



Eli Lilly and Company Comments on Recent Court Rulings Regarding Zyprexa(R) Patents

INDIANAPOLIS, June 7, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Eli Lilly and Company (NYSE: LLY) today responded to two recent court rulings by the Canadian Federal Court and the German Patent Court that could result in the entry of generic olanzapine (Zyprexa) into the Canadian and German markets. Lilly believes these decisions are deeply flawed and are inconsistent with both the evidence presented at trial and with the legal principles that the company believes apply. The company plans to appeal both decisions. While the courts' decisions may result in generic olanzapine being marketed in Canada and Germany, in both cases, should Lilly prevail on appeal, it would be entitled to damages.

Commenting on the rulings, Robert A. Armitage, Lilly's senior vice president and general counsel said, "These decisions, if not overturned, undermine intellectual property protection in Canada and Germany and erode the incentives of pharmaceutical and biotech companies to make the high-risk investments necessary to discover and develop breakthrough medicines. We believe we must take a strong stand on behalf of innovators and intend to take every possible step to protect what we continue to believe are intellectual property rights regarding the validity of the Zyprexa patents in Canada and Germany through 2011." Armitage noted that these rulings have no bearing on Lilly's Zyprexa patents in other international markets, nor on the U.S. patent, which had been upheld on appeal in December, 2006 and will remain in effect until 2011.

The court decisions are not expected to have a material impact on Lilly's financial condition, and the company's current 2007 earnings per share guidance will not be changed as a result. The company still expects adjusted earnings for the second quarter of 2007 to be between \$.80 and \$.82 per share, and expects adjusted earnings for the full year 2007 to be between \$3.30 and \$3.40 per share. On a reported basis, the company still expects earnings for the second quarter of 2007 to be between \$.50 and \$.52 per share, and expects earnings for the full year 2007 to be between \$2.63 and \$2.73 per share.

See reconciliation below for further detail.

Earnings per Share Reconciliation	Q2 2007 Expectations	Q2 2006 Results
E.P.S. (reported)	\$.50 to \$.52	\$.76
Eliminate estimated in-process research & development charge associated with Hypnion acquisition	.30	-
E.P.S. (adjusted)	\$.80 to \$.82	\$.76

Earnings per Share Reconciliation	2007 Expectations	2006 Results
E.P.S. (reported)	\$2.63 to \$2.73	\$2.45
Eliminate product liability charge	-	.42
Eliminate asset impairments and restructuring charges associated with previously announced manufacturing decisions	.08	.31
Eliminate in-process research & development charges associated with ICOS acquisition and OSI in-licensing and the estimated charge associated with Hypnion acquisition	.59	-
E.P.S. (adjusted)	\$3.30 to \$3.40	\$3.18

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of first-in-class and best-in-class pharmaceutical

products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers -- through medicines and information -- for some of the world's most urgent medical needs. Additional information about Lilly is available at www.lilly.com. C-LLY

This press release contains forward-looking statements that are based on management's current expectations; however, they are subject to significant risks and uncertainties and actual results may differ materially, and will depend on, among other things, the outcome of patent litigation related to our products around the world. In addition, there are significant risks and uncertainties in pharmaceutical research and development. There can be no guarantees with respect to pipeline products that the products will receive the necessary clinical and manufacturing regulatory approvals or that they will prove to be commercially successful. The company's results may also be affected by such factors as competitive developments affecting current products; rate of sales growth of recently launched products; the timing of anticipated regulatory approvals and launches of new products; other regulatory developments and government investigations; litigation involving current and future products; the impact of governmental actions regarding pricing, importation, and reimbursement for pharmaceuticals; changes in tax law; asset impairments and restructuring charges; acquisitions and business development transactions; and the impact of exchange rates. For additional information about the factors that affect the company's business, please see the company's latest Form 10-Q filed May 2007. The company undertakes no duty to update forward-looking statements.

Zyprexa(R) (olanzapine, Lilly)

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SOURCE Eli Lilly and Company

Mark E. Taylor (U.S.), +1-317-276-5795, Laurel Swartz (Canada), +1-416-694-3221, Katrin Blank (Germany), 49-6172-2732738, all of Eli Lilly and Company

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