



U.S. District Court Rules Against Lilly Regarding Strattera Patent

Lilly Plans Appeal to Defend Strattera's Intellectual Property

INDIANAPOLIS, Aug 12, 2010 /PRNewswire via COMTEX News Network/ -- Eli Lilly and Company (NYSE: LLY) today announced that the U.S. District Court for the District of New Jersey has ruled against the company in its patent litigation for Strattera(R) (atomoxetine). In the case of *Eli Lilly and Company v. Actavis Elizabeth LLC, et al*, the court ruled that Lilly's '590 patent, or method-of-use patent, for Strattera is invalid. The patent had been set to expire in May of 2017.

"We disagree profoundly with the District Court's ruling and will appeal this decision," said Robert A. Armitage, senior vice president and general counsel for Lilly. "We continue to believe that our Strattera method-of-use patent should be found valid and should be upheld by the courts. The judge did not apply what we believe has been long-settled law on the legal issue of enablement. We will take every reasonable step to protect our intellectual property rights."

As a result of today's court decision, the company anticipates the near-term entry of generic atomoxetine in the U.S. market. Although today's court decision will not cause the company to modify its current 2010 earnings per share guidance, the company does now expect revenue growth in the low- to mid-single digits, a reduction from its prior revenue growth guidance of mid-single digits.

"Although we are disappointed with today's ruling, we remain confident in our ability to execute on our strategy and in our long-term business prospects," said John Lechleiter, Ph.D., chairman and chief executive officer. "Assuming a launch of a generic version of Strattera in the U.S., the loss of revenue will undoubtedly add to the challenges we will face during upcoming patent expirations on other key products. At the same time, we are taking the actions necessary to meet these challenges, including lowering our cost structure by at least \$1 billion by the end of 2011 and reducing our full-time workforce. As a result, we still expect to generate sufficient cash flow in the coming years to fund research and development, make necessary capital investments and to pursue anticipated business development opportunities. In addition, we do not intend to deviate from our plan to maintain our dividend at least at its current level."

Lechleiter concluded, "We continue to be resolutely committed to our core strategy: accelerating the development of the promising molecules now in our labs. In addition to a diverse portfolio of medicines currently on the market, we have a robust pipeline of nearly 70 potential new medicines in clinical development, targeting areas such as diabetes, cancer, Alzheimer's disease and other unmet medical needs. The promise of this pipeline bodes well for Lilly and the patients we serve."

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of 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 release contains forward-looking statements regarding the U.S. Strattera patent litigation. These statements are based on management's current expectations but actual results may differ materially. There can be no assurance that the company will prevail in any appeal. Also, the company cannot predict whether generic atomoxetine will be marketed prior to the resolution of this litigation. Other risk factors that may affect the company's results can be found in the company's Form 10-K, dated February 2010, and Form 10-Q, dated July 2010.

Strattera(R) (atomoxetine, Lilly)

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