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e.Lilly Announces Plans to Launch New Startup

InnoCentive Introduces Novel Approach to Drug Discovery Using the Internet

Eli Lilly and Company (NYSE: LLY) today announced the launch of its first separate e-business venture, InnoCentive LLC, a wholly-owned enterprise that will use the power of the Internet to create and enhance open-source scientific research and development. The launch of InnoCentive coincides with an undisclosed investment in the company by e.Lilly, the venture capital arm of Lilly. InnoCentive will use the funds to broaden its online services to promote, foster and guide a new avenue of research and development for scientists worldwide.

"We recognize the possibilities the Internet holds for the marketplace," said Alpheus Bingham, Ph.D., vice president of e.R&D, e.Lilly. "The new company will draw upon Lilly's leading expertise in pharmaceutical innovation and drug discovery to reach beyond the traditional R&D facilities and tap into more of the brightest, scientific minds in the world."

Through its website, InnoCentive will cultivate an exciting new world of scientific collaboration. Posted on the website are unique, scientific problems or challenges with cash incentives for an innovative solution. This aggressive move will enable InnoCentive to access researchers from throughout the world to solve specific scientific problems. Using the Internet will enhance current research initiatives and encourage faster, more innovative solutions within established time frames.

"We are at the heart and soul of what the Internet is all about," said Darren Carroll, chief executive officer, InnoCentive. "InnoCentive represents a return to the Internet's roots - an open-source approach to scientific collaboration and innovation. We are seeking access to that particular mind that is uniquely prepared for solving a specific scientific problem."

"This new company is uniquely positioned to explore and understand the potential of open-sourced innovation and drug discovery," said August Watanabe, M.D., executive vice president, science and technology, Lilly. "It also represents the pharmaceutical industry's first effort to structure such an approach that offers the promise of more effectively accessing share of mind."

The new company will be governed by a board of directors and supported by an investment committee, both of which will be drawn from Eli Lilly and Company. The company's business plan lays out a two-part strategy over the next year using the website to attract leading corporations to post scientific challenges that require a solution and to motivate research scientists to submit innovative solutions in hopes of receiving a cash reward.

Initially, InnoCentive will be located at the e.Lilly incubator facility in Indianapolis, Indiana.

Bingham is the chairman of the board of InnoCentive LLC. He was named vice president, e-research and development, for Lilly in July 2000. He had been vice president of sourcing innovation/portfolio management since 1997 and also was responsible for operations at Lilly Research Laboratories, a division of Lilly in Japan.

Carroll will head the new company as the chief executive officer. He is currently the director of new venture development for e.Lilly and heads the team responsible for creating new businesses. At Lilly, Carroll has been the attorney for the Prozac® team and for all global technology initiatives. In addition to his experience with Lilly, Carroll was an executive with RealMed Corp., a leading Internet-based health care transactions company.

About Eli Lilly and Company

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of 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.

About InnoCentive

InnoCentive LLC is revolutionizing the business of scientific research and development, facilitating 'minds over matter.' Located in Indianapolis, InnoCentive is building a global, incentive-based solution network where a community of innovative scientists finds and solves challenging problems. With InnoCentive, leading science-based companies are expanding their R&D capacity by posting scientific challenges that need to be solved and connecting with talented scientists worldwide for the most innovative solution. InnoCentive is an e-business venture of Eli Lilly and Company, a leading innovation-driven pharmaceutical company. For more information, visit the InnoCentive website at www.innocentive.com.