



October 23, 2006

## **Lilly Expands Biotech Capabilities to Match Expanding Biotech Pipeline**

### **First phase of \$560 million complex completed; Part of a \$1 billion investment to strengthen biotech efforts**

INDIANAPOLIS, Oct 23, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Eli Lilly and Company (NYSE: LLY) today announced completion of the first phase of a \$560 million expansion to its biotech complex in Indianapolis. The investment is part of a \$1 billion effort to strengthen and build the company's biotechnology drug research and development capabilities.

At a ceremony at its Indianapolis operations, company officials dedicated the crown jewel of the first phase of construction -- a state-of-the-art bioproducts pilot manufacturing plant that will help the company bring advanced biotech medicines to patients through more efficient, productive and dependable manufacturing processes. The company also announced the opening of a research support facility, into which 700 scientists, engineers and support staff will relocate.

Lilly initially announced plans for the biotechnology complex in 2002. In 2004, those plans were expanded to nearly twice their original size to better meet the company's pipeline of biotech drugs.

#### Reinforcing Lilly's leadership position

"These investments reinforce Lilly's position as a biotech leader," said John Lechleiter, Ph.D., Lilly's president and chief operating officer. "In tandem with our rich history of biotechnology, they give us a competitive advantage to discover, develop, and launch important new biotech therapies."

Lilly has been a leader in biopharmaceuticals since 1922, when the company began making and marketing insulin. Today Lilly is the fifth largest biotechnology company in the world as measured by total sales. Approximately 30 percent (eight drugs) of its total drug portfolio are biotech medicines in several therapeutic categories, representing approximately \$3.6 billion of the company's 2005 sales. Biotech medicines also represented one-third of the company's drug pipeline at the end of 2005.

The construction of the three buildings, along with Lilly's acquisition in 2004 of Applied Molecular Evolution -- a San Diego-based operation that conducts protein optimization research -- accounts for a total biotech capital investment of approximately \$1 billion. These investments, part of the company's planned growth strategy in the area of biotechnology, "prove that Lilly is confident in its future in biotech," said Lechleiter.

#### About the Lilly biotech complex

"Inside these new buildings, the latest in highly sophisticated technologies and equipment for conducting biotech research and development have been incorporated," said Steven Paul, M.D., Lilly's executive vice president of science and technology. "Taken together -- the facilities, the technologies, and an interdisciplinary approach -- we've created a new model for Lilly that gives the company a competitive advantage in bringing breakthrough medicines to patients in a more efficient, productive, and dependable manner."

A bioproducts pilot manufacturing plant (known as K360), being dedicated today, will manufacture small-scale amounts of drug for use in clinical trials. Importantly, Lilly has built the facility to allow it to operate up to one-half of the manufacturing capacity needed for full-scale commercialization. This pioneering approach helps to assure a seamless transition from development to full-scale manufacturing -- a notoriously complex process in biotechnology -- giving Lilly speed to market and cost advantages over its biotech competitors. Using the research knowledge gathered during this process, the scientists and engineers working in this 225,000 square foot facility will seek to optimize the manufacturing processes necessary for full-scale, commercial production of future Lilly biotech medicines.

The research support facility (known as K361), also being dedicated today, spans 100,000 square feet and will support the more than 700 staff personnel working in both K360 and K362.

The bioproducts research and development laboratory (known as K362) will become Lilly's R&D nerve center for biotechnology. Scientists at this 475,000 square foot facility will conduct cutting-edge research in molecular and cell biology, analytical science, pharmaceuticals, and engineering. In these labs, Lilly scientists will define the processes to safely and

effectively manufacture complex biotech products. Construction is expected to be completed in the first quarter of 2007.

These combined investments represent the largest expansions of Lilly's biotechnology capacities to date.

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](http://www.lilly.com).

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