

To: MEDAFFL
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From: CN=Lisa N Love/OU=AM/O=LLY
Subject: 2004 Medical Objectives
Attachments: 2004 Medical Objectives.ppt; Principles (Final) .doc

Lisa N Love
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----- Forwarded by Lisa N Love/AM/LLY on 02/09/2004 09:50 AM -----

Alan Breier

02/06/2004 04:29 PM

To: US_Medical_MedicalUS
cc:
Subject: 2004 Medical Objectives

Greetings Medical Colleagues,

Early in January, the extended Medical Lead Team, which comprises 25 cross functional leaders from our Component, gathered to discuss our 2004 challenges and define a set of objectives for 2004. These objectives, which are organized around "5 Ps" - Patients, Principles, Pipeline, Productivity and People - were presented at the Medical Town Hall on January 27th. I have attached the objectives along with our strategic intent statement (a.k.a. the Medical Component mantra) below and would like to share some additional thoughts about them now.

Patients The *raison d'être* for our industry and why most of us chose to work at Lilly is to serve patients. While we have other important customers (e.g., doctors, payors, regulators), we make medicines for only one customer - the patient. Thus, the patient is our primary customer. We in Medical are in the process of affirming a *patient centered culture* - where the needs of patients are well understood and take top priority in all of what we do. Integral to a patient centered culture is putting patients in the heart of our business processes. In our daily work, we are faced with making decisions based on a set of priorities. Putting patients at the top of the priority list will lead to the right decisions and the most robust business results. As I have often said: *"What is good for patients, is good for business"*.

Principles Making medicine for people facing illness is a much different and higher calling than making consumer products for other markets. *We do not sell soap!* It therefore requires a different and higher code for conducting our business. The Principles of Medical Research (PMR) provide the road map to guide all human research at Lilly. PMR has been fully endorsed by all key governance bodies including the Corporate

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Policy Committee and are now *the law of the land*. To make the Principles live in our culture requires all of us to understand and put into action their underlying intent. We are particularly challenged when it comes to presenting our data in a completely objective, unbiased manner because of our passion for our molecules and the belief that "spinning" data is sometimes necessary to gain a competitive advantage. If we do not abandon the "spinning" mentality, we will not restore confidence in our medical research and rebuild the public trust our industry has compromised.

Pipeline One of the major corporate imperatives for 2004 is addressing the shortage of high quality molecules in the mid-stage of our pipeline - particularly the number of molecules undergoing First Human Dose and First Efficacy Dose in Program Phase. By prioritizing, focusing and successfully addressing this now, we will assure sufficient future launches in a time frame that coincides with patent expirations of some of our most important marketed products. Another top 2004 challenge are the large number of global launches of new molecules and line extensions/NIs of existing agents. The first six months of any launch is critically important and presages its long term success. Medical will play a key role in the success of these launches - and we must accomplish all this at the same time we are growing the base business - Zyprexa, **Redacted** The tightness of our clinical plans - reducing redundancy, laser-like focus and "dividing and conquering" through global alignment - will be an unparalleled competitive advantage in meeting this challenge.

Productivity Our success as a company in an ever increasing competitive market place with escalating payor and regulatory pressures will not be accomplished by being "bigger" but by being "smarter" than the competition. We need to out innovate, out manage, and out produce our rivals. This cannot happen unless project management systems are fully maximized and we modernize our operational infrastructure (you're all invited to the AS400's retirement party in 2005). Managing more molecules must be achieved by building global capabilities, yielding scalability, flexibility and sustainability. We need to identify what Lilly will claim as our core capabilities, be the best in the world at that, and look to partnerships to compliment our internal strengths.

People It almost sounds like a cliché but it is a Lilly hallmark - "people are our most valuable asset". I observe this truism throughout our Component, all over the world. In my 7 years with the company, every big win I have observed can always be traced back to a key contribution by an individual or small group - Lilly people doing extraordinary things. Most would agree that we are blessed with talented, extraordinarily competent people. That being the case, we need to take the next step and nurture a culture of individual empowerment. This requires trusting each other to make decisions and to deliver on our commitments. In my view, we still have work to do in establishing the "trust" part. Once we fully realize this attribute, our human capital will flourish in unprecedented ways.

Lilly needs Medical to assume a leadership role throughout our company in order to meet the challenges described above. This means both leadership with a big "L" in growing Lilly's future leaders, and leadership with a small "l" as well. This latter kind of leadership is most important and infinitely more powerful because it calls on every member of Medical - all 3 thousand of us - to behave as leaders every day - owning the company, stepping up for our values. Committing to these 5 Ps and successfully meeting their intrinsic challenges will position Lilly to command the future.

I greatly look forward to working with all of you in what promises to be a challenging and rewarding year.

Alan



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