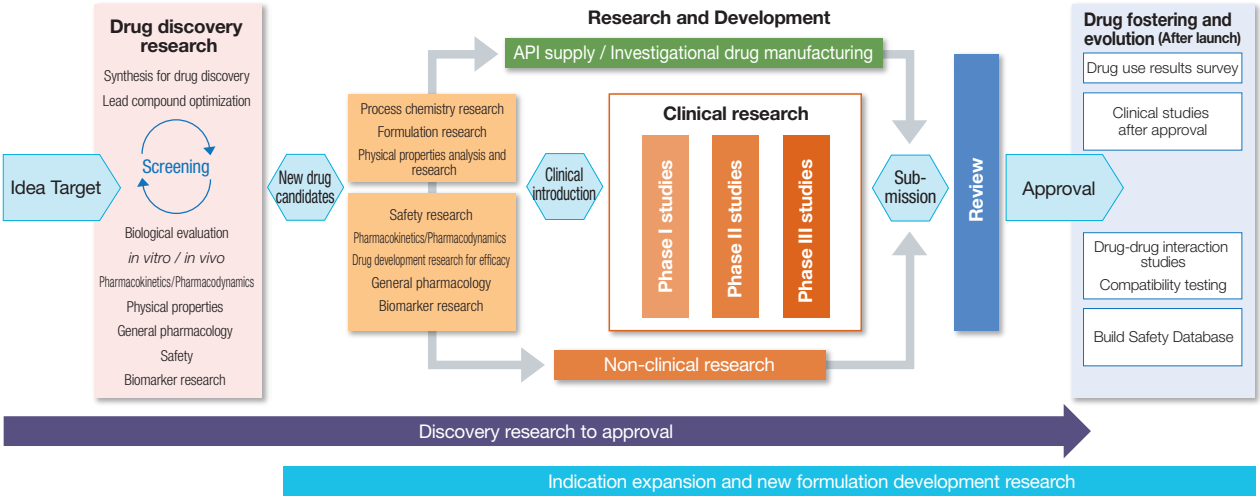
Target Disease	Development Stage					
	Region	Phase Ⅰ	Phase Ⅱ	Phase Ⅲ	Filed	Approved
E6011 Anti-fractalkine antibody In-house Injection						
Description: The world's first humanized anti-fractalkine monoclonal antibody discovered by the Eisai subsidiary KAN Research Institute Inc. Believed to exert an anti-inflammatory effect by neutralizing fractalkine. Fractalkine is found in vascular endothelial cells and induces an inflammatory response associated with diseases such as rheumatoid arthritis and inflammatory bowel diseases.						
Rheumatoid arthritis	Japan					
Primary biliary cholangitis (Development conducted by EA Pharma)	Japan					
Crohn's disease (Development conducted by EA Pharma)	Japan					
MORAb-022 Antibody In-house Injection						
Rheumatoid arthritis	U.S.					
E6742 In-house Oral agent						
Autoimmune disorder	U.S.					

Fundamental Knowledge and Terminology for Pharmaceutical Industry

Flow of R&D (Drug Creation Research)

Drug creation research can be broken down into three stages: drug discovery research, drug development research and clinical research. After drug discovery research, drug development research and three phases of clinical trials (Phase Ⅰ, Phase Ⅱ, and Phase Ⅲ), drug candidates that are approved by regulatory authorities can be launched on the market.

●Drug Creation Process and Research Activities



Drug discovery research

Based on a drug creation idea, this is research which uses cell based assays and animal models to identify compounds which have the required properties. Generally, compound libraries, which contain anywhere from several hundred thousand to several million compound groups, are searched for compounds which effect target proteins related to the disease. These compounds are chemically modified and then go through pharmacological, metabolic, and safety studies to determine if they have the potential for human use.

Development research

This is research implemented to optimize drug candidates that were identified in the drug discovery stage. Various tests including pharmacological and pharmacokinetic studies, safety studies and toxicity studies are carried out based on GLP* standards. Process chemical research is also performed for quality, large-scale synthesis and formulization. API (Active Pharmaceutical Ingredient) for human use is synthesized based on GMP* standards.

*GLP: Good Laboratory Practice
*GMP: Good Manufacturing Practice

Clinical trials (Clinical studies)

Trials to confirm the effects of a pharmaceutical on humans. The goal of these trials is to evaluate factors such as efficacy and safety in humans in order to obtain regulatory approval based on the Pharmaceutical Affairs Law*. Trial contents, methodology, reports, etc., are regulated by the Pharmaceutical Affairs Law, GCP*, and various governmental guidelines.

*Pharmaceutical Affairs Law: The law on securing quality, efficacy and safety of products including pharmaceuticals and medical devices
*GCP: Good Clinical Practice

Generally, clinical trials are divided into the following three phases:

- Phase Ⅰ study: Trial to investigate safety and pharmacokinetics in a small number of healthy people (patients when testing anticancer drugs) who have given their permission.
- Phase Ⅱ study: Trial to confirm safe and efficient dosage amounts and administration methods in a small number of patients who have given their permission.
- Phase Ⅲ study: Trial to validate efficacy and safety theories obtained thus far via double-blind tests, etc. in a large number of patients who have given their permission.

There are also post-launch trials (Phase Ⅳ studies) to gather long-term information on efficacy and safety. Since Phase Ⅳ studies are carried out with approved indications and dosage, they are categorized as “therapeutic use” trials.

Application for approval (Japan)

For a new drug which has gone through all efficacy and safety trials, the pharmaceutical company applies to the Ministry of Health, Labour and Welfare for manufacturing and marketing approval. Experts from the Pharmaceuticals and Medical Devices Agency and the Pharmaceutical Affairs and Food Sanitation Council review the drug, and if approval is granted, the pharmaceutical company may begin manufacturing and marketing it.

Drug fostering and evolution (Japan)

Even after the drug is launched, it is very important to continually investigate/evaluate patient backgrounds, usage methods, effects, side-effects, etc., and to collect information relating to effective and safe usage. Drug fostering and evolution is based on this way of thinking and includes various mechanisms (systems, activities) carried out from the respective standpoints of doctors, pharmacists, pharmaceutical companies, researchers, and patients to improve the drug in terms of ease of usage, safety and efficiency.

Post-marketing product surveillance (Japan)

Post-marketing product surveillance based on GVP* and GPSP* standards must be implemented for new drugs released on the market, and periodic safety reports submitted. After a certain period of time, the drug is re-examined, and following that, the drug is monitored within the drug re-evaluation system.

*GPSP: Good Post-marketing Study Practice
*GVP: Good Vigilance Practice

Indication expansion

When a new indication is added to an already approved pharmaceutical.

Patents for New Drugs and Generics

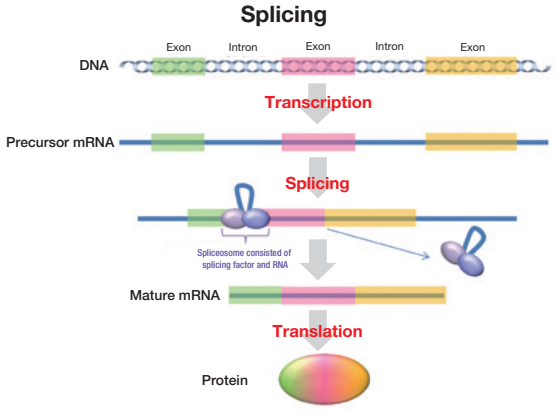
Substance patents are used to lay claim to chemical compounds. Until the patent term expires, only the patent owner or licensee can make, sell or import the chemical for any use without infringing the patent. These patents are very important for the pharmaceutical industry. There are also the patents to protect discoveries such as manufacturing methods and indications.

In many countries including Japan, the U.S., and in Europe, patent terms last 20 years starting from the filing date of the application. However, the effective patent term is frequently less than 20 years in the field of pharmaceuticals, as these products must receive regulatory approval before marketing due to legal requirements. For this reason, it is possible to extend a patent term for up to five years in some countries.

Additionally, for new drugs, companies are obligated to confirm efficacy and safety for a certain period (re-examination period / data protection period) after launch. Once the reexamination period is over and the patent term has expired, other companies can manufacture and sell generics with the same active ingredient.

Other Terminology (alphabetical order)

Aberrant splicing (P21, 52)
For the majority of eukaryotic genes, the area of the genome that encodes protein information is divided up into two parts: exons, base sequences of DNA which encode amino acids, and introns, which do not. The process of removing the intron parts from immature RNA transcripts (mRNA precursors, primary transcript) and combining the exon parts is called splicing. In this way, the mRNA precursor becomes mature mRNA. Aberrant splicing is when there is an abnormality in the splicing process. Aberrant splicing results in loss and lower functionality of proteins and is being investigated in relation to various diseases.



Amyloid plaques (P43)
Abnormal deposits of beta amyloid proteins in the brain. Characteristically present in the brains of patients suffering from Alzheimer's disease.

Angiogenesis (P49)
Tumor angiogenesis describes the growth of new blood vessels which are necessary for tumor proliferation. This is caused by angiogenic factors released by the tumor or nearby host cells.

Antibody drugs (P41, 49, 52, 61)
When a foreign substance (antigen) such as a pathogen invades the human body, the body produces antibodies which bond to the foreign substance, detoxifying or eliminating it, and thus preventing disease. Antibody drugs are drugs which make use of this mechanism. Techniques such as gene recombination or cell cultivation are used to artificially produce antibodies, which are then injected into the body to treat illnesses.

Beta amyloid (Amyloid beta, Aβ)/Aβ theory (P8, 13, 25, 40, 41, 42, 43, 44, 45, 78, 92)
While Aβ exists within healthy brains, an excessive number of Aβ deposits are found within the brains of Alzheimer's disease patients. There is an Aβ theory (amyloid cascade hypothesis) which states that Aβ accumulates and forms senile plaques (amyloid plaques) within the brain, killing off neurons, and thus causing Alzheimer's disease. Based on this theory, Aβ is a drug target for Alzheimer's disease.

Biomarker (P15, 40, 41, 53, 79, 95)
Biomarkers are biomolecules in blood, other body fluids, and tissues that can be measured to assess normal or abnormal functionality or the presence or state of a disease. They are also used to determine to what extent a body is reacting to a treatment.

Breakthrough Therapy Designation (P14, 50, 52)
The Breakthrough Therapy designation is an U.S. FDA program intended to expedite development and review of drugs for serious or life-threatening conditions. Preliminary clinical evidence demonstrating the drug may have substantial improvement on at least one clinically significant endpoint over available therapy is required for Breakthrough Therapy designation.

Cerebrospinal fluid examination (P13, 41)
Inside the brain and spinal cord are spaces filled with transparent cerebrospinal fluid. A cerebrospinal fluid examination checks this cerebrospinal fluid to determine if there is any sickness or aberration in the brain or spinal cord.

Cytotoxic T-Cells (P50)
A type of immune cell that targets cancer cells.

Dementia with Lewy Bodies (DLB) (P17, 42, 44, 45, 86, 92)
DLB is a degenerative form of dementia discovered in Japan that is pathologically characterized by decreased neurons in the brain and brainstem and the appearance of vast numbers of Lewy bodies. DLB is considered to be one of Japan's three major types of dementia, alongside Alzheimer's disease, and vascular dementia. In particular, cognitive fluctuations, visual hallucinations and idiopathic parkinsonism considered to be core symptoms of the disease.

Driver gene mutation (P21)
Genes that play a direct role in the incidence and progression of cancer

First-line (P50, 51, 52, 53, 78, 93)
Refers to the best drug firstly administered to treat a disease. If the patient's condition does not improve with the first-line treatment, or if there are heavy side effects, then the next drug, known as the second-line, is used.

Microsatellite Instability (MSI)/ Mismatch Repair (P50, 53)
When DNA replicates, there are often errors in the base sequence of DNA (mismatches). If there is a defect in the ability to repair these mismatches, the damaged DNA results in cells becoming cancerous. Microsatellites are short repeated sequences of DNA in which mismatches are very likely to

occur, causing mistakes in the number of iterations. This inability to repair mismatches in the microsatellites is known as microsatellite instability (MSI). Anti-PD-1 antibodies are generally more effective in patients with a high frequency of MSI and less effective in other patients.

Molecular targeted drug (P53, 87, 93)
A molecular targeted drug is a medicine developed for the purpose of treating disease more effectively by targeting specific proteins or genes on the surface of disease cells (cancer cells, etc.), and inhibiting their function.

Neuron regeneration (P21)
Neurological diseases such as Alzheimer's disease are conditions associated with the loss of neurons in the brain. It was thought that in general, once neurons are lost they do not regenerate. However, due to advances in science in recent years, academia and other companies are working on neural regeneration therapy including the implantation of nerve cells. Eisai is focused on astrocytes which are the most abundant cells in the cerebral cortex, and is advancing projects to bring about next-generation treatments.

Objective Response Rate (ORR) (P50)
The ratio of patients whose cancer regressed or disappeared after treatment. Patients are divided into the following four categories based on the state of their cancer after the clinical trial:

- CR (Complete Response): Complete disappearance of tumor
- PR (Partial Response): At least a 30% decrease in tumor size
- SD (Stable Disease): No change in tumor size (meets neither PR nor PD conditions)
- PD (Progressive Disease): At least a 20% relative increase and a 5mm absolute increase in tumor size OR the appearance of one or more new lesions

Objective response rate is calculated with the following equation:
([CR patients + PR patients] / total number of treated patients) ×100 = ORR (%)
In clinical studies, measuring objective response rate is one method of investigating the efficiency of new cancer treatments.

PET imaging (P13, 40, 41)
Positron Emission Tomography (PET), also known as PET imaging, enables the observation of the changes in a person's condition while minimizing the impact on the body by administering tiny amounts of chemicals that mark positrons into the body.

Primary endpoint (P41)
The result or phenomenon used to objectively measure the effectivity of a treatment tested in a clinical trial. Examples include measuring the difference in mortality rate between the treatment group and the control group, tumor regression, improvement in Quality of Life (QoL), relief of symptoms, etc. What the primary endpoint will be is decided before the study begins.

Screening (P38, 95)
The method of searching a group of compounds (compound library) to find compounds that react to a drug target, such as a protein. Identified compounds serve as "seeds", which are chemically modified into analogues. Among these, compounds which demonstrate both safety and efficacy will become candidates for clinical studies.

Small/middle/large molecule drug (P41, 52, 93)
A small molecule drug is a chemically synthesized drug with a low molecular weight of 1000 daltons or less. A middle molecule is defined as between 1000 and 10000 daltons, and large macromolecule is defined as 10000 daltons or over.

Transcatheter arterial chemo-embolization (TACE) (P53)
TACE is a therapy that selectively obstructs blood circulation to induce necrosis in hepatocellular carcinoma by injecting chemotherapeutic agents as well as embolization material via catheter into the hepatic artery, the artery that supplies nutrient blood to the tumor.

Tau (P8, 40, 42, 43, 44, 45, 78)
Proteins mainly found in neurons in the central nervous systems or glial cells. A type of microtubule-associated protein. Tau regulates the polymerization and stability of microtubules. Abnormal aggregation and deposits of tau are thought to be a cause of neurodegenerative diseases such as Alzheimer's disease.

Triple-negative breast cancer (P52, 93)
A type of breast cancer where the growth of the cancer is not supported by the hormones estrogen and progesterone, nor by the presence of too many HER2 receptors. Triple negative refers to testing negative for all three. Breast cancer accounts for 10-15% of all cancer cases.

Tumor associated macrophages (TAM) (P50)
In the cancer microenvironment, the activity of some macrophages changes from anti-tumor to tumor promoting. These are known as TAM.

When these TAMs accumulate near a tumor, they inhibit cancer immunity including killer-T cells, and promote angiogenesis in cancer cells.

Tumor microenvironment (P21, 49, 52)
Cancer cells are surrounded by tissue known as stroma. Present in the stroma are connective tissues including cells for inflammation and immunity, blood vessels, lymph ducts and collagen, creating a unique structure called the cancer microenvironment.

Tyrosine kinase (P49, 51, 78, 87)
An enzyme capable of phosphorylating tyrosine, an amino acid which consists of proteins. Plays an important role in transmitting signals related to proliferation and division of cells. Variations in genes can cause tyrosine kinase to become abnormally active, leading to abnormal proliferation of cells and diseases such as cancer.

Status of Shares (As of March 31, 2018)

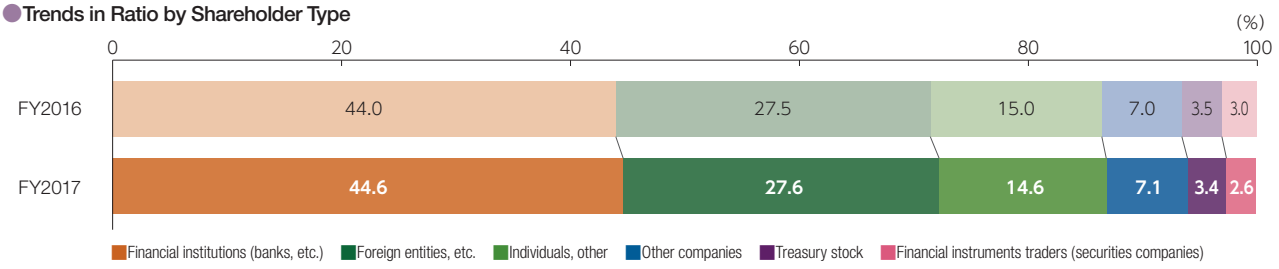
Authorized (common stock) 1,100,000,000 shares
Issued 296,566,949 shares (including 10,228,499 shares of treasury stock)
Number of shareholders 60,948
Transfer Agent Mitsubishi UFJ Trust and Banking Corporation

Principal Shareholders

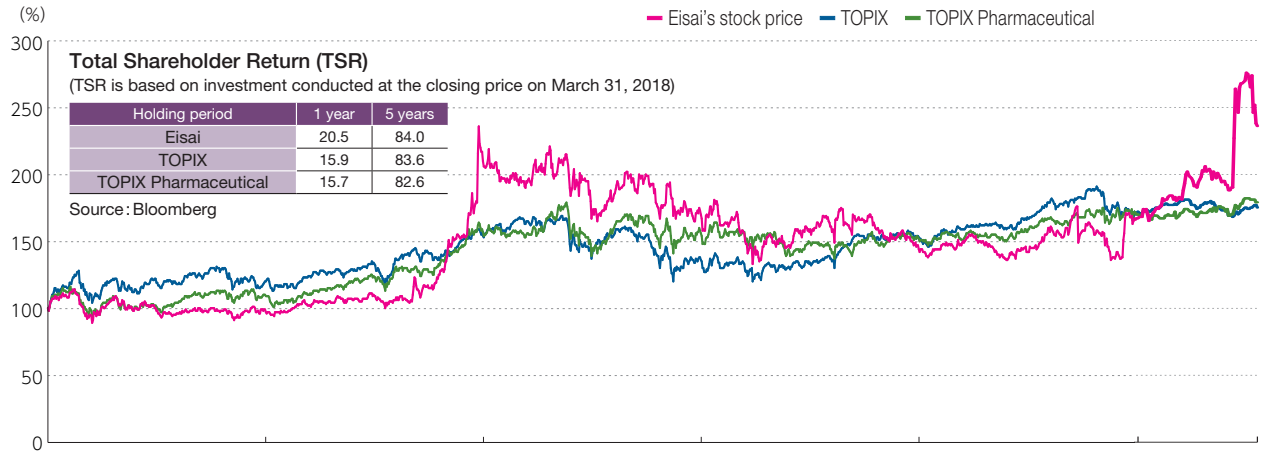
Shareholders	Number of shares held (1,000)	Percentage held of all shareholder voting rights (%)
Japan Trustee Services Bank, Ltd. (trust account)	32,484	11.35
The Master Trust Bank of Japan, Ltd. (trust account)	28,872	10.09
JP MORGAN CHASE BANK 385147	16,719	5.84
Nippon Life Insurance Company	12,281	4.29
Saitama Resona Bank, Limited	7,300	2.55
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	5,437	1.90
STATE STREET BANK WEST CLIENT - Treaty 505234	5,249	1.83
Japan Trustee Services Bank, Ltd. (trust account 5)	4,574	1.59
The Naito Foundation	4,207	1.47
Japan Trustee Services Bank, Ltd. (trust account 7)	3,805	1.33
Total	**120,930**	**42.28**

(Notes)
1 Numbers of shares are rounded down to the nearest thousand.
2 Indicates the top 10 shareholders in terms of percentage of the total number of outstanding shares (excluding treasury stock).
3 The 10,228,000 shares (3.45%) of treasury stock are not included in this table as they do not have voting rights.
4 Although the following Large Shareholding Report (revised report) was received before the end of the fiscal year, in cases in which it is impossible to make confirmation with the shareholder registry for the end of the fiscal year, or in which the number of shares held is not ranked among the top 10, it is not included in the table. Further, the holding percentage enclosed in parentheses is the percentage of the total number of outstanding shares (rounded down), including treasury stock.
(1) Including the Mitsubishi UFJ Financial Group, Inc., 4 companies jointly held 16,113,000 shares (5.43%) as of July 13, 2015 (July 21, 2015, Revised Report)
(2) Including the Wellington Management Company, LLP, 2 companies jointly held 27,087,000 shares (9.13%) as of July 31, 2015 (August 7, 2015, Revised Report)
(3) Including Sumitomo Mitsui Trust Bank, Limited, 3 companies jointly held 14,926,000 shares (5.03%) as of April 15, 2016 (April 21, 2016, Large Shareholding Report)
(4) Including Mizuho Bank, Ltd., 2 companies jointly held 18,900,000 shares (6.37%) as of October 14, 2016 (October 21, 2016, Large Shareholding Report)
(5) Vanguard Health Care Fund held 14,838,000 shares (5.00%) as of November 24, 2016 (December 15, 2016, Large Shareholding Report)
(6) Including BlackRock Japan Co., Ltd., 11 companies jointly held 18,308,000 shares (6.17%) as of August 15, 2017 (August 21, 2017, Large Shareholding Report)
(7) Nomura Asset Management Co., Ltd. held 14,963,000 shares (5.05%) as of March 15, 2018 (March 22, 2018, Large Shareholding Report)

Trends in Ratio by Shareholder Type



Stock Price Trends (from April 1, 2013 to July 31, 2018)



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (April 2 to July 31)
High	4,675 yen	9,756 yen	9,024 yen	7,338 yen	**7,148 yen**	**11,490 yen**
Low	3,600 yen	3,800 yen	6,633 yen	5,366 yen	**5,402 yen**	**6,630 yen**
Closing price	4,018 yen	8,535 yen	6,770 yen	5,764 yen	**6,781 yen**	**9,582 yen**

Note: The April 1, 2013, closing prices of Eisai's stock price, and TOPIX respectively represent the 100 shown in the line graph.

※Please refer to the Notice of Convocation of the 106th Ordinary General Meeting of Shareholders for the status of shares.
▶ https://www.eisai.com/ir/stock/meeting/index.html

Corporate Profile

(As of March 31, 2018)

Corporate Name
Eisai Co., Ltd.

Date Founded
December 6, 1941

Head Office Address
4-6-10, Koishikawa, Bunkyo-ku, Tokyo 112-8088, Japan

Paid-in Capital
¥44,986 million

Number of Employees
3,172 (Non-consolidated basis)
10,456 (Consolidated basis)

Stock Exchange Listings
Eisai common stock is listed on the Tokyo Stock Exchange. (Securities Code Number: 4523)

Date for Settlement of Accounts
March 31

Annual Shareholders' Meeting
The annual shareholders' meeting is held in June.

Independent Public Accountants
Deloitte Touche Tohmatsu LLC

Selection for ESG Indices

As of August 2018

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

MSCI 2018 Constituent MSCI Japan ESG Select Leaders Index

MSCI 2018 Constituent MSCI Japan Empowering Women Index (WIN)

THE INCLUSION OF Eisai Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Eisai Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

FTSE4Good

FTSE Blossom Japan

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Eisai has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Editor's Note for Integrated Report 2018

A framed piece of Japanese calligraphy representing the phrase「天助自助者」(God helps those who help themselves) is on display in the conference hall on the 5th floor at Eisai headquarters. This is a Japanese translation of a concept described in "Self-Help", written by British author Samuel Smiles. It means that God will reach out a helping hand and bring happiness to those who are making efforts by themselves without depending on others. As I gaze at the framed calligraphy only half-convinced, I thought "the words are excellent, but is 'a helping hand from God' realistic?" However, I really felt that there was "a helping hand from God", when the partnership for anticancer agent Lenvima® was concluded with Merck & Co., Inc., Kenilworth, N.J., U.S.A. in March 2018. I felt proud of our employees who continued their effort to create "innovation" that contributes to patients while facing a tough business environment. I was even more proud of Eisai's ability to create innovation when favorable top-line results from the final analysis at 18 months of the Phase Ⅱ study on anti-beta amyloid protofibril antibody BAN2401 were announced in July 2018.

In this integrated report, we made an effort to make a record of the aforementioned "innovation" and "partnership". The cover page was created based on these two key words. Additionally, we especially enhanced the descriptions of our philosophy and drug creation activities, as well as origins of Eisai's ability of creating innovation. Moreover, we added SWOT analyses to enhance explanations of not only strengths and opportunities but also weaknesses and threats.

Going forward, we will continue with efforts to improve the quality of the report, based on the valuable opinions we receive through engagement with stakeholders.

(Chief Editor of Integrated Report 2018)

For further information

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