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Lilly and OSI Pharmaceuticals Announce Licensing Agreement

Lilly Granted Exclusive Rights to Glucokinase Activator Program for the Treatment of Type 2 Diabetes

INDIANAPOLIS, Jan 05, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Eli Lilly and Company (NYSE: LLY) and OSI Pharmaceuticals, Inc. (Nasdaq: OSIP) today announced that OSI's diabetes and obesity subsidiary, Prosidion Limited, and Lilly have entered into a licensing agreement granting Lilly exclusive rights to OSI's Glucokinase Activator (GKA) program, which includes the lead compound PSN010. Under the terms of the agreement, OSI will receive an upfront fee of \$25 million, up to \$360 million in potential development and sales milestones and other payments plus royalties on sales of any compounds successfully commercialized from the program.

"This in-licensing agreement will help bolster Lilly's early stage pipeline and will augment one of our core therapeutic areas," said David Moller, M.D., Lilly, vice president of endocrine and cardiovascular research and clinical investigation. "We are committed to maintaining our leadership role in diabetes care, including addressing the increasing prevalence of type 2 diabetes. We will continue to seek out innovative molecules to add to our diabetes portfolio in order to best respond to the growing health crisis posed by diabetes worldwide."

Colin Goddard, Ph.D., chief executive officer, OSI Pharmaceuticals commented, "We believe this licensing arrangement with a global leader in the field of diabetes like Lilly is an important validation of our diabetes and obesity research portfolio. Under Anker Lundemose's leadership, our UK-based subsidiary, Prosidion, has established a portfolio of innovative drug candidates and demonstrated an ability to rapidly and effectively advance drug candidates to a clinical proof-of-concept."

GKAs represent a new approach to diabetes therapy. GKAs like PSN010 are designed to attenuate hyperglycemia by rapidly lowering blood glucose levels through a dual mechanism of increasing glucose uptake in the liver and potentiating insulin secretion from the pancreas. PSN010 is currently in Phase I clinical trials. PSN010 was discovered and developed in-house through Prosidion's diabetes and obesity research efforts. The project arose from a research collaboration with the Vanderbilt University Diabetes Center and Tanabe Seiyaku Co. Ltd.

About Eli Lilly and Company

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.

This news release contains forward-looking statements. These statements are subject to known and unknown risks and uncertainties that may cause actual future experience and results to differ materially from the statements made. Factors that might cause such a difference include, among others, the completion of clinical trials, the FDA and other foreign review processes and other governmental regulation, Lilly and OSI's abilities to successfully develop and commercialize drug candidates, competition from other pharmaceutical companies, the ability to effectively market products, and other factors described in Lilly's and OSI's most recent filings with the Securities and Exchange Commission. F-LLY

SOURCE Eli Lilly and Company

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