/C O R R E C T I O N -- Eli Lilly and Company (NYSE: LLY)/

INDIANAPOLIS and ANCHORAGE, Ala., March 26, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- In the news release, State of Alaska and Eli Lilly and Company Reach Agreement to Settle Zyprexa Lawsuit, issued earlier today by Eli Lilly and Company over PR Newswire, the dateline should read "INDIANAPOLIS, Ind. and ANCHORAGE, Alaska" rather than "INDIANAPOLIS and ANCHORAGE, Ala." as incorrectly transmitted by PR Newswire.

State of Alaska and Eli Lilly and Company Reach Agreement to Settle Zyprexa Lawsuit

Eli Lilly and Company and the State of Alaska have agreed on the following joint statement:

Alaska Attorney General Talis J. Colberg and Eli Lilly and Company (NYSE: LLY) today announced a settlement of the lawsuit filed by the State of Alaska over use of Zyprexa(R) (olanzapine) by the State's Medicaid program. The trial began March 3, 2008, in Superior Court in Anchorage.

The agreement resulted from ongoing mediation ordered by trial Judge Mark Rindner before the trial began. Presiding Judge Morgan Christen renewed mediation efforts with the parties last week.

The settlement will include payment by Lilly of $15 million plus a term that will ensure that Alaska is treated as favorably as any other state that may settle with Lilly in the future over similar claims.

"I am very pleased with the efforts by Assistant Attorney General Ed Sniffen and our team of trial attorneys," Colberg said. "We believe this is a good result for the State of Alaska and the Department of Health and Social Services," he added.

"We believe this settlement is in the best interest of the company, the State, and, importantly, of the patients, families and healthcare professionals for whom Zyprexa is an important treatment option," said Robert A. Armitage, Lilly's senior vice president and general counsel.

In addition, Lilly provided the following information:

"While we had a strong defense, we agreed with the State that the best result for everyone is an amicable resolution," Armitage said. "A trial always involves significant time and resources, especially a two-phase trial like this one that posed additional legal hurdles. A settlement helps us get back to what we want to focus on as a company: developing important new medications through research and partnerships with doctors and patients.

"We appreciate all the time and energy the jury invested over more than three weeks in such a complex case," Armitage added.

The agreement involves no admission of wrongdoing on Lilly's part.

The March, 2006 lawsuit claimed the State and healthcare providers were insufficiently warned about possible side effects relating to weight gain, high blood sugar and diabetes, causing harm to the State's Medicaid recipients and increased costs to the State. The lawsuit asked that Lilly pay the State for those costs and pay civil penalties under the Alaska Unfair Trade Practices and Consumer Protection Act (UTPCPA).

Prescribed for more than 23 million people since its initial approval by the FDA in 1996, Zyprexa is regularly prescribed in the U.S. and in more than 80 other countries. One of a class of medications called "atypical antipsychotics," it is approved to treat schizophrenia and bipolar disorder.

"Our decision to resolve this case does not change the fact that Zyprexa can continue to improve the lives of patients around the world who are suffering from schizophrenia and bipolar disorder," Armitage said.

Zyprexa Background

Zyprexa is indicated in the United States for the short- and long-term treatment of schizophrenia, acute mixed or manic episodes of bipolar I disorder, and maintenance treatment of bipolar disorder. Since Zyprexa was introduced in 1996, it has been prescribed to approximately 23 million people worldwide. Zyprexa is not approved for patients under 18 years of age.

Zyprexa is not approved for the treatment of patients with dementia- related psychosis. Elderly patients with dementia-related psychosis treated with atypical antipsychotic drugs are at an increased risk of death compared with those patients taking a placebo. In addition, compared to elderly patients with dementia-related psychosis taking a placebo, there was a significantly higher incidence of cerebrovascular adverse events in elderly patients with dementia-related psychosis treated with Zyprexa.

Hyperglycemia, in some cases extreme and associated with ketoacidosis or hyperosmolar coma or death, has been reported in patients treated with atypical antipsychotics, including Zyprexa.

While relative risk estimates are inconsistent, the association between atypical antipsychotics and increases in glucose levels appears to fall on a continuum and olanzapine appears to have a greater association than some other atypical antipsychotics. Physicians should consider the risks and benefits when prescribing olanzapine to patients with an established diagnosis of diabetes mellitus, or who have borderline increased blood glucose levels. Patients taking olanzapine should be monitored regularly for worsening of glucose control. Persons with risk factors for diabetes who are starting on atypical antipsychotics should undergo baseline and periodic fasting blood glucose testing. Patients who develop symptoms of hyperglycemia during treatment should undergo fasting blood glucose testing.

Undesirable alterations in lipids have been observed with olanzapine use. Clinical monitoring, including baseline and follow-up lipid evaluations in patients using olanzapine, is advised. Significant, and sometimes very high, elevations in triglyceride levels have been observed with olanzapine use.

Potential consequences of weight gain should be considered prior to starting olanzapine. Patients receiving olanzapine should receive regular monitoring of weight.

As with all antipsychotic medications, a rare and potentially fatal condition knows as Neuroleptic Malignant Syndrome NMS has been reported with Zyprexa. If signs and symptoms appear, immediate discontinuation is recommended. Clinical manifestations of NMS are hyperpyrexia, muscle rigidity, altered mental status and evidence of autonomic instability (irregular pulse or blood pressure, tachycardia, diaphoresis and cardiac dysrhythmia). Additional signs may include elevated creatinine phosphokinase, myoglobinuria (rhabdomyolysis), and acute renal failure.

Also, as will all antipsychotic treatments, prescribing should be consistent with the need to minimize Tardive Dyskinesia (TD). The risk of developing TD and the likelihood that it will become irreversible are believed to increase as the duration of treatment and the total cumulative dose of antipsychotic increase. The syndrome may remit, partially or completely, if antipsychotic treatment is withdrawn.

Other potentially serious adverse events include low blood pressure, seizures, elevated prolactin levels, elevated liver enzymes, cognitive and motor impairment, body temperature elevation, and trouble swallowing.

The most common treatment-emergent adverse event associated with Zyprexa in placebo-controlled, short-term schizophrenia and bipolar mania trials was somnolence. Other common events were dizziness, weight gain, personality disorder (COSTART term for nonagressive objectionable behavior), constipation, akathisia, postural hypotension, dry mouth, asthenia, dyspepsia, increased appetite and tremor.

Full prescribing information, including a boxed warning, is available at www.zyprexa.com.

About Lilly

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.

Zyprexa(R) (olanzapine, Lilly)

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