



April 3, 2007

Lilly Announces Completion of Hypnion Acquisition

INDIANAPOLIS, April 3, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Eli Lilly and Company (NYSE: LLY) today announced that it has completed its acquisition of Hypnion, Inc., a privately held neuroscience drug discovery company focused on sleep disorder research.

The deal, valued at a total purchase price of \$315 million, bolsters Lilly's pipeline with several new early-stage drug candidates and HY10275, an insomnia molecule currently in Phase II of development. HY10275 is a dual-acting H1/5HT2A compound that is targeted at both sleep onset and sleep maintenance, thereby potentially helping people fall asleep and stay asleep.

"We are pleased to have completed the acquisition of Hypnion, and now plan to leverage our CNS expertise to continue the development of HY10275," said Steven M. Paul, M.D., executive vice president, science and technology for Lilly. "This deal not only strengthens our own sleep disorder research, but also reaffirms our commitment to remaining a leader in the field of neuroscience. As we integrate Hypnion's capabilities into our own, we will continue to focus on discovering and developing better treatments for patients struggling with insomnia and other sleep disorders."

John F. Dee, Hypnion's president and chief executive officer commented, "The success we have achieved at Hypnion is a direct result of the dedication and passion of our employees. We are excited to see our efforts be recognized by an industry leader such as Lilly, and we hope that those efforts will one day lead to better solutions for insomnia patients."

The impact of the acquisition will be reflected in Lilly's second quarter 2007 financial results and will be included in the guidance section of the company's first quarter 2007 press release on April 16, 2007.

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. 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. Actual results may differ materially and will depend on, among other things, realization of anticipated operational efficiencies following the merger with Hypnion; the continuing growth of the company's currently marketed products; developments with competitive products; the timing and scope of regulatory approvals and the success of new product launches; asset impairments, restructurings, and acquisitions of compounds under development resulting in acquired-in-process research and development charges; foreign exchange rates; wholesaler inventory changes; other regulatory developments, government investigations, patent disputes, and litigation involving current and future products; changes in tax law; and the impact of governmental actions regarding pricing, importation, and reimbursement for pharmaceuticals. There is no guarantee Lilly will realize the expected benefits, or that Hypnion's technology or pipeline will yield commercially successful pharmaceutical products. For additional information about the factors that affect the company's business, please see the company's latest Form 10-K filed February 2007. The company undertakes no duty to update forward-looking statements.

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SOURCE Eli Lilly and Company

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