

Key Player Playbook

Following is a summary of Zyprexa's Key Players.

| Physician Segments* | Health Care Professionals | Payer Segments | Other |
|--------------------------|------------------------------|-----------------------------|------------------------------------|
| Rule Bound | ER Doctor (I) | Public Payer (I,R,LTC) | Thought Leaders (I,R,LTC,PCP) |
| High Flyer | Institutional Pharmacist (I) | Institutional Payer (I,LTC) | Advocacy (I,R,LTC,PCP) |
| Skeptical Experimenters | Ward Nurse (I) | Private Payer (R,PCP) | Bipolar Patient and Family (R,PCP) |
| Selective Majority | Psychiatric Residents (I) | | |
| Systematic Conservatives | CMHC Treatment Team (R) | | |
| | Retail Pharmacist (R,PCP) | | |

Notes

* All Psych segments practice in Institution (I), Retail (R), and LTC; All PCP segments practice in PCP office.

Tier 1: Critical to "holding on" in '03 and pretty well resourced

Tier 2: Critical in '03 meeting growth targets and under / marginally resourced

Tier 3: Important in '03 and critical beyond '03 to continue to meet growth targets and under / marginally resourced

Key Player profiles for physicians are provided below since they these doctors work across all settings. Zyprexa is focusing its marketing plan on High Flyers and Rule Bounds, who in the Psychiatric market provide the first and second highest volume of prescriptions. High Flyers will aggressively treat mental illness (off-label, high dose) and Rule Bounds are most likely to be loyal to a brand.

The remainder of the Key Player profiles is discussed in the appropriate setting section.

Physician Key Player Profiles

ZY 7300 90

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1

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

High Flyers: Priority Doctor Segment Due to Volume but Likely to Try Competitive Entrants

This key player is Zyprexa's top customer, due to the Psych's volume and early adoption. Of chief concern is this key player's tendency to try new products (notably Aripiprazole, Geodon IM, or Risperdal Depot). To prepare for new entrants in the AP / MS class, Zyprexa needs to partner with new Lilly neuroscience products to enhance our relationships with these key customers, especially through programming. High Flyers have the highest detail responsiveness and second highest DTP responsiveness.

Significant programs, and funding, will be targeted toward this key player, as well as the Rule Bounds.

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| | Zyprexa Strategic Opportunity |
| Prescriber Information | <ul style="list-style-type: none"> Psych: 16% of population accounts for 31% of Zyprexa Rx (highest volume) PCP: 12% of population accounts for 22% of Zyprexa Rx (2nd highest volume significantly behind Selective Majority) |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Most critical segment for Zyprexa and all NS brands due to Psych volume and adoption High expertise / influence among peers Push the envelope with indications and doses (note: Zyprexa only promoted per label) |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Turn to Lilly for new ways to treat my patients Partner with new NS Brands or High Flyer will seek out newer competitors to Zyprexa |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I eagerly seek out new ways to treat my patients (first to adopt new medicines) |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Actively seek new info that will allow them to treat more patients, and treat them better <ul style="list-style-type: none"> Psychiatrists: Trying to get a patient to 100% and like to have treatment options; this means tailoring a medication cocktail by using the MOA of the drugs. PCPs: Stepping out of comfort zone to treat a disease they don't often see Seek deep understanding of <i>how</i> drugs work; make decisions based on MOA Willing to try new medicines early because "they still have patients that are not yet 100%" |
| Behavior | <ul style="list-style-type: none"> Not bound by rules, guidelines or system; proactively take action to get patient better Treat based on symptoms, not formal diagnosis Will push the envelope with off label doses and indications (based on MOA) |
| | Marketing Preferences |
| Marketing Preferences | <p><u>Psychs</u></p> <ul style="list-style-type: none"> Detail responsiveness: Highest DTP responsiveness: Moderate (2nd highest) P2P responsiveness: Low to Moderate Like pharmaceutical company sponsored programs and tools in "fun" environments. <p><u>PCPs</u></p> <ul style="list-style-type: none"> Detail responsiveness: Highest I-Physician Net responsiveness: Highest P2P responsiveness: Highest |
| Do's | <ul style="list-style-type: none"> Group interaction and patient focus Reps as source of latest information Key segment to learn from via CFF's and RCFF's CME with "new" content Patient ed / starter packs to reinforce importance of patient satisfaction Forum / club to reinforce NS leadership in social way Advisory Boards Consultant web-site Partner PCP with Psych |
| Don'ts | <ul style="list-style-type: none"> Present well known data as if it's true or gloss over fair balance |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> High Flyer Psychiatrists believe that Zyprexa offers dependable control that enables a therapeutic alliance to increase patient capture and retention at the appropriate dose. High Flyer Psychiatrists to believe that Zyprexa has the most dependable control with a known and manageable side effect profile that isn't dose dependant Increase High Flyer Psychiatrist's perceptions of Zyprexa as a collaborative, committed leader in order to maintain current level of loyalty |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> Shown later |

Rule Bound: Priority Doctor Segment Due to Second Highest Volume and Brand Loyalty

This key player is Zyprexa's second top physician segment, due to their second highest volume and their product loyalty. Their "wait and see" behavior will be critical to slower uptake of competing products. Lilly's NS Sales Force is likely to be less interested in these targets during product launches, so details for Zyprexa should remain a top priority. To prepare for new entrants in the AP / MS class, Zyprexa needs to partner with new Lilly neuroscience products to enhance our relationships with these key customers, especially through programming. High Flyers have the highest detail responsiveness and second highest DTP responsiveness.

Significant programs, and funding, will be targeted toward this key player, as well as the High Flyers.

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| | Zyprexa Strategic Opportunity |
| Prescriber Information | <ul style="list-style-type: none"> Psych: 13% of population accounts for 22% of Zyprexa Rx (2nd highest volume) PCP: 16% of population accounts for 18% of Zyprexa Rx (lowest volume) |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Second highest volume, most brand loyal |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Lilly is the established, credible, "standard of care" company; Lilly is best at updating on "rules" of treatment |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I follow the rules when treating my patients; if you don't follow the rules, you'll pay for it later |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Wait to use medications when well established in the system Follows rules dictated by patient type Diagnosis clearly determined for treatment Some are very knowledgeable, but don't necessarily act on it Pressed for time |
| Behavior | <ul style="list-style-type: none"> High APS volume Moderate Adopters Follow the formulary guidelines (especially PCPs) |
| | Marketing Preferences |
| Marketing Preferences | <p><u>Psychs</u></p> <ul style="list-style-type: none"> Detail responsiveness: 2nd Highest DTP responsiveness: Highest P2P responsiveness: Highest Safety, Tolerability, standard of care data and solutions <p><u>PCPs</u></p> <ul style="list-style-type: none"> Detail responsiveness: Highest I-Physician Net responsiveness: Moderate (2nd or 3rd highest) P2P responsiveness: Moderate (2nd or 3rd highest) Hassle-free treatment information and solutions (Safety, Tolerability, system rules) |
| Do's | <ul style="list-style-type: none"> Reassure current practice and standard of care guidelines through detail, reprints, CME, other interventions from official source such as A/V Conference, Telesessions, Enduring materials (e.g. videos), Efficiency and reminders (e.g. calendar/form/script pad, formulary stickers) PCP: Efficiency programs very important P2P where can hear what "everyone" is doing Diagnostic tools and other rules/guidelines Share and get feedback on current standards via CFFs and RCFFs Psych Only: patient services to help provide good, safe treatment for patient well-being |
| Don'ts | <ul style="list-style-type: none"> Expect to try things first Put in highly interactive situations |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Rule Bound Psychiatrists believe that Zyprexa offers dependable control that enables a therapeutic alliance in order to increase patient capture and retention at the appropriate dose. Increase Rule Bound Psychiatrist's perceptions of Zyprexa as a collaborative, committed leader in order to increase loyalty Rule Bound Psychiatrists to believe that Zyprexa has the most dependable control with a known and manageable side effect profile that isn't dose dependant. Rule Bound PCPs believe that Zyprexa offers dependable control that enables a therapeutic alliance in order to increase patient capture and retention of the complicated mood patient at the appropriate dose |
| Programs ((promotional and non-promotional) | <ul style="list-style-type: none"> Shown later |

Skeptical Experimenter: Psych Only

This key player is Zyprexa's third top physician customer (psych only), due to their high volume and their credibility among their peers. By nature, they are inherently distrustful of marketing and use their personal experiences to guide how they will continue to treat patients. Since Skeptical Experimenters are experts in the populations they treat, they are very knowledgeable about the MOA of medications and use them to tailor medications to their patients. They are actively experimenting with medications in various disease states driven by their own inquiry rather than recommendations by a pharmaceutical company. These physicians believe that their role is to determine the benefits and drawbacks of medications base on their own personal experiences as well as the experiences of other physicians that they trust. As a result, they do not necessarily follow indications, managed care formularies or any other authoritative guide other than themselves.

No programs are targeted toward this key player, but like all the physician segments, they will receive details, opportunities to attend P2P programs, direct mail, CME invites etc.

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| | Zyprexa Strategic Opportunity |
| Prescriber Information | <ul style="list-style-type: none"> Psych: 27% of population accounts for 26% of Zyprexa Rx (2nd highest volume) |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> High volume writers, credible among peers due to skeptical nature |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Lilly is where I turn to share my experience and expertise |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I decide how to use medications based on personal experiences / experiences of physicians I respect |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> I use MOA to tailor my therapy to the patient I'm in control of treatment; does not follow indications Skeptical about marketing High expertise in the populations I treat |
| Behavior | <ul style="list-style-type: none"> Not bound by rules guidelines or a system Not bound by diagnosis Will push the envelope with off label doses and indications (based on MOA) Try new meds to prove or disprove data |
| | Marketing Preferences |
| Marketing Preferences | <p>Psychs: Very skeptical of marketing programs</p> <ul style="list-style-type: none"> Detail responsiveness: Low to Moderate DTP responsiveness: Lowest to Moderate P2P responsiveness: Low to Moderate |
| Do's | <ul style="list-style-type: none"> Listen to and utilize their expertise Use Rep as source to provide answers to questions, new information (reprints), and feedback to Lilly |
| Don'ts | <ul style="list-style-type: none"> Over sell Shut down feedback |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> The MOs for the High Flyer should be utilized |
| Programs (promotional and non-promotional) | <p>Programs not specifically planned for this physician segment (most similar to High Flyer needs with a higher degree of skepticism for marketing programs)</p> <p>Let them demonstrate their expertise</p> <ul style="list-style-type: none"> Advisory Boards Round Table / P2P (but not with Rule Bounds) Key segment to learn from via CFF's and RCFF's Consultants website where they can post non-anonymous feedback to Lilly and colleagues and engage in chats/debates about patients and treatments Preceptorships <p>Let them tinker</p> <ul style="list-style-type: none"> Experience trials /Clinical trial involvement / Research Grants Symposia, CME with "new" content, Telesessions, Audio Conference Audio conferences/Telesessions; Enduring materials from previous events; Office forms/Script pads; Symposia |

ZY 7300 93

Selective Majority

Selective majority are physicians that are looking for a simple straightforward approach to selecting medications to treat their patients. For primary care physicians, this means having clear niches for products. If a product does not have a clear niche, they are not as likely to use it. For psychiatrists, simplicity is only using medications when appropriate, it is also keeping their tool kit of prescription treatments relatively small for a psychiatrist. The Psychiatrists are also likely to incorporate psychotherapy into their treatment with patients they see in the office

No programs are targeted toward this key player, but like all the physician segments, they will receive details, opportunities to attend P2P programs, direct mail, CME invites etc.

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| | Zyprexa Strategic Opportunity |
| Prescriber Information | <ul style="list-style-type: none"> Psych: 27% of population accounts for 19% of Zyprexa Rx (lowest volume) PCP: 43% of population accounts for 39% of Zyprexa Rx (highest volume though underrepresented based on population; High Flyers over-represented with fewer MDs) |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> For PCPs only |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Lilly provides simple, consistent information |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> When treating mental illness I prefer to keep it simple & straightforward |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Keep disease and treatment simple Spend as much time as needed with patients Doesn't necessarily follow rules High potential for brand loyalty |
| Behavior | <ul style="list-style-type: none"> Low volume Slow adopters |
| | Marketing Preferences |
| Marketing Preferences | <p><u>Psychs</u></p> <ul style="list-style-type: none"> Detail responsiveness: Low to Moderate DTP responsiveness: Moderate P2P responsiveness: Low to Moderate Ease of treatment and product use (dosing, administration, outcomes, patient) <p><u>PCPs</u></p> <ul style="list-style-type: none"> Detail responsiveness: Moderate P2P responsiveness: Moderate I-Physician Net: Moderate Ease identification of patient and product use (patient niche, dosing, administration, outcomes) |
| Do's | <ul style="list-style-type: none"> Lower cost interventions for continuous reinforcement of how to use product Rep relationship is providing simple, consistent information CME with clear direction on product use (for PCP this is strong symptom: product information) Detail piece and reprints reinforcing Zyprexa Brand promise and simplicity/ease of use for specific patient type PCP: front and back of detail piece Direct mail/leave behind reinforcing core message/patient and ease of use Patient ed and Starter Kits to make simple to sell/Rx medication to patient |
| Don'ts | <ul style="list-style-type: none"> Invite to high cost interventions Walk away to early (they'll get there, especially in PCP) Share too much |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Because we have chosen not to plan programs around this physician segment, the MOs for the High Flyer and Rule Bound should be utilized |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> Special programs not planned for this physician segment |

ZY 7300 94

Systematic Conservative PCP Only

The systematic conservative segment has a systematic approach toward treating mental illnesses that is different from physicians to physicians. In order for a medication to be successful this group of physicians, it needs to fit within their systematic approach and be established enough that the physician feels comfortable with it. Since it takes a while to get this groups comfortable, they are the most conservative group with treatment and refer very quickly. This segment is all primary care physicians, with half of them a designated internal medicine specialty.

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| | Zyprexa Strategic Opportunity |
| Prescriber Information | <ul style="list-style-type: none"> • PCP: 29% of population accounts for 21% of Zyprexa Rx |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> • Minimal |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> • Lilly is established, credible, "standard of care" source of information company |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> • I have a treatment "system" to figure out how your product applies |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> • Regular, systematic approach: Diagnosis/Indication focused, On label uses • Most comfortable with mental illness • Concerned for safety |
| Behavior | <ul style="list-style-type: none"> • Slowest CNS adoption • Lowest CNS volume |
| | Marketing Preferences |
| Marketing Preferences | <p>PCPs</p> <ul style="list-style-type: none"> • Detail responsiveness: Lowest • P2P responsiveness: Lowest • I-Physician Net: Lowest • Systematic rationale for patient treatment and drug use (disease recognition/diagnosis/indications, safety, tolerability) |
| Do's | <ul style="list-style-type: none"> • Lowest variable cost interventions reinforcing treating in short-term as PCP standard of care and teaching current practice guidelines and algorithms • Rep to provide data and information • CME with establishes uses and safety data as well as new standards • Diagnostic tools • P2P where can hear what "everyone" is doing • Data and reprints reinforcing Zyprexa Brand Promise, with strong balance of efficacy and safety • Other interventions to consider: Audio/Video Conference/ Telesessions, Enduring materials (e.g. videos from programs), calendars/forms/script pads |
| Don'ts | <ul style="list-style-type: none"> • Move too fast (don't expect them to initiate when may not even be refilling!) • Focus too many resources |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> • Because we have chosen not to plan programs around this physician segment, the MOs for the High Flyer and Rule Bound should be utilized |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> • Specific programs not planned for this physician segment |

ZY 7300 95

Psychiatrists

| | High Flyers | Skeptical Experimenters | | Rule Bound | Selective Majority |
|--|---|---|--|--|--|
| | | Adult | Child | | |
| Communication/ Information Need | Constant stream of new products, uses of products, and patient outcomes data. | Listen to and utilize their expertise | Listen and share information of special populations | Safety, Tolerability, standard of care data and solutions | Ease of treatment and product use (dosing, administration, outcomes, patient) |
| Salesforce | <ul style="list-style-type: none"> •Patient Ed •Reprints •Samples of all forms •Starter Packs | <ul style="list-style-type: none"> •Reprints •Samples of all forms •No scripted message •Peer 2 Peer | <ul style="list-style-type: none"> •Reprints on special population data •Low dose samples •Peer 2 Peer | <ul style="list-style-type: none"> •Peer 2 Peer •Treatment guidelines •Patient services | <ul style="list-style-type: none"> •Starter Packs •Consistent message |
| Programs | New information in fun environments: <ul style="list-style-type: none"> • RCMs/SCCs • Patient Ed/ Services • Lilly Neuro Partnership | Outlets to express, share, challenge ideas: <ul style="list-style-type: none"> •Roundtable • Experience trials • Advisory Board • Research Grants | Same as adult, but content about special populations <ul style="list-style-type: none"> •Grand Rounds • Journal Clubs • National Symposia • Child Advisory Board | Provide the "Standard of Care" <ul style="list-style-type: none"> •Compliance programs • Patient Services • Rules/ guidelines/ Formulary • Diagnosis Tools •CME | Low cost interventions to confirm core message <ul style="list-style-type: none"> •Direct mail •CME •Patient Ed •Leave behind reminder of how to use product |

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4

PCPs

| | High Flyers | Rule Bound | Selective Majority | Systematic Conservatives |
|--|---|---|---|--|
| Communication/ Information Need | Teach how to treat and use new products/uses of products | Hassle-free treatment information and solutions (Safety, Tolerability, system rules) | Ease identification of patient and product use (patient niche, dosing, administration, outcomes) | Systematic rationale for patient treatment and drug use (disease recognition/ diagnosis/indications, safety, tolerability) |
| Salesforce | <ul style="list-style-type: none"> •Simple psych-like message •Reprints •Samples of all forms •Starter Packs •Patient Ed | <ul style="list-style-type: none"> •Time/Hassle saving message •Formulary status •Treatment guidelines/ICD-9 codes | <ul style="list-style-type: none"> •Simple, consistent message •Starter Packs •Relationship building | <ul style="list-style-type: none"> •Data and diagnosis-focused message •Find "system" •Diagnostic tools |
| Programs | Teach new ways to treat their patients in fun environment <ul style="list-style-type: none"> •RCMs/SCCs •CME • Patient Ed • LillyPsych partnerships | Hassle-Free interventions <ul style="list-style-type: none"> •Compliance programs • Rules/ guidelines/ Formulary • Diagnosis Tools (ICD-9) •CME | Relationship builder with a quick and easy message. <ul style="list-style-type: none"> •Leave behind reminder of how to use product •Patient Ed • Relationship marketing | Low variable cost interventions where can get comfortable <ul style="list-style-type: none"> •Diagnostic tools •Rules/guidelines •CME •Audio-conferences •Psych-links |

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5

INSIGHTS AND IMPLICATIONS

Rule Bounds and High Flyers are most critical to Zyprexa sales and Institutional Payers and Public Payers are most critical to maintaining access for Zyprexa. Significant programming content is directed at these four Key Players. The ER Doctor, Ward Nurse, CMHC Treatment Team and Bipolar Patient and Family are highly important to maintaining Zyprexa's growth trajectory; significant programming has been planned for these Key Players but the current OPEX (\$104.9M) forecast will not enable its implementation. The remainder of the Key Players have lower 2003 importance to the brand and are more or less appropriately resourced currently, but achievement of Zyprexa's longer term goals will require additional future resourcing increases.

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7

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY 7300 96

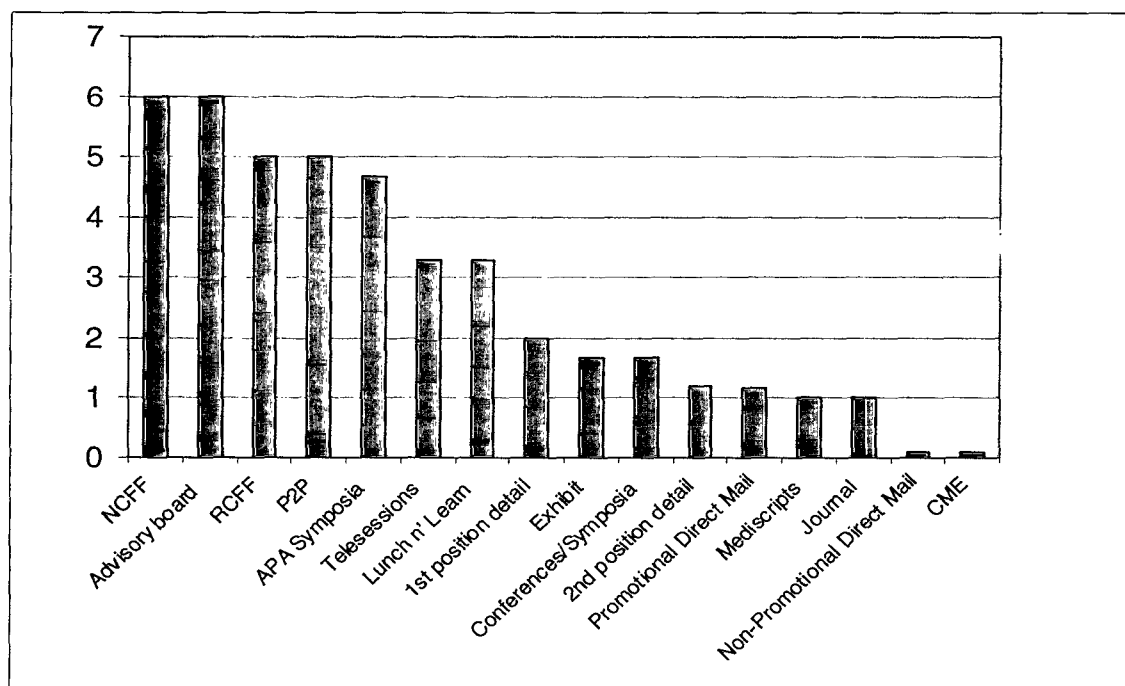
Physician Communications Planning for Zyprexa

In this complex brand within this opex-restricted environment, it was critical to take the Zyprexa communications planning to the next level. We have used the HCI/Neilsen system for marketing mix optimization to insure that we are covering all the physicians customers we have with appropriate communications.

Following is the mix optimization process we used:

- A customer exposure is the relative value of a marketing / consulting intervention in delivering your branded / message / consulting feedback; messages with high value tend to take place in live settings (e.g. peer to peer programming); relative values are determined by industry and class norms collected by HCI/Neilsen.

Relative Value of Exposures



- Exposure requirements for physicians were calculated by accounting for the number of opportunities a doctor has to make a medicine change (new/start/switch); institutional physicians make more changes than private practice physicians, for example.
- Exposure calculations were made under the assumption that a simple message was being delivered; thus these are not conservative assumptions as the Zyprexa message is quite complex

The market scenarios that played into our mix optimization include:

- business as usual in the market (no competitive launches, no Lilly launches)
- front-loading spend to make up for the Q3-Q4 2002 decline in spend
- physician communication preferences

Later in the plan we will identify the communications impact of new Lilly product launches.

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8

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY 7300 97

Critical elements of the Zyprexa communications mix include:

- The majority of our exposures are **sales calls**; these are fixed corporate assets maximized for a portfolio and cannot be altered to better meet the mix required by Zyprexa. By forgoing sales calls on lower value doctors picked up in the portfolio maximization, we would use the third sales representative in a triad as a “retention representative” for treatment teams.
- It is important that **consistent messaging** be delivered across the brand as many customers are dependent on receiving messages from more than one sales organization in order to meet the required exposure goals.
- **Sales programming** (peer-to-peer and lunch-n-learns) are a critical part of the Zyprexa mix. It will be necessary for the sales organization to deliver on the programming as the brand has recommended or we will run the risk of being under-exposed in critical customers.
- Because of the constraints we face, our marketing mix is optimized by “the skin of our teeth”. In addition to seamless program implementation, it will be necessary to allocate and track **geo-opex** by customer type; if there are more High Flyers in one territory, we will need to allocate more geo-opex and run more programs with that customer than in a territory full of less valuable customers.
- Similarly, brand team targeting of key **direct-to-physician activities** will be essential. This will include a renewed focus on written and sales follow-up for high cost/high impact activities to insure that the value of the exposure is maximized for an extended time.
- We have had to give up on some data dissemination activities (**CME**) in order to use our funds to get our messages out in telesessions and other more promotional formats; this has long term implications as we are not able to get as much off-label data communicated in advance of the indication (e.g. bipolar depression). Additionally, we have targeted our CME to enduring materials creation to support the sales force.
- We have gutted our partner’s budgets to allocate all available funds to customer exposures so that we could reach the required minimums. Direct implications of this are that **medical**(no new trials) and **health outcomes**(shut down SCAP early, etc.)funds are non-existent and **e-communications** and **market research** will be restricted significantly.
- Other key players (especially residents, patients and payers) have been dramatically reduced to insure proper funding for physician prescribers.
- We have eliminated all “Reintegration” awards, Center for Reintegration grants and underfunded advocacy by \$700K to insure that our exposures in CMHCs, our most valuable customers, are sufficient.
- Exposures for low cost interventions (direct mail, etc.) were allocated to the masses based on percent of population and used to fill exposure gaps. Live interventions were targeted based on doctor potential.

By allocating all funds to customer exposures, we have been able to get the overall communications mix of the brand roughly correct in the base case. There are a few critical gaps, however.

- **Institutional 5-10s** are lacking in promotional messages from non-sales force interventions. We have recommended that half of the geo-opex associated with programming to low decile (0-3s) doctors be reallocated to the brand for promotional telesessions to increase our reach.
- **Primary Care** will be a critical component of growing the bipolar market. We have not invested to create this market or aid in the detection of bipolar disorder. Gaps include:
 - \$1M journal spend from \$0
 - \$800K for CME to diagnose bipolar
 - \$500K to understand DTC advertising for bipolar disorder

Institution Segment Summary

| Setting | Market Growth | Patients | Product | Competitors | Key Players |
|--|---|--|--|--|---|
| <ul style="list-style-type: none"> Community Hospital /Teaching (35-50% \$) VA (35-40%\$) Prisons (10-20%\$) State Hospital (5-15% \$) | <ul style="list-style-type: none"> growth flat/decline growth decline | <ul style="list-style-type: none"> Patients experiencing acute symptoms of agitation, psychosis, mood instability, or combination Patients experiencing partial response to current medication | <ul style="list-style-type: none"> 10-20 tablets IM 10-20 mg Zydys Dosing on continuum of patient severity <ul style="list-style-type: none"> IM for acutely agitated Zydys for acute/breakthrough Higher dose oral (15 – 20 mg) for severely or moderately agitated | <ul style="list-style-type: none"> Depakote Risperdal Haldol (depot, oral & IM) Seroquel Geodon IM Lithium <p>Threats</p> <ul style="list-style-type: none"> Abilif Risperdal Dissolvable | <ul style="list-style-type: none"> High Flyers Rule Bound ER Docs Institutional Pharmacists Ward Nurses Psych Residents |

Objectives

Achieve 2003 growth targets by continuing to build the Zyprexa brand and deliver upon the Zyprexa brand promise to our customers. Ensure customers increase Zyprexa prescribing based on Zyprexa's brand promise and through marketing tactics focused on capture, retain and appropriate dose. Capture will be primary driver in the institution segment, but retention will play a greater role in more chronic settings.

Priorities

Brand Building

- Accelerate customer belief of Zyprexa's dependable control and the therapeutic alliance and their emotional ties to the brand through marketing message and programs. Marketing message will build upon key equity drivers that differentiate Zyprexa in the institution marketplace and be delivered through customer segmentation.

Customer Priorities (Psychiatrists (By Setting))

Community: Acute focus, primary capture opportunity and impact on spillover. Message & tactics focused on rapid/dependable, optimization of dosing, formulations, targeted discharge programs.

VA: Specific promotional and DTP tactics to meet VA-specific needs. Increase focus on retention.

Corrections: Expand opportunity. Brand coordination with sales expansion. Selective specific DTP (advisory boards) and promotional activity.

State: Build upon dependable control and therapeutic alliance message. Additional focus on dosing and retention specific to chronic patient.

Other Key Players

ER MD's - Launch RAIM, Zydys/build relationships, or - need for alternative to IM Haldol, position Geodon IM.

Residents - Build loyalty to brand through resident initiatives meeting resident needs - product, disease, bus/life skills.

Pharmacists - Build clinical & value message to address prescribing and access influence.

Ward Nurse - Focus on patient needs through increased use of patient education (intake), materials and discharge education kit.

Critical Success Factors

- Maintain equal and unrestricted access. Resources and coordination with BioB/BtoG and HO to ensure on going access.
- Account Selling - Alignment between sales and BioB/BtoG to ensure account based planning and implementation.
- Assess strategic value of institution & align metrics to reflect setting influences and spillover potential.
- Launch RAIM to offer dependable control (rapid and safe). Patients can be started on IM and stay on Zyprexa oral.
- Relaunch Zydys, launch 15 and 20. Use unique formulation to grow market share and enhance dependable control therapeutic alliance promise.

A foundational element of the brand strategy is to capture patients by providing dependable control in the Prevent Threat and Stabilize segments, many of who are seen in the Institutional setting. Patients in this segment are characterized as having no control or insufficient control meaning that the treating physician has to take action. It is important to remember that only about 20% of patients in the community setting are actually RAIM candidates. As the patient is

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10

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY 7300 99

controlled (Protect and Motivate), a transition to this segment must include retaining these patients as Zyprexa users, albeit in either the Institutional or Retail setting.

The Institution is comprised of four types of settings: Community/Teaching hospitals, Veterans Health Administration (VHA) hospitals, City/State/Federal Correctional facilities (jails and prisons) and State hospitals. A breakout of the business, as well as capture and retain opportunities, are shown below:

Segment Dollar and Length of Therapy Data

| Segment | DDD / Year* (million) | % Of Institution Business | Avg. Length of Stay* | Capture** Opportunity | Retain** Opportunity |
|-------------------------|--------------------------|------------------------------|-------------------------|--------------------------|--|
| Community Hospitals | \$255 | 40-50% | 15 days | High | Low for Institution / High for Retail |
| Veteran's Health Admin. | \$175 | 35-40% | Closed | Mid | High |
| Corrections | \$41 | 10-15% | 3,090 days | Low | High |
| State Hospitals | \$19 | 5-15% | 180 days | Low | High |

*Summation of Monthly DDD (June 2001 – May 2002); **Ave. LOS based on published research reports from MHO and U.S. Dept. of Justice; ***Indexed to Community Hospitals Average Length of Stay. Also, the percentages may fluctuate based on geography. For example, the West Area has a higher than average percentage of Correctional facilities. (Note: Further analysis of the IMS H1 Category listing is being conducted to determine a reasonable DDD allocation between Community Hospitals, Correctional facilities, and State Hospitals.)

** Opportunities are relative to each institutional setting and their impact on the total brand. Jails as part of corrections have mid/high opportunity

All of these settings have a high opportunity for retention but a major difference exists with the Community Hospital. Lilly data for the community setting contains accounts with a range of in-patient stays with an estimated average of approximately fifteen days. With an average length of stay of 15 days, the Community Hospital segment is the only Institutional practice setting where the Brand and the Retail Business and Sales Representatives, not the Institution, Business and Sales Representative is the beneficiary of the retention. Following is a description of where patients are released to:

Places of Discharge from Community/Teaching Hospital

| Discharged To: | Percent (%) of Patients: |
|------------------------------|--------------------------|
| Home [®] | 85.2 |
| Residential Treatment Center | 3.2 |
| Psychiatric Hospital | 2.5 |
| Shelter | 1.5 |
| Board and Care | 1.1 |

[®]Defined as out patient setting (CMHC, Private Practice, other) This information was provided by PsychScope Research Services of Mental Health Outcomes (MHO). The information above (N=2,590 patients) represents the place of discharge to as noted at the time of discharge by the physician.

Community Hospital

Based on the dollar size of the community hospital and the patient turn/flow into the retail environment, the community hospital is important to the overall segment and represents a significant capture opportunity relative to the other institution settings. A patient education discharge kit as well as pilot discharge programs will be focused in this segment. For 2003 it is important to ensure that metrics as well as account coverage align with the dollar size and spillover impact of this segment.

Promotional efforts will be targeted at communicating Zyprexa's rapid, dependable control and efforts will be focused on starting patients on Zyprexa. DTP events will be targeted at inpatient physicians practicing in the community setting, sales representatives will use an inpatient message focused on the more acute patient, and promotional tools such as lunch and learn videos focused on rapid efficacy as well as appropriate dose will be developed. Direct mail and/or teleconferences will be utilized to increase message exposure across the physician base. Formulations will play a key role in this segment. Zydys will be promoted as an option to start acute/breakthrough patients. The launch of the IM will offer an alternative to Haldol IM and Geodon IM to start patients. With the launch of the IM, programs will be targeted at ER physicians as well as psychiatrists to impact patient starts.

ZY 7300 100

VA

The VA contains both inpatient and outpatient settings, but the majority of dollars are generated in the outpatient setting. The VA functions as a closed system where very few patients and dollars flow into the retail environment. However, by its sheer dollar size, the VA remains important to the institution segment. The primary dollars are generated in outpatient clinics and therefore this segment has some similarity to the retail community mental health setting.

In this setting, promotional efforts will be targeted at both starting and keeping patients on Zyprexa. Additional emphasis will be put on retention with increased use of tools like patient education. An outpatient message will be developed with the retail division that can be utilized to address the needs of many of these customers that are different from the Community/inpatient setting. Additional tactics are needed in this setting to address the VA algorithm that puts Zyprexa at a disadvantage in 3rd position behind other atypicals. Both promotional and DTP programs will be targeted to the VA to offset the algorithm influence and to encourage physicians that they ultimately have the choice in their prescribing decision. For example, an enduring material will be developed utilizing a Zyprexa advocate in the VA to influence other VA physicians. Given that many residents practice a rotation in this segment, resident initiatives will also be targeted with this segment.

Corrections

Prisons are similar to chronic mental health facilities like a state hospital because of relatively low patient turn, but patients may present with a broad range of severity. There are both capture and retain opportunities in this segment, but patient starts have less impact on the overall brand due to the low patient flow into the retail environment, Prisons will be an opportunistic segment in 2003.

We will expand our presence in prisons through the dedicated Sales manager and Representatives. Increased activity, focus and targeted promotions (selected DTP) will be utilized to grow share in this segment. For example, several regional advisory boards are planned as well as a specific promotional video and Zydis promotional material. Alignment with BtoB/ BtoG will be critical to ensure access.

State Hospitals

The State Hospital offers challenges due to both extreme state budgetary pressures and a declining market through reduction of chronic facility beds. There are many large institutions that by their sheer dollars size are geographically important to the segment, but the overall segment is declining.

Appropriate dose is extremely critical in this segment, given the chronic nature of the patients and the use of polypharmacy. Promotion will focus on Zyprexa's brand promise but be more focused on dependable control and also will have a heavy emphasis on appropriate dose and retention of patients. Promotional materials that focus more on chronic patients and the dosing message will be delivered to these customers. The discharge education materials as well as the discharge pilots will focus on this segment.

Access Challenges

Given the budgetary issues faced by City, State and Federal payers, the Institutional Brand Team can expect to face continued cost pressures in 2003. The Veterans Health Administration (VHA) and the State Departments of Mental Health (State Hospitals) present the greatest challenge to continuing the maximization of Zyprexa dollar share growth in 2003. Although inconsistent in its application, the APS Clinical Practice Guideline in the VHA (July '01 effective date) is designed to control costs and restrict the use of Zyprexa to a fail/fail application. With regard to the State Hospital environment, there is increasing evidence that budget constraints are forcing the elimination of in-patient beds. This is of concern since this practice setting generally consists of chronic patients who are hospitalized for long periods of time.

ZY 7300 101

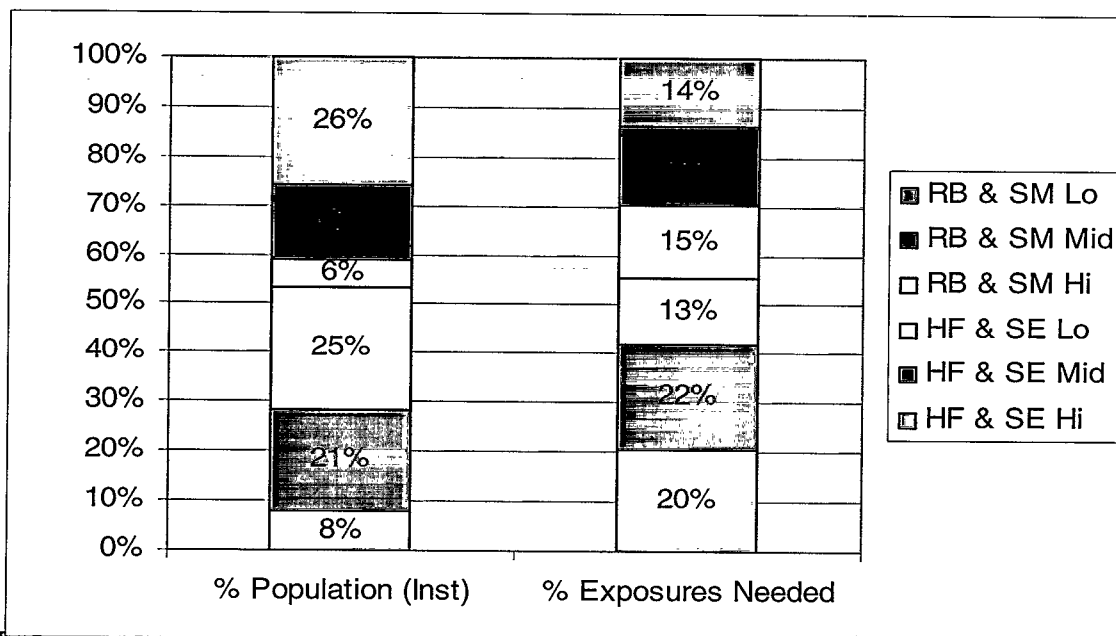
Institution: Zyprexa Marketing Strategy

| | |
|---|---|
| <p>Priorities for Equity Development</p> | <p>Key functional (Dependable Control Factors to focus upon)</p> <ul style="list-style-type: none"> • Wide range of patients, symptoms and diagnosis • Helps patient to regain control quickly • Controls dangerous and inappropriate behaviors • Rely to stabilize mood <p>Therapeutic Alliance</p> <ul style="list-style-type: none"> • Helps build trust with patients • Helps patients think more clearly *• Helps patients feel more motivated again <p>Liabilities</p> <ul style="list-style-type: none"> •Metabolic side effects should be dealt with in combination story <p>Corporate Identity</p> <ul style="list-style-type: none"> •Has sales reps who provide physicians with information and assistance to facilitate patient care - Motivate Sales Reps (CCL) •Provides services that foster improved patient compliance •Provides quality services to support indigent care |
| <p>Message Goal</p> | <p>2002 Message: Zyprexa is rapid, predictable, and dependable, "helps you help your patients" Can be used rapidly in acute situations, used for partial responders with schizophrenia & bipolar.</p> <p>2003 Message: ER: Primarily capture message Community, State, VA, Corrections (Psych): Setting specific message. Rapid acute dependable control enabling therapeutic alliance emphasized in inpatient setting. Dependable control enabling therapeutic alliance and reasons to stay (retention) on Zyprexa in more chronic settings.</p> |

Institutional Communications Plan

The overall exposures in the institutional setting account for 18% of the brand's total communications. The exposures have been allocated by population as follows:

% Population Institution vs % Exposures Needed



The following is a breakdown of the exposures allocated by decile:

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13

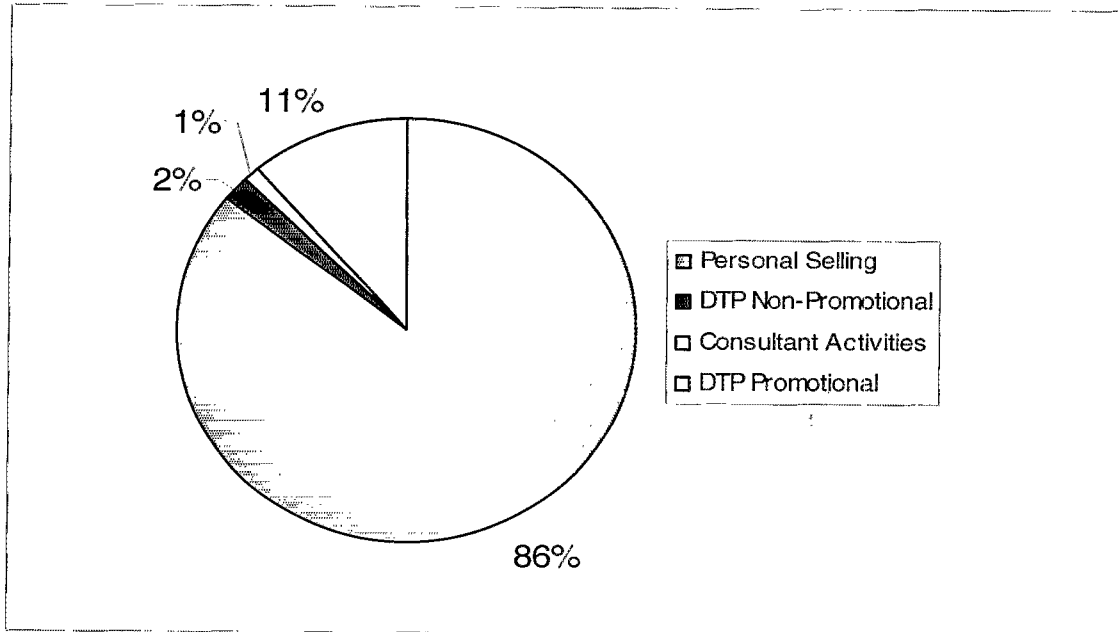
Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY 7300 102

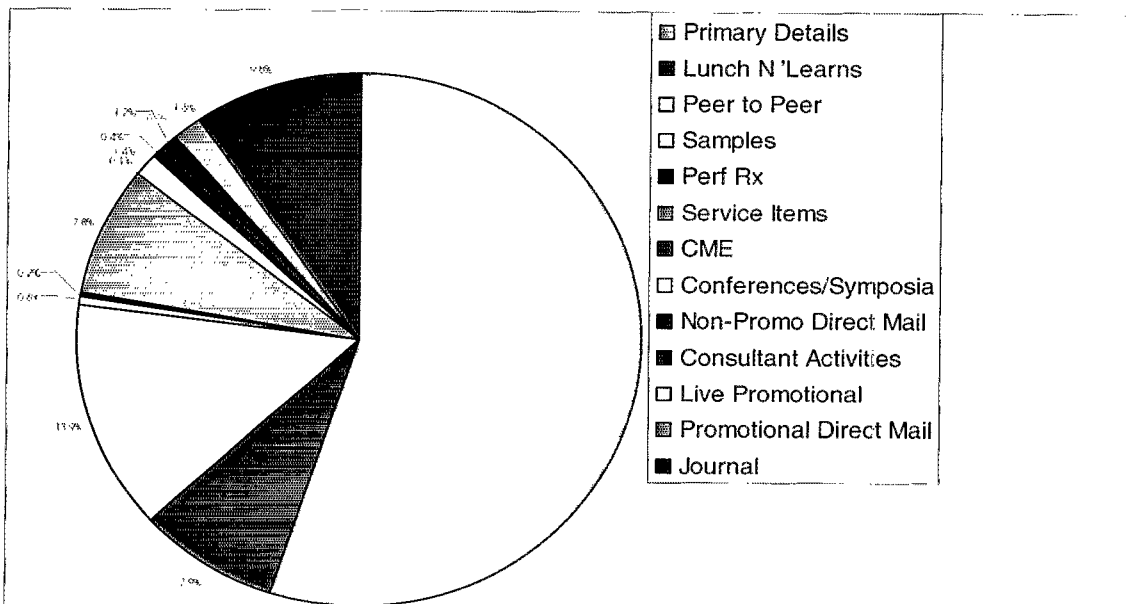
High Flyer(HF) and Rule Bound(RB) Decile 7-10: 4% overage
 HF/RB Decile 3-6: 3% overage
 HF/RB Decile 0-3: even

Major communications planned in this setting include:

Institution Marketing / Consulting Mix



Institution Marketing / Consulting Mix



ZY 7300 103

year we are moving to include the VA doctors into outpatient programming like those of the CMMC doctor. Additionally, Schildkraut_08/09/02 Confidential 14

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

we will be looking for funding to increase the non-sales force promotional messages we will deliver. Next to PCPs, this segment is most heavily weighted towards sales promotions.

PLEASE SEE ATTACHED EXCEL WORKSHEET FOR COMPLETE INSTITUTION COMMUNICATION PLAN, INCLUDING KEY PLAYER OBJECTIVES, MESSAGE GOAL, AND MONTH BY MONTH COMMUNICATION PLAN.

Institution Key Player: ER Doctors

This key player is critical to the uptake of the Zyprexa IM, a novel formulation that will be the second atypical IM to market. Currently, ER physicians are very comfortable with their current treatment options (Haldol and Ativan), and promotional efforts will be directed toward changing the standard of care and demonstrating the superiority of Zyprexa's IM over Geodon's IM. Message goals for these formulations will provide greater clarity of the strategic direction / messaging of this campaign.

~\$1.8 million funding is available for this key player; the launch of the IM is a "trigger event" which may allow for increased resourcing.

| | |
|---|---|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Initiate treatment in the ER, which is a setting critical to adoption of Zyprexa IM and transition to oral Zyprexa |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Maximize their strong adoption of Zyprexa IM, in spite of their current comfort with the agitation treatment options available |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I am symptom driven, with a primary goal of rapid safety and control so I can clear patients for discharge / transfer ASAP |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Focus on procedures rather than choices, motivated by logic Lack expertise in the treatment of the mentally ill Symptom driven, with a primary goal of rapid safety and control Unfamiliar with atypicals/MS |
| Behavior | <ul style="list-style-type: none"> Seek to medically clear patients for discharge/transfer ASAP High comfort level with Haldol/Ativan |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> Be cognizant of limited time Prefer information to discussion |
| Do's | |
| Don'ts | |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> ER Docs are aware of novel treatment options and recognize that for an agitated patient, Zyprexa IM provides the best opportunity to provide dependable control |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> Build Awareness for RAIM Launch via: <ul style="list-style-type: none"> Sales: Detail pieces, promotional videos, premium items, etc. P2P: Grand Rounds, Lunch and Learns, Independent Scientific Exchange, etc. DTP: Associations (ACEP and AAEP), Symposia, CME, Psych-Link, Dexcel Telesessions, Journal Ads Web: Zyprexa.com Media: General, Trade and Business Foster comfort with a new paradigm (IM telesessions where "experts" train "novices") Increase awareness / reminder advertising (similar tactics as above) |

Institution Key Player: Psychiatric Residents

This key player may play an integral role in starting therapy in acute settings today. More importantly, as future practitioners, they will drive significant value for all of Zyprexa's formulations in the years to come. Future prescribing patterns of residents and their perception of Lilly is strongly influenced by residency directors and other thought leaders who teach and direct them during their residency. Influencing Residents, who are typically eager to learn, can be driven through specifically targeted marketing programs.

~\$0.5 million funding is available for this key player, whose value is truly greater in the longer-term; Zyprexa will seek opportunities to collaborate within Lilly's Neuroscience Portfolio

| | |
|---|---|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> • Current prescribers in teaching hospitals, VA's and State Hospitals • Future thought leaders and prescribers |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> • Psychiatric Residents turn to Lilly/Zyprexa to learn new ways to treat their patients |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> • I practice in a conservative manner, according to how I was taught. Teach me more. |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> • Motivated by new information and the desire to learn yet are skeptical of drug companies and product information • They want a deep understanding of how drugs work to ameliorate the symptoms patients experience |
| Behavior | <ul style="list-style-type: none"> • Often bound by the rules of their programs and the institutions in which they practice • They often moonlight in order to make extra money and therefore have the ability to drive a significant portion of the capture opportunities |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> • They are driven by applying new information into their own practice • Like pharmaceutical company sponsored programs and tools that are not product specific, ranging from CME programs to patient education materials. • They like to receive new information in "fun" environments |
| Do's | <ul style="list-style-type: none"> • Partner for educational purposes • Demonstrate long-term mindset for relationship building • Demonstrate patient focus via patient ed and starter kits • Reps as one source of information • Patient ed / starter packs to reinforce importance of patient satisfaction • Forum / club to reinforce NS leadership in social way • Advisory Boards • High reliance on PDA technology |
| Don'ts | <ul style="list-style-type: none"> • |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> • Psychiatric Residents believe that by capturing and retaining patients at the appropriate dose, Zyprexa offers dependable control that enables a therapeutic alliance • ER Docs are aware of novel treatment options and recognize that for an agitated patient, Zyprexa IM provides the best opportunity to provide dependable control • Psychiatric Residents believe Lilly / Zyprexa is a collaborative, committed leader who proactively confronts Zyprexa side effects and provides solutions |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> • Build Relationship via kick-off program, Life Skills Workshop, Emory Program • Partner for Educational Purposes via disease state / Zyprexa modules, forum sponsorship, AADPRT sponsorship • Build Awareness for RAIM Launch via: <ul style="list-style-type: none"> ▪ Sales: Detail pieces, premium items, etc. ▪ P2P: Grand Rounds, Lunch and Learns, Independent Scientific Exchange, etc. ▪ DTP: Associations, Symposia, CME, Psych-Link, Dexel Telesessions, Journal Ads ▪ Emory Resident Program, etc. ▪ Web: Zyprexa.com ▪ Media: General, Trade and Business |

ZY 7300 105

Institution Key Player: Institutional Pharmacist

This key player is a key driver of influencing formulary decisions in the institutional setting and in guiding treatment paradigms due their pharmacological expertise and their role in the Institution. The preservation of access in individual institutions may in part depend on Lilly's appropriately working with these people, through Sales Representatives and Account Executives.

~\$0.3 million funding is available for this key player through the Brand.

| | |
|---|--|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> • Important in driving institutional formulary decisions and influencing treatment due to pharmacological expertise |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> • Institutional Pharmacists understand benefits of Zyprexa and its value and will work to keep it available • Institutional Pharmacists understand the clinical value of Zyprexa IM and will work to get it on formulary |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> • I must balance my concern for patients with my fiduciary responsibility |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> • Motivated by desire to control costs • They are skeptical of drug companies and product related information • They often fail to examine the clinical benefits of products but instead focus on cost |
| Behavior | <ul style="list-style-type: none"> • Very bound by the rules of the institutions in which they practice • May counter-detail in order to reduce use of drugs that do not hold preferential status |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> • Like pharmaceutical company sponsored programs and tools that help meet their educational needs |
| Do's | <ul style="list-style-type: none"> • Stress efficacy and side effects in terms of value • Demonstrate long-term mindset for relationship building |
| Don'ts | <ul style="list-style-type: none"> • Just focus on value but stress how efficacy and safety directly impact value |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> • |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> • Build Relationship via National Pharmacist Week premium promotional item • Partner for Educational Purposes via provision of CE opportunities • Build Awareness via sales reps Pharmacist detail piece • Provide Value Message via sales rep / AE detail piece • Build Awareness for RAIM Launch via: <ul style="list-style-type: none"> - Sales: Detail pieces, premium items, etc. - P2P: Grand Rounds, Lunch and Learns, Independent Scientific Exchange, etc. - DTP: Associations, Symposia, CME, Psych-Link, Dexcel Telesessions, Journal Ads, Advisory Board - Web: Zyprexa.com - Media: General, Trade and Business |

ZY 7300 106

Institution Key Player: Ward Nurses

While not able to write prescriptions, this key player may be very influential to the short-term utilization of Zyprexa at the appropriate dose. Ward Nurses spend significantly more time with patients than do the physicians and may administer PRN medications, recommend dosing adjustments, and influence continuation or discontinuation of care after discharge.

~\$0.15 million funding is available for this key player but the Ward Nurse may need to play a critical role in the education and discharge of patients.

| | |
|---|--|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> While not a prescriber, may administer PRN, recommend dosing adjustments, and influence continuation or discontinuation of care after discharge |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Dose appropriately in the Institution and ensure that patient care is appropriately transitioned to a health care provider in the community |
| | Key Player Mindset and Action |
| Statement Defining Key Player | |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> I serve a critical role in providing patient care in the hospital and I seek tools to do my job better Motivated by desire to advocate for patients Very concerned about both efficacy and side effects |
| Behavior | <ul style="list-style-type: none"> May be very bound by the rules of the institutions in which they practice. Very interested in ensuring that patients receive the best care possible |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> Like pharmaceutical company sponsored programs and tools that help meet their educational needs Stress efficacy and side effects in terms of outcomes for patients Demonstrate long-term mindset for relationship building Reps as source of new information DTP with focus on patient outcomes Patient ed / starter packs to reinforce importance of patient satisfaction |
| Do's | <ul style="list-style-type: none"> Focus on patients Recognize that they play a key role in patient care |
| Don'ts | <ul style="list-style-type: none"> |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Ward nurses think that Zyprexa's multiple indications, formulations and ability to dose to efficacy allows it to provide dependable control better than the alternatives Ward nurses increase their sense of ownership about the continuation of care for patients after discharge of patients |
| Programs (promotional and non-promotional) | <p>Awareness / Reminder via Sales Reps Physician detail pieces</p> <p>Build Relationships via lunch and learns</p> <p>Provide Education via National Nurse Week educational item</p> <p>Provide Tools to assist with appropriate discharge</p> <p>Provide Patient Ed Resources to highlight benefits of Zyprexa</p> <p>Develop Champions to help implement discharge services in other hospitals in their territories (ward nurse round-table?)</p> <p>Build Awareness for RAIM Launch via:</p> <ul style="list-style-type: none"> Sales: Detail pieces, premium items, etc. P2P: Grand Rounds, Lunch and Learns, Independent Scientific Exchange, etc. DTP: Associations, Symposia, CME, Psych-Link, Dexel Telesessions, Journal Ads Web: Zyprexa.com Media: General, Trade and Business |

INSIGHTS AND IMPLICATIONS

The Institutional Segment serves, and will continue to serve, a critical component in the Brand's Strategy to capture and retain the most severely ill, toughest to treat schizophrenia and bipolar patients. Over time, this positioning will be reinforced by multiple equity measures, including the fact that in this segment, Zyprexa's brand liabilities of weight gain and diabetes are less relevant.

Several opportunities exist for the Brand:

- Enhancing Zyprexa's equity for utilizing a wide range of formulations and the appropriate dose
- Enhancing Zyprexa's equity by offering a molecule that provides symptomatic relief for a wide range of indications, with less concern about use of this product with a drug abuser
- Refocusing on schizophrenia and growing this business
- Neutralizing concerns about weight gain and diabetes in this segment (difficult due to physician flow into the Retail segment)
- Developing an effective discharge program to help the patients discharged from the Community Hospital (effective in the means that it provides a service to the discharging and receiving facilities and has a proper incentive system, assuming it is implemented via the Sales Representatives)
- Effectively influencing the behavior of multiple key players who may play a critical role in ensuring Zyprexa's short and long term success in this segment and as a brand

Several challenges lie ahead:

- The uncertain launch date of RAIM
- Meeting the varied needs of the multiple key players and institutions
- Lack of funding or adequate market research on the needs of the Institutional Pharmacist and Ward Nurse and lack of funding for the ER Doctor and Resident
- Lack of funding for B2B interventions (only \$900,000 appropriated to Institutional Payers)

Retail Segment Summary

| Place | Patients | Product | Competitors | Key Players |
|--|--|--|--|--|
| <ul style="list-style-type: none"> • CMHCs (50% of \$) • Private Office (40% of \$) | <p>CMHC</p> <ul style="list-style-type: none"> • Patient experiencing breakthrough symptoms of psychosis and/or mood • Patient stable on Zyprexa <p>Private Practice</p> <ul style="list-style-type: none"> • Patient currently on a mood stabilizer with breakthrough mood symptoms • Patient stable on Zyprexa | <ul style="list-style-type: none"> • 10-20mg tablets • 10-20mg Zydys • IM • Patient Services <p>CMHC</p> <ul style="list-style-type: none"> • Start and maintain on 15-20 mg <p>Private Practice</p> <ul style="list-style-type: none"> • Start and maintain on 10-15 mg | <p>CMHC</p> <ul style="list-style-type: none"> • Risperdal • Depakote <p>Private Practice</p> <ul style="list-style-type: none"> • Depakote • Risperdal <p>Threats</p> <ul style="list-style-type: none"> • Seroquel • Aripiprazole • Risperdal Depot • Geodon | <p>CMHC</p> <ul style="list-style-type: none"> • High Flyers • Role Models • CMHC Treatment Team • Payers <p>Private Practice</p> <ul style="list-style-type: none"> • High Flyers • Role Models • Bipolar Patient/Family • Payers |
| <p>Objectives</p> <ul style="list-style-type: none"> • Capture symptom breakthrough patients by offering Dependable Control which enables a therapeutic alliance • Retain Zyprexa patients by offering information and services which help move lives forward • Achieve appropriate Zyprexa starting and maintenance dose with a strong tie to Dependable Control <p>Priorities</p> <p>Brand Building</p> <ul style="list-style-type: none"> • Differentiate on dependable control in mood and thought disorders to capture and retain patients (Private & CMHC) • Establish Zyprexa as a long term "Foundation Mood Stabilizer" (Private & CMHC) • Accelerate appropriate dosing story with a strong tie to dependable control (Private & CMHC) <p>Key Branding</p> <ul style="list-style-type: none"> • Deliver messages and services (Solutions for Wellness) targeted at key players to impact retention (Private & CMHC) <p>Formulations</p> <ul style="list-style-type: none"> • Launch Zyprexa <i>Depot</i> to enhance capture of target patients (CMHC) | | | | |

ZY 7300 109

Segment Overview

A foundational element of the brand strategy is to retain patients by providing dependable control in the Protect and Motivate Segment, many of who are seen in the Retail setting. Patients in this segment are characterized as having sufficient control, typically due to a pharmaceutical intervention. Retention challenges arise due to liabilities associated with Zyprexa and a lack of insight into the disease on the part of patients and family members. The Retail Setting, (particularly in the CMHC high opportunity in both settings) also offers a point of capture for those patients on another medication who are not responding or beginning to break.

The Retail Setting is comprised of two types of settings, the Community Mental Health Center (CMHC) and the Private Practice Psychiatrist Office (Private Practice). A breakout of the business, as well as capture and retain opportunities, are shown below:

Segment Dollar and Length of Therapy Data

| Segment | % Of Business | Avg. LOT** | Capture Opportunity | Retain Opportunity |
|------------------|---------------|------------|---------------------|--------------------|
| CMHC | 55% | 188 days | High | High |
| Private Practice | 45% | 185 days | Mid | High |

CMHC

The CMHC is an outpatient setting which is a significant point of retention yet also offers the second largest capture opportunity (after the Institutions). This segment generates approximately 55% of all Zyprexa Retail dollars. The average LOT is approximately 188 days, with the average dose being 11 mg. The Retail setting provides fierce competition, with significant competitive attacks focused on Zyprexa's metabolic side effect issues. (For every positive Zyprexa message delivered in this setting customers receive 3-4 negative messages targeted at Zyprexa liabilities by our competitors). The CMHC physician sees on average 16 patients a day, and is most likely to be a CMHC "purist", meaning that they do not see patients in another setting. Their opinions are more likely than other doctors to be driven by their treatment teams (who see the patients more than the doctor), patients, and patient's families.

The goal with the CMHC physician is to demonstrate that Zyprexa provides the most dependable control of psychotic AND mood symptoms thereby enabling a more productive working relationship (therapeutic alliance) between clinicians and their patients. This is critical as approximately 55% of our target patients in the CMHC are categorized as patients exhibiting symptoms of a mood and thought disorder (often times referred to as Schizoaffective Disorder). The other 45% of our target patients are diagnosed with either Schizophrenia or Bipolar disorder. Targeting this patient gives us a clear competitive advantage, as Zyprexa is the only psychotropic indicated for both Schizophrenia and Bipolar Mania.

The goal with the CMHC treatment team members is to educate and motivate them to help patients stay on Zyprexa longer. Treatment team members have shared with us that this is the most appropriate role for them when working with patients that are taking Zyprexa in the CMHC setting. While many of our CMHC programs will be targeted towards physicians and their ability to help capture patients at the appropriate dose, others will be geared to treatment team members and will be focused on them helping to retain patients on Zyprexa at the appropriate dose.

Private Practice

The Private practice is an outpatient setting in which the primary opportunity for Zyprexa is the patient with bipolar disorder. The Private Practice Psych sees on average 13 patients per day, and many also see patients in a community hospital setting. This segment generates approximately 45% of Zyprexa revenues in the retail setting. The average LOT is lower than that of the CMHC (185 days—112 days in Bipolar), and the average dose for Zyprexa is 10 mg.

An important competitive benchmark is the length of therapy of the primary competitor, Depakote, which is approximately 2 fold that of Zyprexa. This is primarily due to the physicians perceptions that Zyprexa is a strong short term anti-manic agent while Depakote is a foundation mood stabilizer that can be used over the long term to help prevent relapse.

The number one opportunity in this setting is to establish Zyprexa as a "Foundational mood stabilizer". This means that they will depend on Zyprexa to treat the highs, help manage the lows, and help prevent relapse thus enabling a therapeutic alliance so doctors can help their patients reach their individual potential. All medical and marketing channels are aligned in the support of this position. Successfully achieving this position will help us accomplish two strategic ends: 1) Enhanced brand equity, which will differentiate Zyprexa from current and future competitors; 2) Increased length of therapy, which will increase revenues.

Zyprexa Marketing Strategy: Community Mental Health Center

| | |
|---|--|
| <p>Priorities for Equity Development</p> | <p>Dependable Control –</p> <ul style="list-style-type: none"> • Wide range of patients and symptoms • Helps patients regain control quickly • Long Term use in Bipolar • Stabilize mood w/out causing depression • Push Risperdal away on the Wide Range Measures <p>Therapeutic Alliance-</p> <ul style="list-style-type: none"> • Count on it to achieve Therapeutic Alliance • Helps build trust with patients • Tolerability enhances compliance • Help patients bond with others <p>Liabilities –</p> <ul style="list-style-type: none"> • Weight Gain, Hyperglycemia, DKA <p>Corporate Identity –</p> <ul style="list-style-type: none"> • Provide services that foster improved patient compliance • Provide quality programs to support indigent care • Sales reps provide physicians w/ info. and assistance to facilitate patient care |
| <p>Message Goal</p> | <p>2002 Message: Zyprexa provides the most dependable control of psychotic and mood symptoms that will allow you and your patients to engage in progress towards your respective goals.</p> <p>2003 Message: TBD in the next month</p> |

Zyprexa Marketing Strategy: Private Practice

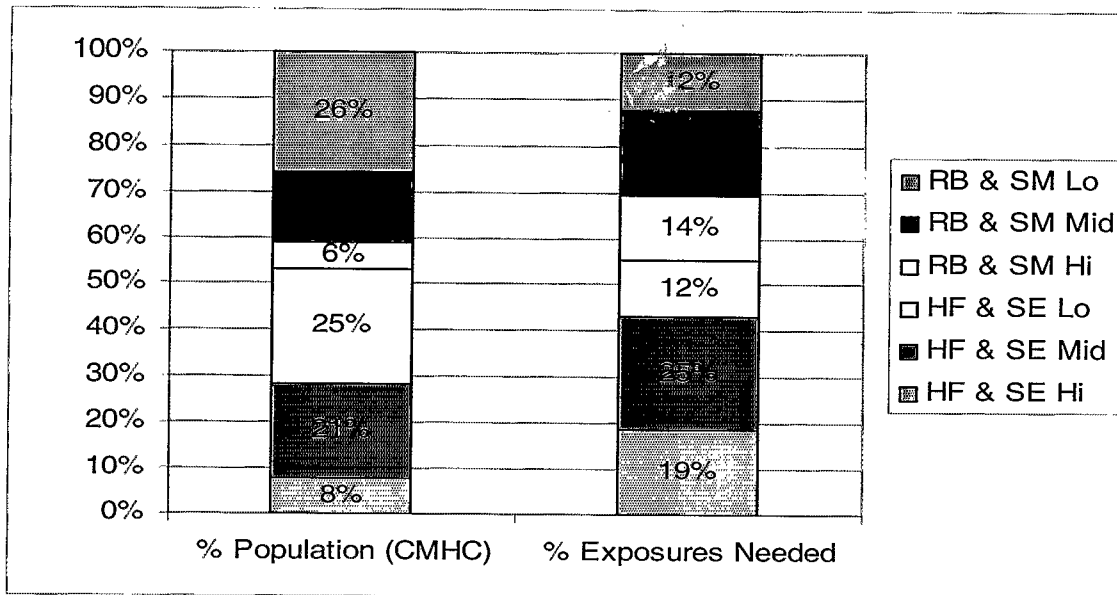
| | |
|---|---|
| <p>Priorities for Equity Development</p> | <p>Dependable Control -</p> <ul style="list-style-type: none"> • Wide ranges of patients and symptoms • Helps patients to regain control quickly • Long term use in bipolar • Stabilize mood without causing depression • Push Risperdal away on the Wide Range Measures <p>Therapeutic Alliance -</p> <ul style="list-style-type: none"> • Tolerability enhances compliance • Count on it to achieve Therapeutic Alliance • Thinks more Clearly • Helps patients manage illness • Helps patients bond with others <p>Liabilities –</p> <ul style="list-style-type: none"> • Side effects cause patients to be switched once symptoms are controlled • Side effects not yet fully known <p>Corporate Identity –</p> <ul style="list-style-type: none"> • Sales reps who provide physicians with information and assistance to facilitate patient care • Provides services that foster improved patient compliance |
| <p>Message Goal</p> | <p>2002 Message: Zyprexa is a dependable mood stabilizer that helps you help your patients</p> |

maintain balance, gain control of their illness, and help to move their lives forward.
2003 Message: Bipolar disorder poses a unique challenge for you since you must manage both the mania and the depression, and strive to prevent relapse. The nature of Bipolar disorder makes it difficult to foster a trusting rapport. Zyprexa is a foundational mood stabilizer you can depend on to treat the highs, help manage the lows, and help prevent relapse. Because it works rapidly in stabilizing mood without causing depression, works over the long term to help prevent relapse and hospitalization, is dosed QD, is well tolerated, and helps patients to think more clearly, Zyprexa enables you to develop a trusting relationship that will enhance engagement in therapy, compliance, and better outcomes for you patient, so you can help them reach their individual potential.

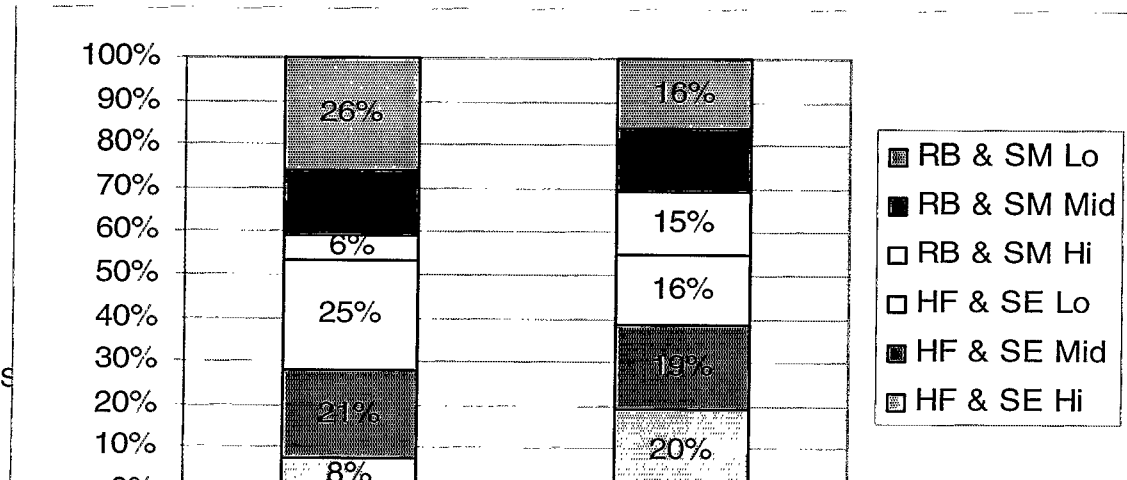
Retail Communications Plan

The overall exposures in the institutional setting account for 36% of the brand's total communications. The two different settings, private practice and CMHC, have differing communications needs based on their patient populations and their exposure requirements (CMHCs have more incremental prescribing opportunities). The exposures have been allocated by population as follows:

% Population CMHC vs % Exposures Needed



% Population Private Practice vs % Exposures



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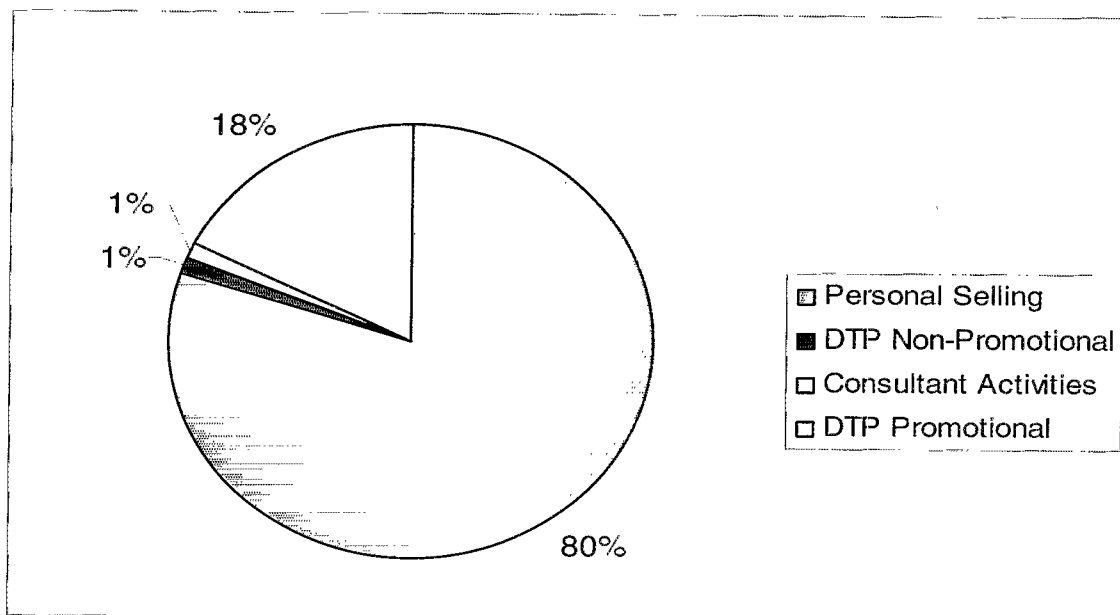
The following is a breakdown of the exposures allocated by decile for all of retail:

High Flyer(HF) and Rule Bound(RB) Decile 7-10: 4% overage
 HF/RB Decile 3-6: 5% overage
 HF/RB Decile 0-3: 6% overage

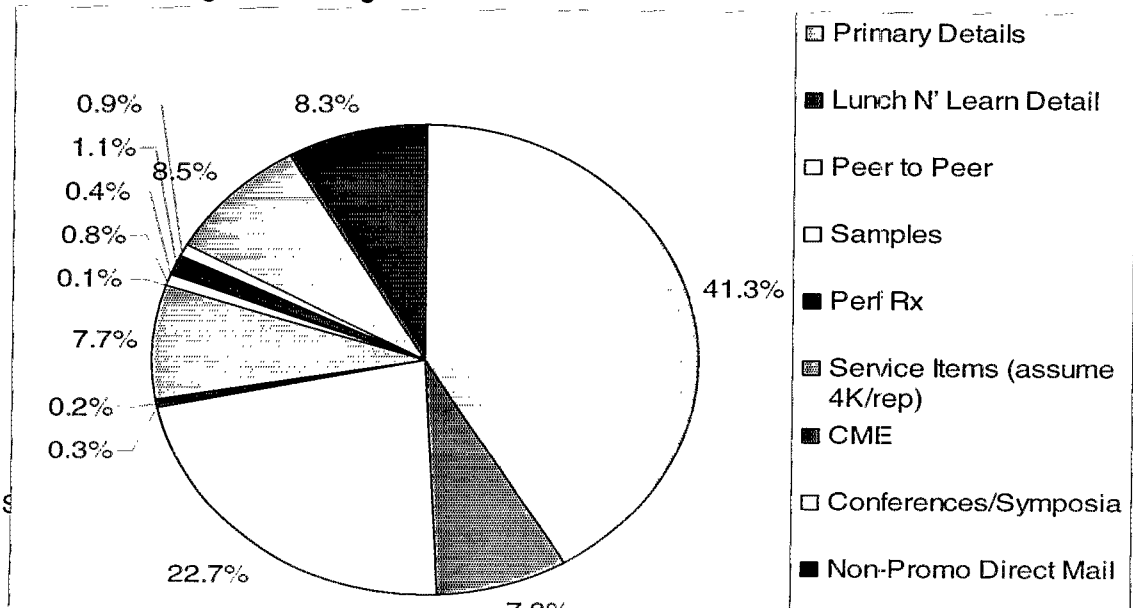
In CMHCs, the top physicians are low on exposures by 11%. We have maximized programming with sales rep and live programming interventions in this targeted group and cannot turn to traditional sales communications to improve the exposure gap because of doctor capacity. 70% of all retail peer to peer programs for decile 4-6s must be allocated to CMHC doctors. Increases in promotional service offerings previously eliminated from the budget will rectify the gap.

Major communications planned in the CMHC setting include:

CMHC Marketing / Consulting Mix



CMHC Marketing / Consulting Mix

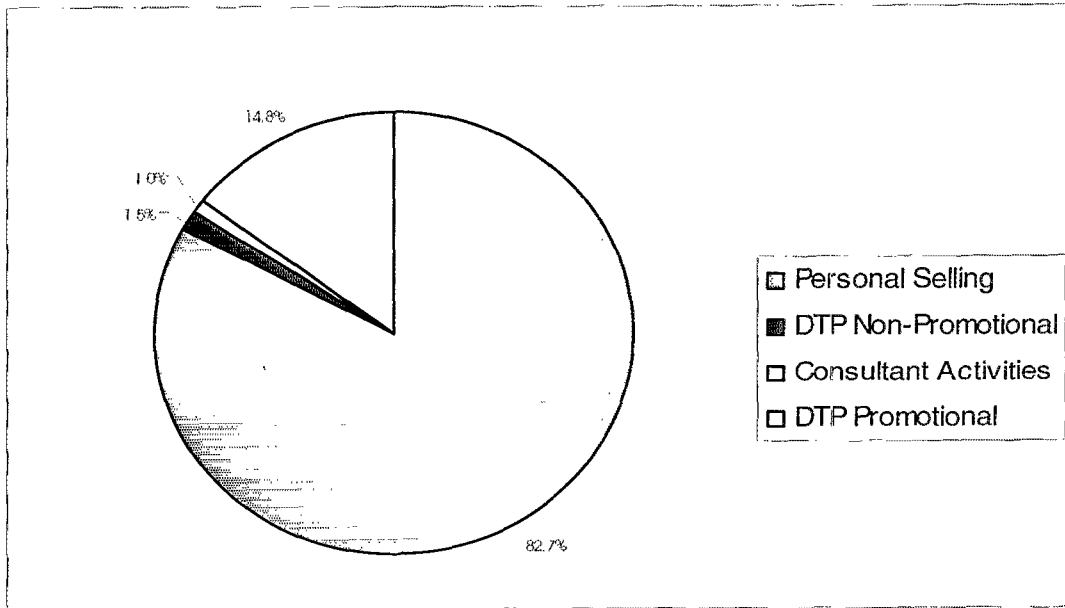


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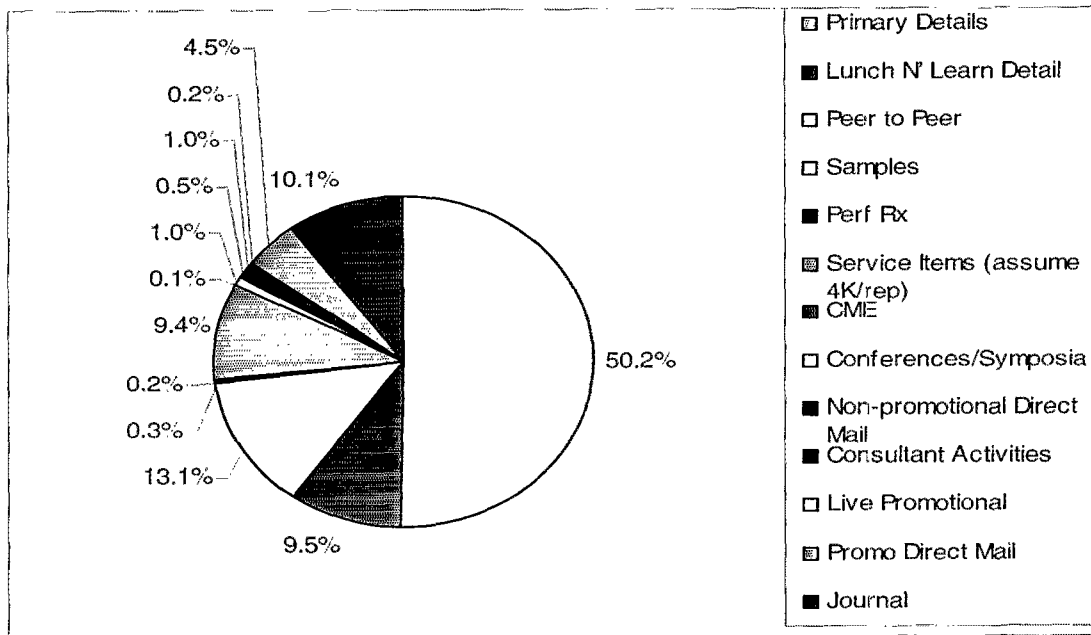
In Private Practice doctors, the exposures are at a 7% overage.

Major communications planned in this private practice setting include:

Private Practice / Consulting Mix



Private Practice Marketing / Consulting Mix



PLEASE SEE ATTACHED EXCEL WORKSHEET FOR COMPLETE RETAIL COMMUNICATION PLAN, INCLUDING KEY PLAYER OBJECTIVES, MESSAGE GOAL, AND MONTH BY MONTH COMMUNICATION PLAN.

Private Practice's mix is a typical Lilly mix with 50% of exposures coming from details.

Retail Key Player: CMHC Treatment Team Members (non-prescribing HCPs)

While not able to write prescriptions, this key player may be very influential to the retention of Zyprexa patients on the appropriate dose for the appropriate length of therapy. CMHC Treatment Team Members spend significantly more time with patients than do the physicians and they provide psychosocial counseling as well as guidance on how to deal with side effects.

~\$3.4 million of funding is available; significant funding for services is recommended for this key player, though budget cuts were deep.

| | |
|---|--|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Treatment Team Members can influence patient decision-making on how to keep side effects in perspective and deal with them |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Motivate treatment teams to encourage clients to stay on Zyprexa longer |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I serve a critical role in providing patient care in the CMHC and I seek tools to do my job better in this resource constrained environment |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Motivated by the desire to serve others (underpaid, strenuous working conditions) See themselves as highly engaged in providing for overall patient care |
| Behavior | <ul style="list-style-type: none"> Counsel patients on what to expect from, and why to stay on, medications Make optimal use of resources provided by pharmaceutical companies Provide psycho-social counseling as well as guidance on how to deal with side effects |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> Can be seen in office by representatives for 1:1 dialogues or Lunch and Learns Like audio tapes and conferences dedicated to them |
| Do's | <ul style="list-style-type: none"> Recognize that education level varies widely among treatment team members Realize most do not directly influence new scripts Recognize they are a key player in patient retention Provide reasons that they should encourage long-term use of Zyprexa |
| Don'ts | <ul style="list-style-type: none"> |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Motivate treatment team members to encourage their clients to stay on Zyprexa longer |
| Programs (promotional and non-promotional) | <p>While Treatment Team Members can be best utilized to implement side effect solutions, all side effect messages must be delivered with the Dependable Control message</p> <p>Awareness / Reminder via Sales Reps detail pieces, premium items, etc.</p> <p>Build Relationships via lunch and learns</p> <p>Provide Tools to augment psycho-social counseling they conduct (NTTP Relaunch, Solutions for Wellness)</p> <p>Provide Patient Ed Resources to highlight benefits of Zyprexa so patients feel better about their medication</p> <p>Develop Champions to help implement services in other CMHCs in their territories</p> |

Retail Key Player: Bipolar Patient and Family (also PCP Key Player)

This key player may drive Zyprexa's bipolar upside. The Bipolar Patient and Family may be very involved in treatment decisions, due to the patient's higher level of functioning and the family's concerns for their relation. Patient education and services to counteract weight gain may be utilized to motivate this patient to continue utilizing their medication.

Due to budget cuts, limited funding is available for this key player (\$0.8 million).

| | |
|---|---|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Effectively communicating with this higher functioning patient may lead to compliance and a longer continuation of therapy that may provide better outcomes Communicating with this key player may increase the number of diagnosed patients |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Screen for mis/un-diagnosed patients, utilize disease state/product info to educate and help patients/ families, and build brand loyalty to Zyprexa the foundational mood stabilizer |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I want learn more so that I can help myself/ family member. |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Patients want to feel better and get on with life Family members and loved ones want to see the patient succeed and have a life of normalcy Family members want to reconnect with the person they used to know and have a meaningful relationship with them Patients and families are very concerned about side effects of medications |
| Behavior | <ul style="list-style-type: none"> Family members may build a support system around patient Family members help with patient compliance Patient's often non-compliant |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> Patients are hungry for new disease state and product info Families/loved ones are hungry for new disease state and product info. They don't understand what the patient is going through and want to help them. Can be reached through PCP office, Psych office, DTC channels (internet, television, print, radio) Advocacy organizations can play a role in disseminating information, as well as lending support with their "seal of approval" to initiatives |
| Do's | <ul style="list-style-type: none"> Provide non-branded disease state information, potentially in partnership with NMDA or similar organization for more credibility Provide Zyprexa specific information describing Zyprexa as a mood stabilizer (Build loyalty, manage side effects, understand what should I expect) Put information in physician offices and other channels accessible by patients and families Screen for mis/un-diagnosed patients for additional capture opportunities |
| Don'ts | <ul style="list-style-type: none"> |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Build brand loyalty of Zyprexa at the patient/family level Patients and families to have knowledge with which to help manage their illness and side effects and they stay on Zyprexa longer |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> Build Disease Awareness via non-branded education information kits for diagnosed patients in conjunction with NMDA, waiting room materials describing symptoms, etc. Utilize MDQ Screening Form to screen for mis/undiagnosed patients seeking treatment Build Zyprexa Awareness via branded patient education (English and Spanish), ZYPREXA.COM, etc. |

INSIGHTS AND IMPLICATIONS

The Retail Segment serves, and will continue to serve, a critical component in the Brand's Strategy to retaining the most severely ill, toughest to treat schizophrenia and bipolar patients. In addition, this segment provides \$X% of Zyprexa revenues.

Several opportunities exist for the Brand:

- Enhancing Zyprexa's equity for utilizing a wide range of formulations and the appropriate dose
- Enhancing Zyprexa's equity by offering a molecule that provides symptom relief for a wide range of indications, with less concern about use of this product with a drug abuser

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Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

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- Growing the Private Practice bipolar business and the CMHC Schizophrenia business
- Partnering with the Institution Business on developing an effective discharge program to help the patients discharged from the Community Hospital enter into a CMHC setting
- Effectively influencing the behavior of Treatment Team Members so that they coach a patient on how to manage the side effects of Zyprexa and stay on the drug
- Influencing the behavior of Bipolar Patients and Families so that they understand the risk-benefits of Zyprexa and the relative importance of metabolic side effects versus dependable control

Several challenges lie ahead:

- Competitive intensity is increasing
- Meeting the needs of CMHC Treatment Team Members for an expansion of the NTTP program (weight gain intervention)
- Meeting the needs of Private Practice Psychs for a weight gain intervention (Solutions for Wellness) in light of OPEX constraints

ZY 7300 117

LTC Segment Summary

| Place | Patients | Product | Competitors | Key Players |
|--|---|--|--|--|
| <ul style="list-style-type: none"> Nursing Homes (65% of \$) Adult Group Homes (40% of \$) | <p>Nursing Home</p> <ul style="list-style-type: none"> Patient exhibiting behavioral symptoms (severe agitation and aggression) associated with dementia Patient stable on Zyprexa <p>Adult Group Home</p> <ul style="list-style-type: none"> Patient experiencing breakthrough symptoms of psychosis and/or mood Patient stable on Zyprexa | <p>Forms</p> <ul style="list-style-type: none"> 2.5-20mg tablets IM 5.00 mg Zyprexa Zydis <p>Dosing Strategy</p> <ul style="list-style-type: none"> Nursing Home: 5 mg with the ability to increase dose Adult Group Home: 15 mg and higher Zyprexa Zydis is one more reason to believe that Zyprexa offers dependable symptom control | <p>Current Threats</p> <ul style="list-style-type: none"> Depakote Risperdal Seroquel (low dose/safety) <p>Threats</p> <ul style="list-style-type: none"> Anipiprazole | <ul style="list-style-type: none"> Psychiatrists Primary Care Physicians Nursing Home Treatment Team Pharmacy Providers including Consultant Pharmacists |
| <p>Objectives</p> <ul style="list-style-type: none"> Nursing Home: Start new patients or those not reaching their potential on another medication by offering a predictable and dependable medication at the appropriate dose to enable a working relationship Keep patients started on Zyprexa on the appropriate dose to ensure that with physicians help they can realize their full potential Adult Group Homes: Capture and retain new patients and utilize message consistent with GMHC - dose appropriately <p>Priorities</p> <p>Brand Building</p> <ul style="list-style-type: none"> Highlight multiple indications (schizophrenia and bipolar) for patients suffering from mood and thought disorder Show efficacy for the more severe agitated aggressive patient against Risperdal and Seroquel Maintain equal status and unrestricted access <p>Formulations</p> <ul style="list-style-type: none"> Dose appropriately (emphasis on getting to 5 mg in the Nursing Home) RAM launch for acute patients and transfer to oral Zyprexa Zydis for agitated patients with elevated symptoms | | | | |

Segment Overview

Per the recommendation of the Brand Strategy Project, the Long Term Care Market Segment is an opportunistic market segment for Zyprexa and it has been resourced as such, yet its revenues are approximately \$550 gross sales? Quota? million. The Long Term Care business is a total of the sales to the pharmacy providers. The pharmacy providers, in turn, supply product to a diverse group of facilities. Approximately 65% of the business is Nursing Home. 15% is adult/child group home and the remainder is spread out over MRDD, assisted living and other facilities. Given that the metric is sales to all of these facilities, not just nursing homes, prescribers that impact the business in these facilities are called on by LTC sales reps.

Nursing Home residents are typically, although not exclusively, at the end of their lives and unable to care for themselves. Skilled nursing is required for these residents and their care involves a treatment team of nurse's aids, nurses, primary care physicians and sometimes psychiatrists. Zyprexa is used in low doses in the nursing home.

Group Home residents are much younger than nursing residents and typically suffer from mental illness and need a limited amount of assistance with activities of daily living. Residents do not require skilled nursing assistance and there are little or no on-site medical personnel in most group homes. They are at a higher level of functioning than patients in psychiatric hospitals but they are not able to live completely independently. The Psychiatrist is the main caregiver in this setting. Zyprexa is used at higher doses in this setting.

The needs of the residents in the group homes as seen through the eyes of the physicians are similar to patients in the CMHC setting. LTC sales reps implement in the group home settings the materials Created for the CMC setting. Therefore, the rest of this analysis is focused on the nursing home opportunity.

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29

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Segment Dollar and Length of Therapy Data

| Segment | % Of Business (approximate) | Avg. Length of Stay** |
|--------------------------|-----------------------------|-----------------------|
| Nursing Home | 65% | 2.5 years |
| Adult / Child Group Home | 15% | 6-12 months |
| MRDD Facility | 10% | ? |
| Assisted Living | 5% | ? |
| CMHC | <5% | 6 months |

Note: The Long Term Care business is a total of the sales to the pharmacy providers. The pharmacy providers, in turn, supply product to a diverse group of facilities, as approximated above.

A key federal regulation in the nursing home market is Omnibus Budget Reconciliation Act (OBRA). OBRA was created in 1987 in response to quality of care concerns of the public. The intent of OBRA is to bring a measure of quality assurance, establishing minimal standards, to nursing homes.

OBRA contains regulations that handicap the use of antipsychotics:

- Require extra documentation when an antipsychotic is used. This is to ensure that pharmacological treatment is not used as a "chemical restraint" on the resident. This extra documentation is not required for anti-depressants or mood stabilizers. Clinicians will use other classes of drugs, even if they believe anti-psychotics is the best choice, in order to not be bound by the scrutiny of OBRA
- Requires that after 6 months the anti-psychotic medication be stopped or dosage reduced, unless there is documentation as to why the medication needs to continue and at current doses. While it is mandatory to document in the chart every 6 months, many clinicians behave as though the 6-month adjustment is mandatory.

Long Term Care: Zyprexa Marketing Strategy

| | |
|---|--|
| <p>Priorities for Equity Development</p> | <p>Dependable Control</p> <ul style="list-style-type: none"> • Wide range of symptoms • Control of Agitation & Aggression • Control dangerous and inappropriate behaviors • Does not impair cognition • Long term efficacy <p>Therapeutic Alliance</p> <ul style="list-style-type: none"> • Helps achieve TA (appropriate role of TT, physician, & family) • Helps patients think more clearly (cognition story) • Patients interested in activities • Families recognize improvement • Gives patients hope that they won't relapse <p>Dosing/Safety</p> <ul style="list-style-type: none"> • Dose to therapeutic levels • Low incidence of EPS <p>Liabilities</p> <ul style="list-style-type: none"> • Falls • Failure to maximize Lilly's portfolio in LTC • Diabetes • Anticholinergic <p>Corporate Identity</p> <ul style="list-style-type: none"> • Reps provide info/assistance that facilitates patient care • Committed, Collaborative, Leader – Cross Brands |
| <p>Message Goal</p> | <p>2002 Message: Bring the Brand Promise to life Passionately and Consistently</p> <ul style="list-style-type: none"> • Zyprexa provides the dependable symptom control a physician needs to enable a productive |

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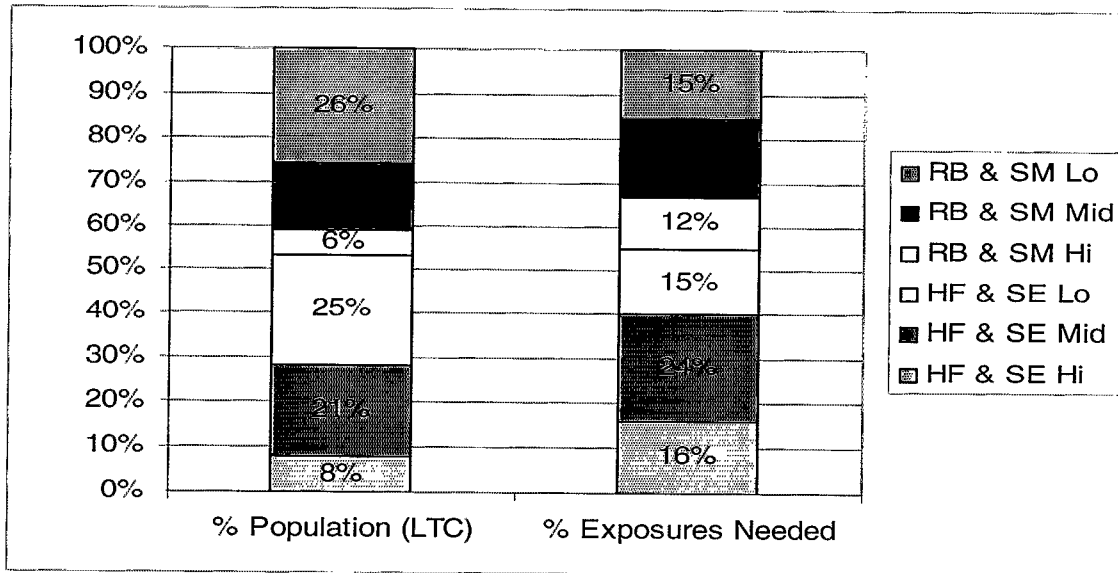
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| | <p>working relationship with their residents</p> <ul style="list-style-type: none"> • Predictable across symptoms of psychosis and mood • Dependable maintenance of treatment response • Flexible dosing helps you meet your residents' individual needs • Sell on Efficacy for the more severely agitated/aggressive patient • Behavioral disturbances are a function of both mood and psychosis <p>2003 Message:</p> <ul style="list-style-type: none"> • New Indication: Agitation in Dementia <ul style="list-style-type: none"> - Efficacy in rapid symptom control of agitation associated with Dementia in patients up to 97 years old – with the launch of Zyprexa IM • Does not dull cognition • No other fundamental change |
|--|--|

LTC Communications Plan

The overall exposures in the institutional setting account for 12% of the brand's total communications. The two different physician types, psychs and PCPs, have differing communications needs based on their expertise and exposure requirements. The exposures have been allocated by population as follows:

% LTC Population vs % Exposures Needed



The following is a breakdown of the exposures allocated by decile for LTC psychs:

- High Flyer(HF) and Rule Bound(RB) Decile 7-10: 5% gap
- HF/RB Decile 3-6: 28% overage*
- HF/RB Decile 0-3: 98% overage*

*Unavoidable due exclusively to overlap with retail physicians

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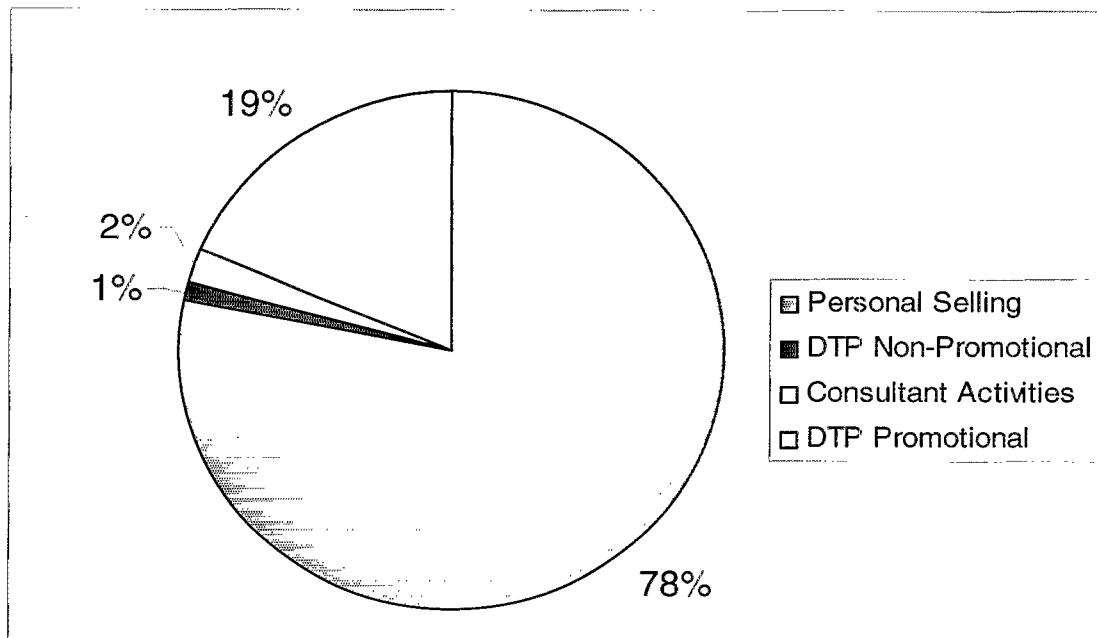
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Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

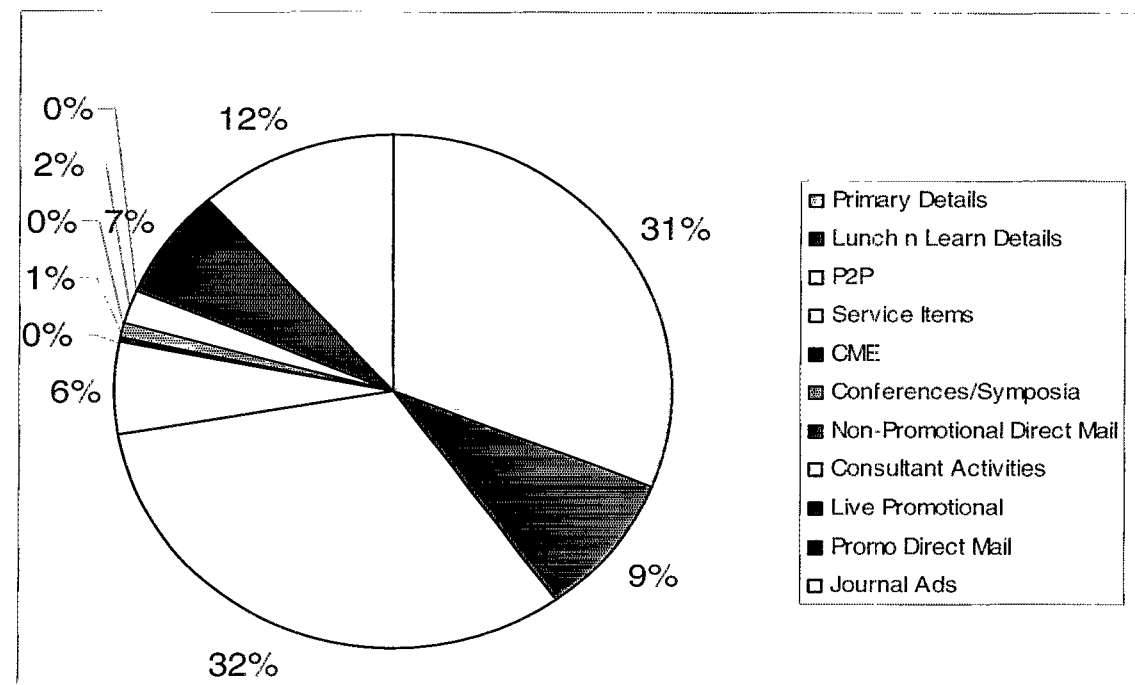
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Major communications planned in the LTC psych setting include:

LTC Psychs Marketing / Consulting Mix



LTC Psychs Marketing / Consulting Mix



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32

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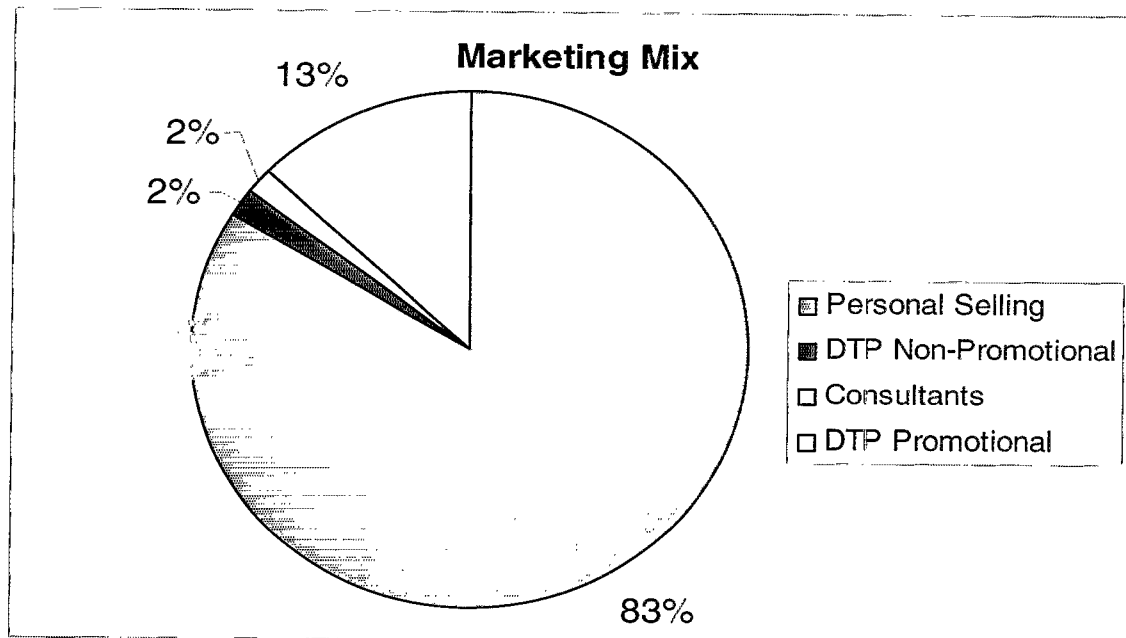
In LTC PCPs, the exposures are:

High Flyer(HF) and Rule Bound(RB) Decile 7-10: 1% gap
HF/RB Decile 3-6: 47% overage*
HF/RB Decile 0-3: 100% overage*

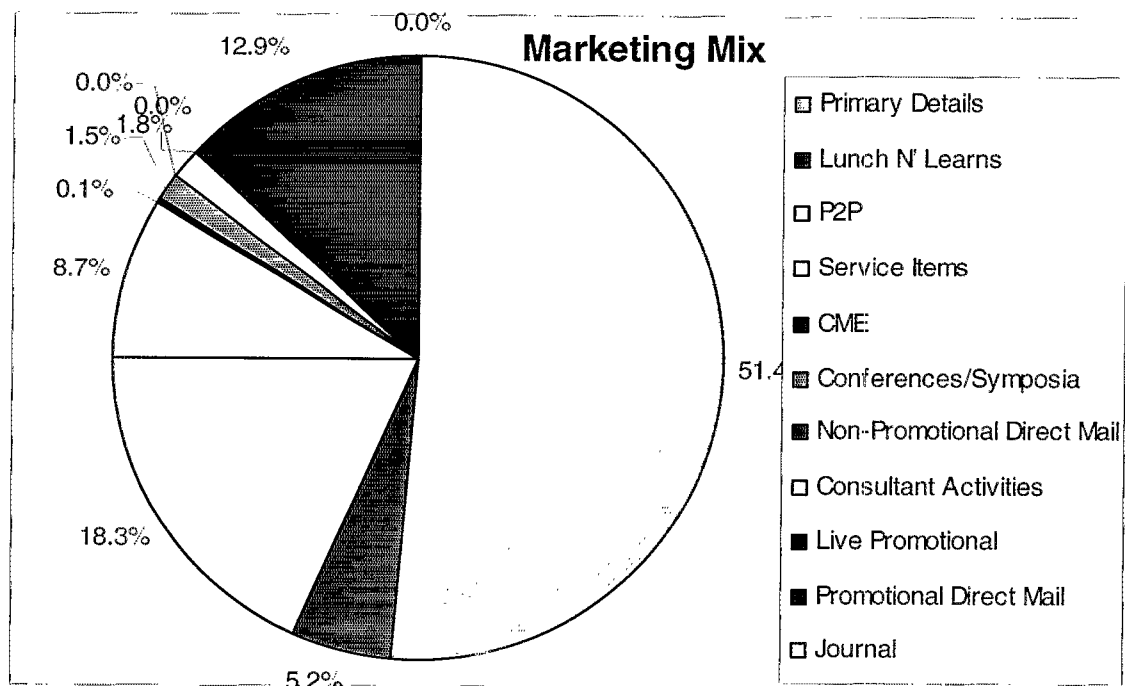
*Unavoidable due to overlap with retail sales force

Major communications planned in LTC PCPs include:

LTC-PCP Marketing / Consulting Mix



LTC-PCP Marketing / Consulting Mix



LTC has the lowest proportion of their sales force carrying their mix and the highest proportion of peer-to-peer programming. Additionally, their small relatively small sales force enables them to achieve a more diverse mix than any other segment. This is likely better for reaching a broader range of customers.

PLEASE SEE ATTACHED EXCEL WORKSHEET FOR COMPLETE LTC COMMUNICATION PLAN, INCLUDING KEY PLAYER OBJECTIVES, MESSAGE GOAL, AND MONTH BY MONTH COMMUNICATION PLAN.

INSIGHTS AND IMPLICATIONS

The Long Term Care Segment serves a critical component in the Brand's growth objectives and its capture and retain strategy is aligned to the Brand Strategy project.

Several opportunities exist for the Brand:

- Enhancing Zyprexa's equity for utilizing a wide range of formulations and the appropriate dose
- Enhancing Zyprexa's equity by offering a molecule that provides symptom relief for a wide range of indications
- Effectively influencing the behavior of multiple key players who may play a critical role in ensuring Zyprexa's short and long term success in this segment and as a brand

Several challenges lie ahead:

- The uncertain launch date of RAIM and the accompanying agitation in dementia indication
- Meeting the varied needs of the multiple key players and institutions, especially the consultant pharmacists and long term care payer
- Lack of funding for B2B, Medical, and Health Outcomes interventions (only \$900,000 appropriated to Institutional Payers)

PCP Segment Summary

| Place | Patients | Product | Competitors | Key Players |
|---|--|---|---|---|
| <ul style="list-style-type: none"> Primary Care Office | Bipolar <ul style="list-style-type: none"> Patient presenting either in manic or mixed phase of bipolar with a history of mood swings Behavioral: <ul style="list-style-type: none"> Patient exhibiting behavioral symptoms (agitation and hostility) (Sigma Only) | Forms <ul style="list-style-type: none"> 2.5-15mg tablets Dosing Strategy <ul style="list-style-type: none"> Start at 5mg, go to 10mg, Target dose of 10mg Mood / Manic <ul style="list-style-type: none"> Start at 10 or 15 mg Behavior <ul style="list-style-type: none"> Start at 2.5-5mg (Goal is not monotherapy for all patients) | <ul style="list-style-type: none"> Risperdal Seroquel (low dose/safety) Incorrect use of antidepressants Threats <ul style="list-style-type: none"> Aripiprazole Geodon Depakote Lamictal | <ul style="list-style-type: none"> Primary Care Physicians Patients and Families PCP NP/PA's (secondary) |

| |
|--|
| Objectives <ul style="list-style-type: none"> Capture patient with bipolar symptoms in the PCP office who cannot or will not see a psychiatrist, secondarily, capture patients exhibiting behavioral symptoms Maximize Lilly's opportunity with ZYPREXA in PCP office |
| Priorities |
| Brand Building <ul style="list-style-type: none"> Capture new patients through education on the identification, diagnosis and treatment of bipolar disorder, Zyprexa offers dependable control and therefore is the best choice to treat the symptoms of bipolar in Primary Care Educate on the appropriate dosing for each patient type to ensure that Zyprexa will help move lives forward Ensure appropriate Zyprexa label utilization Retain these patients through Zyprexa's safety profile, tolerability and competitive differentiation leading to a greater therapeutic alliance between physicians and their patients Maximize DTP (Voice) and F2P activities (Mix) based on call plan positioning Maintain equal status and unrestricted access |

Background Information

Per the recommendation of the Brand Strategy Project, the Primary Care Physician is an opportunistic segment for Zyprexa, and it has been resourced as such from a Brand perspective. Yet, with strong growth in Q1-2 2002 and an excess capacity in the Sales Force due to Lilly launch delays, three additional sales forces have now begun to detail this product in addition to Sigma with buy-ups allocated to fund the incremental headcount. The impact on the uptake curve, and the status of Lilly launches in 2003, will dramatically impact the promotional effort behind this opportunity.

Business Strategy

The business strategy is two-fold:

- To create the primary care market for the early capture of undiagnosed and under diagnosed mood disturbances (Patients 6, 8, and 1 from Market Segment Map)
- To support strategic sales force expansion and initiatives

Marketing Strategy

The marketing strategy is a stepped approach:

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35

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

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- First, support the Zyprexa franchise by focusing on urgent behaviors and the dependable control portion of the brand promise to gain physician experience with Zyprexa
- Second, move rapidly into the urgent mood patient and support the core elements of the Zyprexa promise of dependable control and the therapeutic alliance.

Primary Care: Zyprexa Marketing Strategy

| | |
|---|--|
| <p>Priorities for Equity Development</p> | <p>Zyprexa</p> <p>Dependable Control</p> <ul style="list-style-type: none"> • Wide range of patients and symptoms • Helps patients calm down • Controls negative symptoms • Long term efficacy in bipolar <p>Therapeutic Alliance</p> <ul style="list-style-type: none"> • Tolerability enhances compliance • Excellent safety profile provides predictability to physicians and patients • Reliable overall profile to help physician and patient achieve positive working relationship and therapeutic alliance <p>Liabilities</p> <ul style="list-style-type: none"> • Potential for appetite increase which may lead to weight gain; therefore, continue to stress appetite increase and offer weight management solutions in every sales call and in DTP, P2P efforts. • Potential for somnolence; stress in sales calls as a potential benefit and also give practical guidance around this issue (dose at dinnertime, begin at 5mg rather than 2.5mg, etc). <p>Corporate Identity</p> <ul style="list-style-type: none"> • Establish Lilly Neuroscience as a leader within Primary Care; build on history of Prozac that continues with a molecule like Zyprexa • Continue to focus efforts with the mindset of "Answers that Matter" |
| <p>Message Goal</p> | <p>2002 Message: Message goal is for physician to recognize certain mood patients as being complicated to treat and frustrating; they get success with Zyprexa in these patients</p> <p>2003 Message: Message goal is for physician to ask the appropriate diagnostic questions to properly diagnose patient as bipolar; they achieve success with Zyprexa as a foundational mood stabilizer that is safe, tolerable and simple to use</p> |

PCP Communications Plan

The overall exposures in the institutional setting account for 32% of the brand's total communications. These exposures are largely sales force driven and represent the huge PCP population. The exposures have been allocated by population as follows:

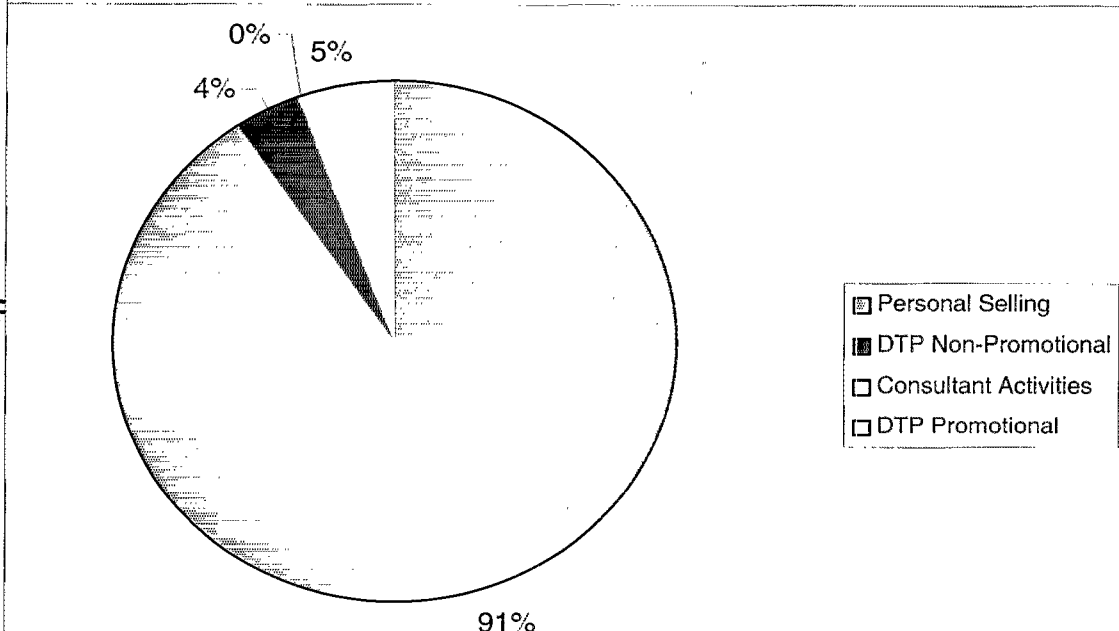
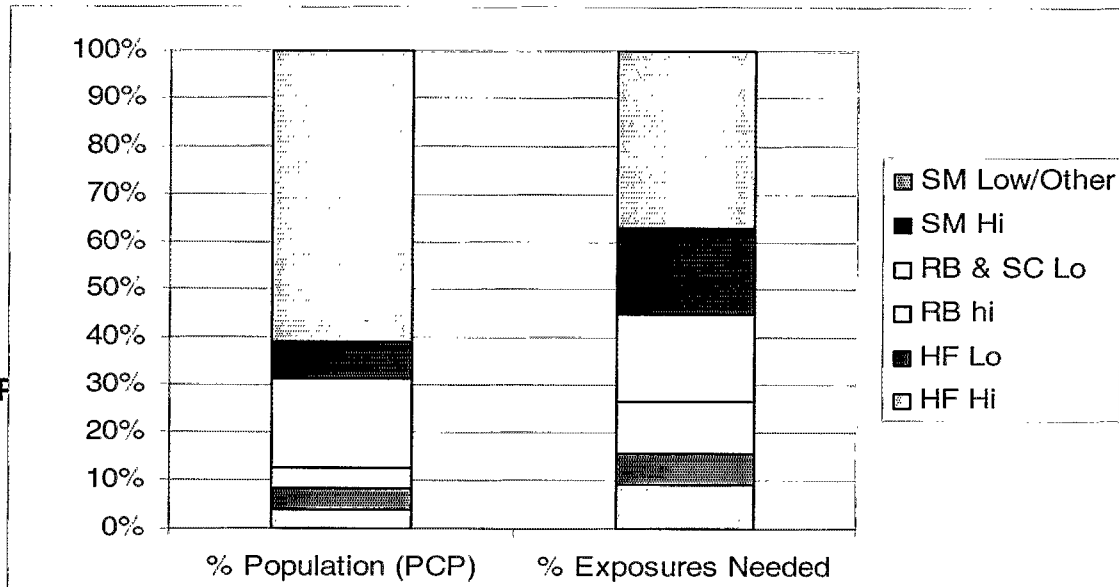
The following is a breakdown of the exposures allocated by decile:

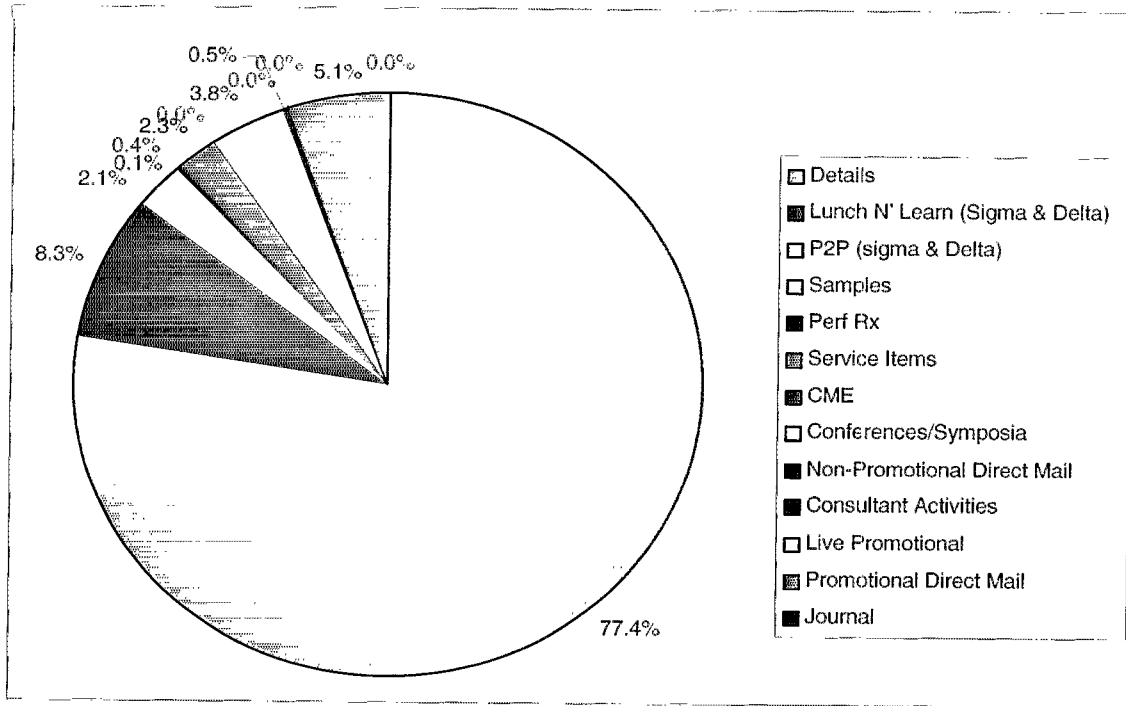
- High Flyer(HF) and Rule Bound(RB) Decile 7-10: 7-26% overage
- HF/RB Decile 3-6: 5-14% overage
- HF/RB Decile 0-3: 4-23% overage

Major communications planned in this setting include:

ZY 7300 125

% PCP Population vs % Exposures Needed





In PCPs, the sales force takes 91% (highest proportion) of the mix due to the addition of Gamma and Delta reps and doctors. We have targeted our programs at the High Flyer group to insure that beyond the sales call, the mix is most varied in that segment to insure optimal exposures. At the loss of sales capacity with Lilly launches, it will be important to fill these gaps with non-sales interventions in order to diversify the mix. Diversified mix is especially important when trying to create a market that requires customer education that is unattainable through promotional communications.

PLEASE SEE ATTACHED EXCEL WORKSHEET FOR COMPLETE PCP COMMUNICATION PLAN, INCLUDING KEY PLAYER OBJECTIVES, MESSAGE GOAL, AND MONTH BY MONTH COMMUNICATION PLAN.

Retail Pharmacist

This key player may be a key to minimizing label confusion with Zyrtec. Reducing medication error is critical to ensure that the FDA does not mandate a Zyprexa name change. Additionally, as additional bipolar patients are seen in the PCP and Retail setting, increasing the Retail Pharmacist's knowledge of this product will be a secondary opportunity that can be seized within the context of educating about the label confusion.

Limited funding is available for this key player (\$0.175 million) but the appropriate amount has been allocated to reduce label confusion.

| | Zyprexa Strategic Opportunity |
|---|--|
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Ensure label confusion with Zyrtec is minimized so that the Zyprexa name is not jeopardized via FDA action |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Educate pharmacists on Zyprexa so that Zyrtec confusion is minimized and they can adequately counsel their patients |
| | Key Player Mindset and Action |
| Statement Defining Key Player Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> I want learn more so that I can safely help my customers Interested in product info, medication safety, new ways to streamline pharmacy processes Believe that they play important role in teaching the patient about medications Utilize Pharmacy Techs for Pharmacy tasks but have final say in decisions Very concerned about patient safety-double and triple check prescriptions for accuracy Enjoy counseling patients, but find very little time to actually do so |

ZY 7300 127

| | |
|---|--|
| Behavior | <ul style="list-style-type: none"> • Like to stick close to Pharmacy rules • Will counsel patient if not sure of prescription accuracy • Work long hours, understaffed, numerous interruptions throughout Rx filling process, difficult customers |
| | Marketing Preferences |
| Marketing Preferences | • |
| Do's | <ul style="list-style-type: none"> • Provide opportunity for CE credit • Put information in Pharmacy Times, The Pharmacist Letter, through Fax Alerts, and Chain communications |
| Don'ts | |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> • Pharmacists are aware of potential for medication errors between Zyprexa & Zyrtec • Pharmacists to have Zyprexa Product knowledge with which to counsel their patients. |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> • Build Brand Awareness about Zyprexa and Zyrtec label confusion • Provide Educational Opportunities about Zyprexa label information and medication safety |

Deep Dive on High Impact Marketing Programs

Marketing – Medical Alignment

Project Rosetta Stone has driven massive improvements in Marketing-Medical Alignment

The primary deliverable of the Scientific Data Disclosure on Non-Registration Trial (SDD/NRT) Strategy Project was a global three-year clinical trial and data dissemination plan focused around messages supporting Zyprexa's brand promise for schizophrenia and bipolar disorder. The Zyprexa Product Team and the U.S. Affiliate Medical and Marketing Teams jointly drove the initiative. The primary benefit of this integrative planning process will be in aligning medical and health outcomes efforts to brand strategy, targeting efforts where there are demonstrated gaps in our ability to use science to support the brand promise, and maximizing the use of medical and health outcomes resources.

The project had several distinct components. First, eight message categories were developed from the Brand Promise and a ninth message was added to address payer concerns; sub-message categories were developed as shown below. A scientific inventory examined the support in the published data for the various elements of the brand promise. This information was used to evaluate the areas where the support from published data was strong, moderate, and weak. After the scientific inventory was performed, all information on trials and disclosure events from the ZPT and affiliates was collected, mapped to message categories, and assembled into a database. For each of the nine message categories, a 'Current State Map' was developed, showing the database locks, planned publication timelines, and data disclosure events. These current state maps provided an accurate perspective on the global plans around each message area. The database was evaluated for gaps in both trials and data disclosures. As gaps were identified, detailed recommendations for trials, data mines, and disclosures were developed. Planned trials and disclosure events were assigned as 'prioritized' or 'non-prioritized.' This information was critical to determining which clinical trials to fund in 2003 and will be critical to developing a data dissemination plan for implementation (to be developed in August 2002).

In addition, the SDD/NRT committee recommended several trials and data mining activities in order to fill important gaps. Some of the areas proposed by the SDD/NRT committee cover areas such as 'Bipolar II,' 'Primary Care, High Dose, the Patient's Perception of Control, Weight Gain, EPS/TD, Cognitive Improvement, Sleep in Bipolar Disorder, Olanzapine and Motivation, and Social Functioning. These recommendations are included in the appendices.

Medical OPEX Reduced from \$12.2 Million in 2002 to \$4.0 Million in 2003

Project Rosetta Stone and Year X demonstrated the necessity of making 2003 a year of increased manpower dedicated to data dissemination and decreased manpower dedicated to new clinical trials. The OPEX cut of approximately \$40 million to [Redacted] mandated this so that a maximal amount of money could be spend in promotional activity.

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39

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ZY 7300 128

However, prior to understanding the magnitude of the OPEX cuts, the proposed 2003 U.S. Medical Marketing plan for clinical trials was well aligned with the priorities currently identified in Rosetta Stone." Given resource limitations, the biggest challenge was in prioritizing among those trials already labeled "priority." Therefore, many studies that we would have expected to yield results over the next several years will not be funded due to short term financial needs. Since there is a great deal of medical data not yet mined, U.S. Medical will focus on mining and disseminating data that will drive commercial activity in 2003.

ZY 7300 129

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40

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Zyprexa Scientific Inventory

| Message Categories | Sub-Message Categories | Strength of Support |
|--|---|---|
| Wide Range Effectiveness | <ul style="list-style-type: none"> Wide range of patients, symptoms and diagnosis Stabilizes mood | <ul style="list-style-type: none"> Strong Moderate/variable |
| Dependability in Multiple Formulations | <ul style="list-style-type: none"> Able to dose to efficacy Ease of dosing in range of formulations Ability to dose rapidly when control is needed (Zydis, IM) | <ul style="list-style-type: none"> Moderate/variable Weak/None Weak/None |
| Count on it to Control | <ul style="list-style-type: none"> Helps reduce dangerous / inappropriate behaviors Helps patients regain sense of control quickly | <ul style="list-style-type: none"> Moderate/variable Moderate/variable |
| Known and Manageable Side Effects | <ul style="list-style-type: none"> Metabolic side effects EPS / TD Hyperprolactinemia | <ul style="list-style-type: none"> Moderate/Variable Strong Weak/None |
| Thinks More Clearly | <ul style="list-style-type: none"> Patients can pay attention Patients feel motivated again | <ul style="list-style-type: none"> Weak/None Weak/None |
| Bond Emotionally | <ul style="list-style-type: none"> Helps build trust Patients become more engaged Patients better able to manage illness | <ul style="list-style-type: none"> Weak/None Weak/None Weak/None |
| Enduring Efficacy and Relapse Less | <ul style="list-style-type: none"> More efficacy with long-term use Prevents relapse Relapse gets better over time | <ul style="list-style-type: none"> Moderate/Variable Moderate/Variable Weak/None |
| Realizes on Individual's Potential | <ul style="list-style-type: none"> Pursuing meaningful, fulfilling, or productive activity Social functioning | <ul style="list-style-type: none"> Weak/None Moderate/Variable |
| Better Patient Outcomes at Equal Total Costs | | <ul style="list-style-type: none"> Not Reviewed |

Color Code: Dependable Control Therapeutic Alliance Moving Lives Forward

Areas of great strength were: "Wide Range of Effectiveness" and certain side effect areas such as EPS and TD. Areas of significant weakness include most of the components of "Therapeutic" Alliance and "Move Lives Forward." According to this assessment, the competition tends to be strong in areas where we are strong, and weak in areas that we are weak. It is critical to understand that the Brand Equity Data indicates that these areas of weakness are very important to our customers. This is a great business opportunity if Zyprexa is able to own these areas, and a great risk if our competition were to get there first.

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41

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ZY 7300 130

Medical OPEX Reduced from \$12.2 Million in 2002 to \$4.8 Million in 2003

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However, prior to understanding the magnitude of the OPEX cuts, the proposed 2003 U.S. Medical Marketing plan for clinical trials was well aligned with the priorities currently identified in Rosetta Stone." Given resource limitations, the biggest challenge was in prioritizing among those trials already labeled "priority." Therefore, many studies that we would have expected to yield results over the next several years will not be funded due to short term financial needs. Since there is a great deal of medical data not yet mined, U.S. Medical will focus on mining and disseminating data that will drive commercial activity in 2003.

Below are the clinical trials currently funded:

| Study Code | Topic | Message Area Supported | Physician Segment | 2003 Cost | New/Ongoing |
|------------|--------------------|--|-------------------|-------------|-------------|
| HGJU | v. Geodon | Wide Range Effectiveness | Both | \$300,000 | Ongoing |
| HGKH | I.M. Observational | Dependability in Multiple Formulations | Both | \$200,000 | Ongoing |
| IIT's | Varied | Varied | Both | \$2,300,000 | New/Ongoing |

Below are the "buy-ups" for clinical trials, listed in rough order of priority.

| Study | Message Area Supported | Physician Segment | 2003 Cost |
|-----------------------------|--|-------------------|-------------|
| High Dose Trial | Wide range Effectiveness | Rule Bounds | \$1,200,000 |
| Risperidone FD | Wide Range Effectiveness | Rule Bounds | \$3,000,000 |
| HGKE | Control/Multiple Formulations | Both | \$3,000,000 |
| HGKF (Ol.+D. v. Divalproex) | Wide Range Effectiveness | Both | \$3,000,000 |
| I.M. Zyprexa v. IM Geodon | Dependability in Multiple Formulations | Experimenters | \$2,500,000 |

ZY 7300 131

Of the buy-ups, the proposed high dose trial is most central to our current business objectives. Much of the current evidence appears to 'commoditize' efficacy. A trial demonstrating the efficacy and tolerability of Zyprexa in schizophrenia will greatly support the efficacy story, and the "appropriate dose" story. Another gap worth looking at going forward is in appropriate dose in the manic symptoms of Bipolar Disorder.

HGKE, a trial to look at the safety of I.M., and the strategies of switching from I.M. to oral, was identified as a priority by Rosetta Stone. Due to resource limitations, it is now a "buy up." An inability to fund KE further reduces what we will have available in an already sparsely supported message category: dependability in multiple formulations. According to Grey, areas of weakness for Zyprexa and the competition are 'Ease of dosing in a range of formulations' and 'ability to dose rapidly when control is needed.' Additional data provided by this study would be very important in helping to shore up this area.

It is important to consider the competitive landscape. Geodon I.M. will soon be entering the market. We must now plan to launch Zyprexa I.M. into a more competitive situation as the second atypical rapid acting I.M. into the market. With their various formulations, Geodon and Risperidone are clearly both making an effort to strengthen their 'multiple formulations' stories.

Another "buy-up" considered strategically important is the Risperidone FD study. This study is very important from a strategic perspective. Risperidone is the major competitor in schizophrenia. It is scheduled to lose its patent protection in 2006. It will be critical to effectively differentiate Zyprexa from Risperdol by this pointing time.

Below are the manuscripts planned: (These Manuscripts are all also included in the publication plan under development.)

| Study Code | Topic | Message Area Supported | Physician Segment |
|----------------|----------------------------|--|-------------------|
| HGIY | Agitation/dose escalation | Count on it to Control | Rule Bounds |
| HGHQ-Extension | v. valproate | Wide Range Effectiveness | Rule Bounds |
| HGIA | Zydis data | Dependability in Multiple Formulations | Rule Bounds |
| HGHR | Olanzapine improves TD | Wide Range of Effectiveness | Both |
| HGJB | v. Seroquel | ***** | ***** |
| HGJT | v. Risperidone/Acute Mania | Count on it to Control | Both |

There are several manuscripts planned for the upcoming year. In general these are also well aligned with strategy. HGJB was initially placed in the high priority bucket. However, the first cut of this data suggests that the study offers stronger support for "enduring efficacy and relapse less" and "realize and individual's potential" than it does for "wide range of effectiveness." The dissemination plan is being reviewed in light of this.

The U.S. Medical Data Dissemination Plan

The SDD NRT strategy project will produce a master data dissemination plan. This is a work in process, and will ultimately provide direction as to the U.S. component of the plan. The priority publication and dissemination events are included at the end of this document. This plan is a work in progress as budgeting and prioritization discussions will result in changes. As this process moves forward, updates will be made.

Case Reports

It would be beneficial to the brand if the U.S. affiliate were to develop the capacity to generate case reports in three distinct areas: competitive, issues management, and positive cases supporting the brand promise. An analysis is currently underway as to the most effective and appropriate way to accomplish this objective.

Investigator Initiated Trials, Relationship Building, and External Authorship

Given our current business needs, it is important that funds spent on IIT's predominantly support the brand strategy. The review process should consider whether they are on strategy, as well as looking at whether they fill current gaps in our scientific data.

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43

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ZY 7300 132

If resource constraints do place limits on expenditures for IIT's, another way we can use Medical Liaisons to support the development of relationships is through increased efforts to cultivate external authors to either develop publications from our existing data, or collaborate with Lilly authors on existing projects.

Insights and Implications

The Zyprexa Scientific Inventory and Gap Analysis showed areas of great strength were: 'Wide Range of Effectiveness' and certain side effect areas such as EPS and TD. Areas of significant weakness include most of the components of 'Therapeutic' Alliance and 'Move Lives Forward.' According to this assessment, the competition tends to be strong in areas where we are strong, and weak in areas that we are weak. It is critical to understand that the Brand Equity Data indicates that these areas of weakness are very important to our customers. This is a great business opportunity if Zyprexa is able to own these areas, and a great risk if our competition were to get there first.

Due to fiscal constraints Zyprexa's medical resources will be used to data mine existing studies in order to fill Gaps in our scientific story. This will require a close working relationship between U.S. Medical and Marketing. This will pay great dividends in our commercialization activities in 2003. There is the risk that there will be some data gaps relative to our competition as we move forward after 2004. as many new indications and formulations are currently being launched. We look to ways to optimize the Zyprexa medical budget across the ZPT and US to potentially fund the buy ups critical to our near term business needs.

Sales Force

The Neuroscience and PCP call plans and incentive weightings will be entirely based on the ability of Eli Lilly and Company to receive FDA approval for and manufacture multiple NS and PCP products. Currently, the plan assumptions are that no launches will occur in 2003 and 2004.

Business Case

Currently Zyprexa's Retail Neuroscience Psych salesforce details account for approximately 48% of its total exposures, and peer-to-peer accounts for approximately 16% (on the conservative end). Thus, when new Lilly brands enter the market, the salesforce capacity they will require will significantly impact Zyprexa's ability to reach its customers with the necessary frequency to drive business.

Scenario #1: One Lilly Brand Enters

When a new Lilly Brand enters the market, it is assumed that Zyprexa will remain in 1st position in 2/3 sleeves, which means they will get 100% of their details at a higher relative value but only 60% of programs, and will move to 2nd position in 1 of the sleeves, which means they will get 80% of their details at a lower relative value number and only 40% of programs. The result is a total decline in exposures of 14%, bringing Zyprexa down approximately 449,000 exposures, or 14 exposures per physician given a total of 32,000 physicians. This is equivalent to doing approximately 12 additional promotional direct mail pieces or 3 peer-to-peer events for every physician. As you can see, this gap would be very difficult to make up without additional salesforce headcount, given doctor capacity and point of diminishing returns for live events and direct mail. If you assume the cost/exposure is approximately \$50 per exposure, which is 60% of a second position detail, 30% of a telesession, or 20% of a live CME event, meeting Zyprexa's exposure gap would cost approximately \$22.45million.

Scenario #2: Two Lilly Brands Enter

If 2 new Lilly Brands enter the market, it is assumed that Zyprexa will remain in 1st position in only 1/3 of the sleeves (same 1st position assumptions above) and will move to 2nd position in 2/3 of the sleeves (same 2nd

position assumptions above). The result is a total decline in exposures of 23%, bringing Zyprexa down approximately 759,000 exposures, or 24 exposures per physician given a total of 32,000 physicians. This is equivalent to 7 telesessions, 21 direct mail pieces, or 5 peer-to-peer programs for every physician. While in scenario #1 it is extremely difficult to make the up salesforce gap with other channels given doctor capacity and point of diminishing returns of a channel, in this scenario the issue gets dramatically worse. Given a \$50 cost per exposure rate as described above, meeting Zyprexa's exposure gap in this case would cost approximately \$38million. However, we would not recommend filling the gap with only Brand resources, but rather we would fill the gap with a combination of Brand and Salesforce exposures, as it is the belief of this team that it would be highly unlikely that we could design a mix that would make Zyprexa whole without additional salesforce exposures.

Peer to Peer

Speaker Training and Program Mix to Drive Business

Customer programs (with live speakers and/or enduring material) are an important communication channel for Zyprexa promotion. Customers indicate they want opportunities to hear local and national experts discuss disease state, products profiles/benefits and patient case studies that may help them in their own practice. The Peer to Peer (P2P) organization is a critical capability being developed by Lilly USA to drive business results via alignment with Brand/DTP and Sales force efforts in programming. In 2003 the P2P organization will be focused on three areas:

- Speaker Development (at the local and regional level)
- Geo Implementation (program mix/action planning and implementation)
- Brand Strategy/intervention (drives Brand message with speakers & DTP field initiatives)

Given the Zyprexa strategy for continued growth the Brand plans to leverage the P2P capability in two critical programming areas of the business. Zyprexa and P2P will work to:

- Maximize program mix via strategic utilization of enduring materials across the respective customer segments in Retail, Institution and Long Term Care
- Develop and utilize world class speakers at the local and regional level (in conjunction with DTP, consultants must be utilized as speakers to maximize their time in speaker training)

Delivery in these two areas will be critical to Zyprexa exceeding its growth expectations in 2003 given newly adopted GPP guidelines in the industry and anticipated new and competitive product launches in the Neuroscience market. These factors will place a premium on executing customer programs with outstanding Speakers and materials that help drive Zyprexa business, improve customer knowledge and ultimately help the patient.

The P2P organization will vary its focus within the above areas based on strategy of the Brand and its place in the growth phase of the product life cycle. The Zyprexa team will work with the P2P organization in the following areas

Program Mix Planning (45%)

A physician's segment, as well as the market archetype (Psych vs PCP) will in part determine a physician's programming mix. The P2P Associates will work with their Area Sales Leadership Teams to lead implementation around the targeting, mix and quantity of programs at the representative level per pending direction from the Zyprexa Brand Team (mix to be determined after the Geo-Opex target has been set). The goal is to drive implementation of local programming that facilitates practical applications and increased usage of Zyprexa with our customers. As a result of attending local programs and interacting with Lilly Speakers, we expect our customers to be more confident and passionate about utilizing Zyprexa for their patients

Programs include:

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45

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ZY 7300 134

- Speakers (National Thought Leader, Regional and Local Speaker)
- Independent Scientific Exchange (Grand Round, CU, Audio conference)
- Non-Honorarium Roundtable - While non-promotional in nature (in accordance with GPP guidelines), Sales Representatives may also provide guidance so that the physician can benefit from live CME, 24-7 playbacks or enduring materials.

Such enduring materials may include:

- Audio conference Series
- DLN Satellite Broadcasts
- Web conferences
- Optima Dinner/Breakfast Series'

Specific P2P Associates responsibilities include:

- Building awareness at the district and sales rep. level of DTP resources/speakers
- Coordinating the action planning process
- Coaching / Leading program mix utilization
- Fostering a progressive programming mindset

Local & Regional Speaker Development & Utilization (45%)

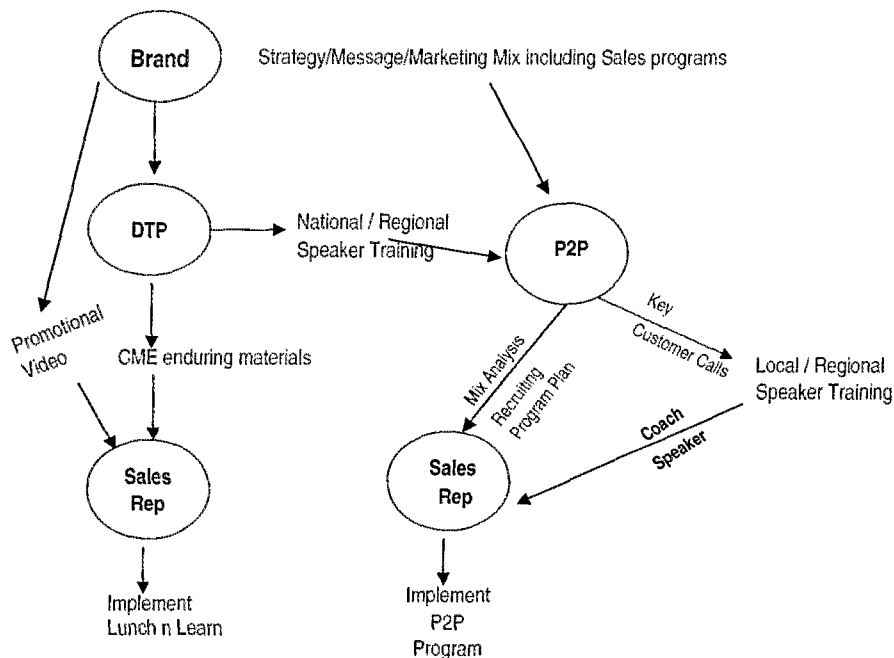
In 2003 Zyprexa will need to broaden the utilization of speakers across the programming mix. We must concentrate resources to develop and use world class local/regional speakers who are committed and equipped to speak for Zyprexa, lead small roundtable discussions and facilitate practical applications with customers. To help accomplish this goal the P2P associate will work with the speaker and the Sales Representative to ensure targeted speakers have preplanned engagements upon completing any training/development as a Zyprexa speaker.

P2P Associates responsibilities include:

- Leading development of 20-30 MDs (pending P2P geo-restructure for greater speaker coverage)
- Coordinating utilization of local/regional speaker networks with area sales teams
- Leading the development of a local/regional speaker network w/ input from sales teams on key targets
- Coaching Sales Representatives on world class local/regional speaker development
- Creating/conducting speaker training camps (local and national model being explored as a buy-up in the P2P budget)
- Overseeing maturation of Local Speakers to Regional & National Speakers with Brand/DTP teams
- Conducting speaker's "HRPs" to identify top talent and progression to regional & national level

INSIGHTS AND IMPLICATIONS

Customer programming is a critical part of Zyprexa's marketing mix and the P2P Associates plays a major role in developing local and regional speakers to help satisfy customer needs in programming and ultimately drive Brand business. Additionally, based on guidance provided by the Brand, the P2P Associate should help drive an optimal program mix, dependant on the physician's tier, segment, and the market archetype in which they operate. The Brand Team (including the Strategy Group, Segment Teams, and DTP) must be clearly aligned from a strategic standpoint and at an operational level (mix recommendations, utilization of enduring materials created by DTP, quantity, metrics, etc.) so that the P2P implementation wing may maximize its effectiveness in accomplishing its objectives.



Direct to Physician

National Consultant Feedback Forums – The NCFF venues are market research/consultation focused meetings with psychiatrists or treatment team members. Two hundred attendees are surveyed, both before and after the conference, about their thoughts and opinions as they relate to the neuroscience market. Key data and messages are delivered on site at the 2+ day program, and feedback is solicited on the program content. Speaker training is also provided at this venue. Formal follow up on a monthly basis continues to provide data and messages and solicit feedback from each consultant. The current 2003 budget has cut the number of NCFFs from 7 (in 2002) to 3 (for 2003).

Regional Consultant Feedback Forums – The RCFF are similar to a NCFF in content, on which feedback is being requested, but size is smaller (30 attendees) and focus is regionalized with consultants, rather than national. The programs last about 3 hours and are scheduled on weekday evenings. Key data and messages are delivered and a market research moderator solicits feedback afterwards.

Demand Realization Advisory Boards – The demand realization advisory boards provide a focused and detailed venue for testing and receiving feedback as it relates to Zyprexa's data and messages, as well as marketplace messages. Many of the Demand Realization advisors frequently speak, teach, and see patients regarding atypical antipsychotics and mood stabilizers. Therefore, the Demand Realization advisory boards meeting twice a year are critical to the broader message of Zyprexa. Marketplace issues are also addressed within this venue in the form of focus groups and strongly promoting a two-way dialogue between the advisors and Lilly neuroscience. Demand realization advisory boards include Bipolar, Schizophrenia, Long Term Care, Primary Care, Corrections, Treatment Teams, and Diabetes.

Schildkraut_08/09/02

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47

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ZY 7300 136

Schizophrenia and Bipolar Academic Advisory Boards – The academic advisory boards are similar to demand realization advisory boards; however, the audience differs, as the advisors are predominantly researchers and preclinical and clinical scientists, primarily focused upon research rather than seeing patients on a regular basis. Engaging the academic advisors with the Zyprexa data and message is critical; however, feedback within this venue not only tests data and messages, but also challenges the advisors to generate ideas on both preclinical as well as clinical studies of the brand in the future. The schizophrenia, bipolar, and long term care academic advisory boards meet once a year.

Acute/ER Advisory Board – The purpose of the acute Demand Realization advisory board is similar to the other DR advisory boards, with a specific focus on the Acute and Maintenance Market Segments and how RAIM will enter the marketplace. Feedback has been and will continue to be solicited around how RAIM, Zydis, and PO formulations of Zyprexa relate to the needs of the customer, what data the customers need to see around RAIM, and current standards of care prior to RAIM entering the marketplace. Understanding the needs of the acute physician is critical, as the needs of an acute physician differ greatly from the needs of a physician in the Maintenance Market Segment.

Resident Advisory Board – The resident advisory board is a new addition to the DTP intervention set. Engaging the customer early in their practice years is critical to meeting the needs of the customer in the future. The resident advisory board will again provide our data and message and request feedback as it relates to the customers' needs, in this case the psychiatric resident.

Institutional Pharmacist Advisory Board - Engaging and understanding the needs of the pharmacist are critical to the success of Zyprexa. The pharmacist advisory board will not only test messages around clinical data, but a focus on quality of life data and health economic data will be imperative to meeting the needs of the pharmacy community. Soliciting ideas regarding health economic and quality of life datasets will help continue to not only tighten the message on Zyprexa to pharmacists, but also provide more support for the access story of Zyprexa as an extraordinary molecule.

Consultant Enduring Material (e.g. fax blasts, consultant newsletter) - Communications with our consultants - usually follows up from NCFF/RCFF. Because these customers are our consultants, we are able to send them new information as it becomes available, thus enabling us to get feedback very quickly on critical scientific data as soon as it is released.

Association Meetings/ Conventions - Professional association meetings offer an excellent opportunity for broad dissemination of information to our customers through symposia (CME) as well as exhibits and sponsorship (promotional).

Symposia: Targeted association meetings for professional symposia in 2002 include: APA (psychiatric medical professional community), APNA (nurses), US Psych Congress (psychiatrists and residents), AANP (nurse practitioners), ACNP (nurse practitioners), IPS (APA fall meeting, psychiatrists attending), ASHP (pharmacists), US Geriatric Congress (Long term and primary care psychiatrists), AMDA (medical directors), AGS (Geriatric and primary care psychiatrists), AOA (primary care osteopaths), AAFP (Family practice, primary care physicians), NADONA (directors and assistant directors of nursing for long term care), AAGP (geriatric psychiatrists), ASCP (Consultant pharmacists), and Pri-Med (Primary care). The meetings that are currently not funded for symposia in 2003 are ACP, US Geriatric Congress, US Psych Congress and 2 of the 4 Pri-Med meetings

Exhibits and Sponsorship: Traditionally the Zyprexa brand is represented at over 50 US conventions each year. This representation includes promotional exhibit booth visuals, literature, give aways, and special interactive educational activities (plasma screens, virtual reality, recording studio). The sponsorship involvement usually includes a Zyprexa branded item given to the attendees by the association (e.g. convention bag, advertisement in programs, etc.) The current budget for 2003 is a reduction of almost 40% from the 2002 budget, which will decrease our traditional presence/visibility at these 50 conventions as well as prevent us from supporting newly identified target organizations.

CME Dinner and Breakfast Meetings - Despite current controversies of Continuing Medical Education (CME) being biased because of industry funding, professional medical groups have identified CME as a critical need within the

Schildkraut_08/09/02 Confidential 48
Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY 7300 137

medical community. CME continues to be an ante within the market both now as well as within the future. CME programs within Zyprexa vary from audio conferences, satellite symposia, professional meeting symposia, to weekend and dinner programs. Due to new GPP policies, sales representatives will be limited on the promotional programs that they will be able to set up next year, this is mainly due to the caps that will be placed on yearly honorarium totals for speakers. Also, because of the nature of non-promotional programs set up by the field (i.e. must be requested by institutions), there will continue to be limited numbers of those programs as well. Therefore, the field will need even stronger support from the DTP team for non-promotional/CME programs. These CME breakfast and dinner meetings are very well attended with an average of over 200 physicians per meeting – there have actually been a few programs in some of the larger cities that had upwards of 700-800 attendees! The current 2003 budget has no funds for CME Breakfast Meetings.

Psych Link and DLN - Due to new GPP policies, sales representatives will be limited on the promotional programs that they will be able to set up next year, this is mainly due to the caps that will be placed on yearly honorarium totals for speakers. Also, because of the nature of non-promotional programs set up by the field (i.e. must be requested by institutions), there will continue to be limited numbers of those programs as well. Therefore, the field will need even stronger support from the DTP team for non-promotional/CME programs. The Psych Link satellite programs are not only well attended during the live event, but are produced into video format to be used by sales representatives as enduring material. These tools are an excellent opportunity for the field to gain access to key offices by offering CME. These are excellent tools for lunch and learn programs! The current budget for 2003 has limited the number of these programs by over 50% vs. 2002.

CME Web Conferences - Due to new GPP policies, sales representatives will be limited on the promotional programs that they will be able to set up next year, this is mainly due to the caps that will be placed on yearly honorarium totals for speakers. Also, because of the nature of non-promotional programs set up by the field (i.e. must be requested by institutions), there will continue to be limited numbers of those programs as well. Therefore, the field will need even stronger support from the DTP team for non-promotional/CME programs. The web conferences average 1200 participants per live program with one of the programs in 2002 drawing in almost 2,000. These web conferences, just like the Psych Links, are also available after the live events. The web conference replays are available 24 hour a day for six months. There are currently no funds to support these programs in 2003.

Closed Symposia - The closed symposia result in CME publications and enduring material. This is an excellent opportunity to get our thought leaders together to produce a publication based on a specific topic (issue or competitive threat) that is extremely critical to the brand. The publication (e.g. J.Clin Psych) reaches a vast majority of our key physicians and also psychiatric treatment team members. There are currently no funds to support this in 2003.

Express Reports/Supplements – Medical writers and/or medical journal writers are utilized for writing the content usually generated from either a professional association meeting or poster from a meeting. The third party sends out the 1-2 page information summary to psychiatrists post-meeting as an enduring material from that meeting. The reports are a non-branded 3rd party direct mail piece. The third party (e.g. MediView) writes the contents of the reports with collaboration from our medical group, thus allowing us the ability to impact the message. Each mailing is sent to over 45,000 psychiatrists and top PCPs. There are also reports that are specific to LTC – those are sent out on average to over 75,000 geriatric focused physicians. There are 4 geriatric-focused supplements a year, one from each of the following professional meetings: AAGP, AMDA, AGS, and ASCP.

This tool gives us the flexibility of a non-branded (non-promotional) piece while also being outside of the constraints of a CME program - Particularly helpful with sharing newly released data. There are currently no funds in the 2003 budget for this intervention – there were a total of 8 reports/supplements for 2002.

CME Newsletters (e.g. Critical Breakthroughs for Psychiatrists, there are also newsletters specific to Primary Care and Long Term Care) - This is an excellent opportunity to provide the latest data and information that is pertinent to our customers as well as giving them the opportunity to earn CME. Lilly provides an unrestricted educational grant to a third party agency (e.g. Optima) that develops the newsletters with the help of thought leaders and experts, many of

Schildkraut_08/09/02

Confidential

49

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY 7300 138

who are our Advisory Board members. The mailings go to a large number of customers: 40,000 Psychiatrists, 100,000 Primary Care Physicians, and 90,000 geriatric Psychiatrists. This is a great opportunity for Lilly to continue providing "Answers That Matter". The funds to support both the Primary Care Newsletters and the Geriatric Newsletters are currently cut from the 2003 budget.

NTTP (Neuro Treatment Team Partners) – Educational program series directed to Treatment Team members to utilize in CMHC-type settings to educate patients on a variety of topics related to their illness, (i.e. recognizing symptoms, communicating with your treatment team, diet and exercise and various other life skills). The program is developed to ideally use during group sessions.

NTTP - Lilly Training Institute – For 2003, we were preparing to embark on a better training initiative for NTTP, one that will be conducted by Lilly and an academic institution (UMDNJ). The plan would have enabled us to train approximately 60 facilities through the "Center of Excellence for Psychiatry", Lilly/UMDNJ. We have built into our plan the ability to have appropriate and timely follow-up with the facilities, newsletters for facilities that are trained, and the ability to get (via internet site owned by UMDNJ) information on patient needs, staff needs and the impact of this education. Currently, all funds for this project were entirely cut from the 2003 budget.

Companion Pieces to NTTP - The bipolar companion piece has been requested from our customers for over two years now as a logical step in what they view as an excellent Staff/Patient education piece. Dr. Chengappa, Kim Littrell, Karen Tugrul, and Dr. Gupta have all remarked that they would like to see this material expanded to include bipolar and TRD, while some of our Child Psychs have remarked that as atomox is launched, it would be beneficial to have a chapter on ADHD. Clearly this is a tool that helps our HCPs and is viewed by various segments as meeting our corporate promise (Answers that Matter) while still allowing us to differentiate Zyprexa from our competitors. The Diabetes addition to Solution for Wellness would allow us to appropriately and effectively position both Zyprexa and its competitors in light of the risk of diabetes, teach the proper monitoring mechanisms and discuss the issue (via objective third party educators) without appearing defensive and still maintaining our belief of risk vs. benefit. This would also help our sales force by enabling them to better focus on efficacy and not be overly distracted with side effects objections. There are currently no funds in the 2003 budget to develop any of these additional modules.

CME Treatment Team Tapes - These tapes are created by Promedica, Inc. (Kim Littrell and Richard Petty) and currently go to their database of psych nurses. In the past few months, as the result of sharing these tapes at our NCFs, physicians have been requesting these tapes at an increasing rate (both Psych and PCP). Promedica has now contract with Jerry Maguire's facility (UCI) to accredit these tapes for physician CME as well. Promedica's database currently reaches over 25,000 psych nurses and we anticipate the circulation to doctors will conservatively reach an additional 3-4,000 physicians. We have sponsored these tapes for the past 4 years. If we cut this from our budget, not only will we create ill will with two of our Thought Leaders, but we will also lose out on the influence the tapes have on treatment team members. And, very importantly, we will also be handing the opportunity directly to our competitors. Janssen has attempted to move in on this opportunity for 2 years and Pfizer for one year. Kim Littrell has consistently requested 5-6 tapes per year; anything below that number will go to our competitors. (\$180,000 per tape, tapes offer CE credit for 2 years). This program is currently not funded for 2003.

Direct Mail – There are a variety of interventions that are considered direct mail pieces - traditionally on the brand we've used this name to identify special promotional campaigns mailed to our 20,000 key customers. This type of promotional marketing tactic has been used in the past to help position some of our key competitors (e.g. QTc educational audio CD that was mailed to 20,000 customers prior to Pfizer's launch of Geodon). It can also be used as another channel to reiterate certain selling messages and/or announce new indications or formulations, etc, etc.

Mind-To-Mind Journal - Direct Mail - This journal is a Lilly branded direct mail piece that is being utilized across all the Neuroscience Brand Teams. It's an opportunity to create a non (product) branded piece to deliver a marketing message in a more scientific way than a traditional promotional direct mail piece. This journal has been used in the past to deliver a message that addresses competitive threats (e.g. QTc). There are currently no funds in the 2003 budget to support this intervention.

Schildkraut_08/09/02

Confidential

50

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY
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139

Advertorial - This type of marketing tactic has been used in the past to successfully create awareness around certain issues/liabilities of our key competitors (e.g. QTc advertorial that ran prior to and at the time of Pfizer's launch of Geodon). It's an excellent opportunity to get a marketing message out that reaches almost 100% of our target physicians. Although this is a promotional tool, it's Lilly branded (and not Zyprexa branded) and has a more scientific/educational 'look and feel' than a traditional journal advertisement. Ideas for 2003 advertorials included; EPS/TD, diabetes and mechanisms of action. There are currently no funds in the 2003 budget for this intervention.

Neuroscience Treatment Team Partner Overview

In 2003, we will be expanding the offering for the Neuroscience Treatment Team Partner program. The current offering will continue to be offered to CMHC and Institution customers through the Neuroscience sales force. However, this offering will be supplemented by a more in depth exposure to the program through collaboration with the University of Medicine and Dentistry of New Jersey – University Behavioral Health Care (UMDNJ-UBHC).

The Neuroscience Treatment Team Partner program is designed to help treatment team members establish a more effective therapeutic alliance with their patients and in turn begin to help move their patients' lives forward. It is a comprehensive educational program that provides insight into the disease state and encourages healthy lifestyles for people with mental illness and is designed for use by healthcare professionals and their patients. Divided into three modules, it provides both an excellent training tool for treatment teams and a valuable resource for patients.

Team Solutions

Team Solutions provides educational materials to supplement information provided by healthcare providers to caregivers and patients. It answers questions about the symptoms of mental illness, medication, side effects, and tips to recovery. Team Solutions includes a video, ten patient workbooks, and an instructor's manual.

Solutions for Wellness – Group Program

Solutions for Wellness – Group Program offers information and tips on healthy living including nutrition, fitness, and exercise. This module includes two patient workbooks and an instructor's manual on the following topics: Nutrition, Wellness, and Living a Healthy Lifestyle; and Fitness and Exercise.

Abnormal Involuntary Movement Scale (AIMS)

Geared toward the healthcare professional, the AIMS segment of the program includes a video about the Abnormal Involuntary Movement Scale, a systematic rating tool designed to document the motor symptoms associated with abnormal involuntary movement disorders such as tardive dyskinesia (TD). TD occurs most frequently as a result of exposure to antipsychotic drug therapy. Healthcare professionals can use the AIMS to document, diagnose, and monitor TD in their patients who are taking antipsychotics.

NTTP Sales force Implementation

The main communication channel for the NTTP program is through the Neuroscience sales force. The sales representative is responsible for identifying a customer's need for one or all modules of the NTTP program. Once a need has been determined, the sales representative will identify a NTTP educator to conduct the training at the site and coordinate the logistics of the training program. The expectation is that the facilities implement the NTTP modules at their site after they have been trained. This makes follow-up by the sales representative a critical component. The sales force has been implementing NTTP programs since 1998 and during that time the following best practices have been identified:

- Gain commitment and support up front from the treatment team member in the facility that will be involved in the NTTP program.
- Gaining commitment and support is only half the battle – make sure you gain it from the right person at the facility. Pick someone who will have influence over others and work actively to involve the staff – they should love the idea of the program!

- Follow-up is key. Sales representatives need to show their continued support and inquire about successes the team is having with the program. They should also pass these successes on!

Lilly NTTP / UMDNJ-UBHC Collaboration

In 2002 we are developing the Lilly-UBHC NTTP Training Institute. The program will officially launch in 2003. This collaboration will provide CMHCs and Institutions that want additional help in implementing the NTTP program with that assistance. The program includes the following components:

- 3-4 days of training that includes
 - Detailed training on each module
 - Hands on experience with an active NTTP patient group
 - Change Management training
 - Discussion on overcoming issues of implementation
 - Development of an initial implementation plan
- Rigorous follow-up plan to assist facilities with implementation
- Collection of outcomes data to better understand NTTP's impact on:
 - Improving the therapeutic alliance between Treatment Teams and patients
 - Helping move patients' lives forward
 - Decreasing caregiver burden

The main goals of this collaboration are to:

- Demonstrate that Lilly provides tools to help the Treatment Teams develop a more productive therapeutic alliance with their patients
- Increase attention by helping Treatment Teams improve patient care
- Improve implementation of the program for sites that want additional help. Move program toward being part of the standard of care algorithm
- Gather data to confirm effectiveness of the NTTP program. Publish results.

Free Goods

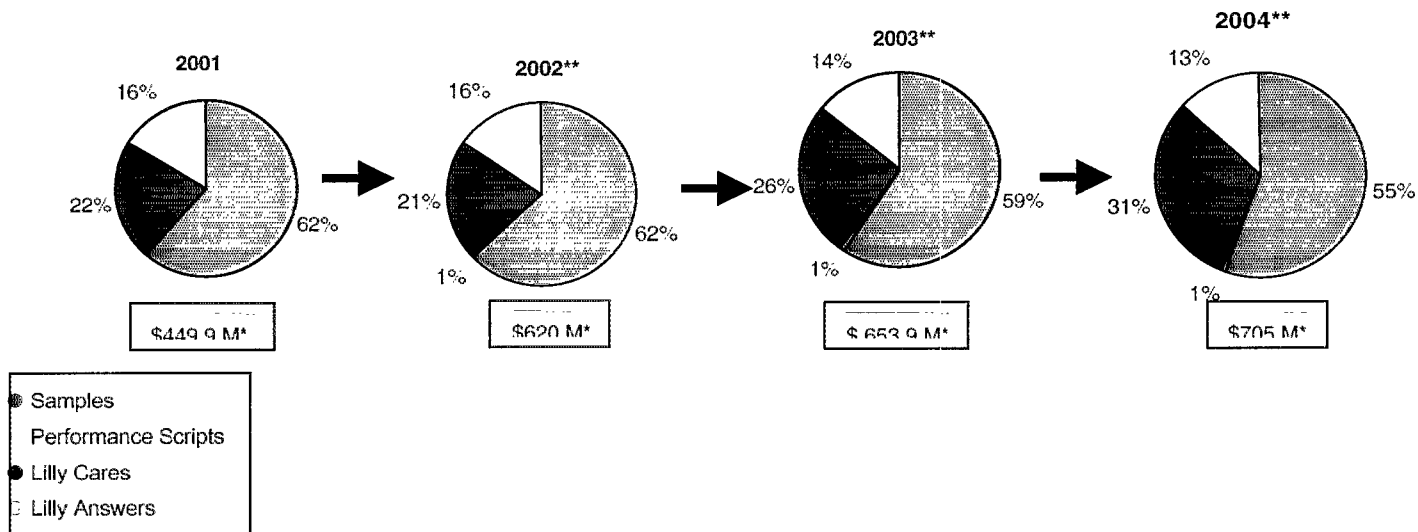
Zyprexa's participation in Lilly's free-goods programs has enabled it to deliver on its brand promise as a "committed, collaborative" leader in "moving lives forward." Currently, the brand offers four different free-goods programs to assist patients ranging from first-timers, to those in need of indigent care. These programs consist of the following:

| Free Good Program | Patient Recipient | Explanation |
|----------------------------|--------------------------|--|
| Samples | New Patient | Two week supply for new starts |
| Performance Script Coupons | New Patients | 30 day supply for new starts (preferred by physicians who do not accept samples or travel between sites) |
| Lilly Cares | Indigent Care | Temporary assistance to receive medication (form submitted by health care provider based on patient information) |
| Lilly Answers | Seniors and Disabled | \$12 / month co-pay for those without coverage |

In 2002, free-goods will account for 18.6% of Zyprexa's total gross sales, which is expected to rise at a rate higher than sales over a projected two-year period. By 2004, nearly 25% (approximately \$1 billion) of Zyprexa's sales will be consumed by free-goods.

ZY 7300 141

2001 – 2004 Free-Goods Dollar Spend



Aware of this significant change and the popularity of free-goods in this competitive industry, the Zyprexa brand team will rollout its first Free-Goods Promotional Strategy to the field in Q1 of 2003. This strategy will enable the brand to invest its dollars in the appropriate free-goods programs, and will be focused on the two programs the brand team can impact most, Samples and Performance Scripts. The promotional strategy will entail the following:

- Capping the 2003 budget for Samples and Performance Scripts (only) at investment levels equivalent to 2002 spend (14%)
- Allocating free goods to Retail (65%), Primary Care (25%) and Institution (10%)
- Outlining the free-goods programs that drive market share with Zyprexa's targeted customer segments: High-Flyers and Rule Bounds
- Utilizing samples at times of peak competitive intensity (e.g. Aripiprazole launch)

The strategy will be rolled out and managed at the district level and monitored by Payer Marketing and the Brand Personnel representing each promoting division. Prior to launching, representatives will be trained on how they can more effectively promote the usage of all four free-goods programs, and receive explicit instructions on the proper usage of samples and performance scripts as it pertains to the company's standard procedures surrounding GPP guidelines.

Savings from this adjustment to the Free Goods Program will total \$89.3 million in 2003 and \$189.7 million in 2004. The Free-Goods Promotional Strategy will be evaluated in accordance with annual marketing plan trade-offs.

Thought Leaders

Cross Brand Key Players: Thought Leaders

The Zyprexa Guild and Executive level Thought Leaders are well respected and acknowledged by their peers, other experts and key audiences as leaders and influence the thinking and the treatment practices of their peers at a national, regional or local level. Guild and Executive Thought leaders are experts in the disease and the diagnosis of the disease. They are typically in the academic setting (professors/researchers) and treat a minimal number of patients, if any. The Guild and the Executive Thought Leaders usually serve on the academic advisory boards, providing feedback to the Zyprexa Product and Brand Team.

The Consultants currently have greater clinical experience and are primarily responsible for continuing to shape and to define Zyprexa as extraordinary in moving lives forward in the bipolar and the schizophrenia marketplace. The Consultant Thought Leaders are the core advocates between the Guild and those at the regional and local levels, and are on our demand realization advisory boards. These clinicians are a critical component of successful DTP interventions and stimulate the physicians at both the regional and the local level.

Schildkraut_08/09/02

Confidential

53

Plan based on \$104.9M soft targets. Buy-ups to be discussed at BC III.

ZY 7300 142

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| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Dissemination of the most-current product information and/or data to influence the thinking and the treatment practices beyond their local markets. |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> To ensure we develop and sustain relationships with our important long term partners at national, regional and local levels by meeting their needs and building their skills so that information is appropriately disseminated. |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I (Guild and Executive Thought Leader) am an international / national expert in the disease and its treatment...ask me and I will teach you I (Consultant Thought Leader) am an expert in the disease and its treatment...ask me and I will teach you |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> There are significant unmet needs in Schizophrenia and Bipolar Let me teach you and show you |
| Behavior | <ul style="list-style-type: none"> TBD |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> Thought leaders prefer to be engaged based on their knowledge and expertise of the disease state. Shaping of their opinion is best accomplished utilizing an indirect, consultative, manner. Examples of vehicles utilized for achieving both objectives include publication opportunities and speaking engagements. |
| Do's | <ul style="list-style-type: none"> Provide thought leaders with the most-current product information and/or data exposure so they can influence the thinking and the treatment practices beyond their local markets. Recognize T.L. as long term partners. Create opportunities to achieve both the Brand objectives and enhance the thought leaders' stature Recognize they are mostly High Flyers and Skeptical Experimenters |
| Don'ts | <ul style="list-style-type: none"> Show inconsistency with contact person or follow-up. |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Lilly is the premier Neuroscience company and I want to work with them Zyprexa provides dependable control that enables a therapeutic alliance that allows a patient to move their lives forward T.L. believes that value is related to total health care costs, not just the cost of the drug |
| Programs/Activities (promotional and non-promotional) | <ul style="list-style-type: none"> Thought leader plans to be developed per GMSO Advisory Boards Clinical Studies CME Programs NCCF RCFF IIT's Media Symposie Publications Health Outcomes Professional Organizations |

E-Business

OPEX constraints will not enable Zyprexa to capitalize on its E-Business strategy beyond minimally funding Zyprexa.com, which will be upgraded in Q3-4 2002.

Zyprexa.com is the brand portal through which all-external customers gain access to important information about schizophrenia and bipolar disease states, education, and the Zyprexa brand. It also contains tools that assist patients and families in screening for bipolar disorder and assist them in creating a better alliance between the patient and their physician; such as the mood disorder questionnaire, mood diary, and appointment calendar and treatment attitude scale. This portal also allows customers and health care professionals to order patient education information from the website. Many other e-areas of the organization drive traffic to Zyprexa.com through banners and links such as Lilly.com, WebMD, Medscape (the number one physician portal), and LillyConnect. Presently about 100,000 unique visitors enter Zyprexa.com per quarter of which 10% are health care professionals. This is a 30% increase from last Q2 last year.

Schildkraut_08/09/02

Confidential

54

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ZY 7300 143

Approximately 46% of these visitors are looking for bipolar patient information. Also, approximately 30,000 visitors entered the word "Zyprexa" in a search engine last quarter to ultimately get to our website. With the anticipated increase of traffic due to the bipolar awareness campaign (tv and on-line) approximately 500,000 visitors will have entered Zyprexa.com this year of which 10% are health care professionals. There is tremendous potential to impact these customers through our website if we continue to utilize this channel as an important component of our marketing mix.

Journal Advertisements

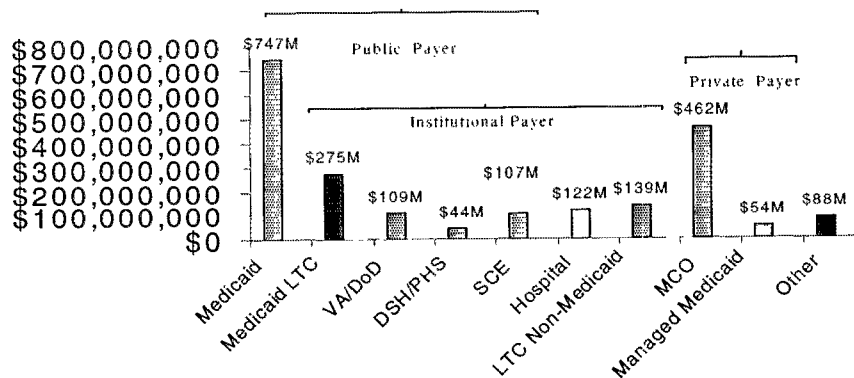
Journal Advertising spending has decreased by \$600k, with none being used by PCP. Zyprexa has sought to hold onto premium journal space as much as possible with the intention to pulse the marketplace at the launch of Aripiprazole and IM. Journal advertising is being used to make up 10% overall exposures with journal spend.

Payer Access

Maintain Equal Status to all atypicals and Unrestricted Access to all prescribers

Zyprexa Sales: 60% paid for by Public Funds

Greater than 60% of Zyprexa sales are paid for by public funds, including Medicaid, which is 48% of sales. In many cases, the State Medicaid formulary is the formulary of reference: LTC, DSH/PHS, State Contract Entities and Managed Medicaid all may reference the Medicaid formulary. However, being on the Medicaid formulary does not ensure access in all segments. Each segment has its own formulary that Zyprexa must be on to generate the dollars the corporation is requesting.

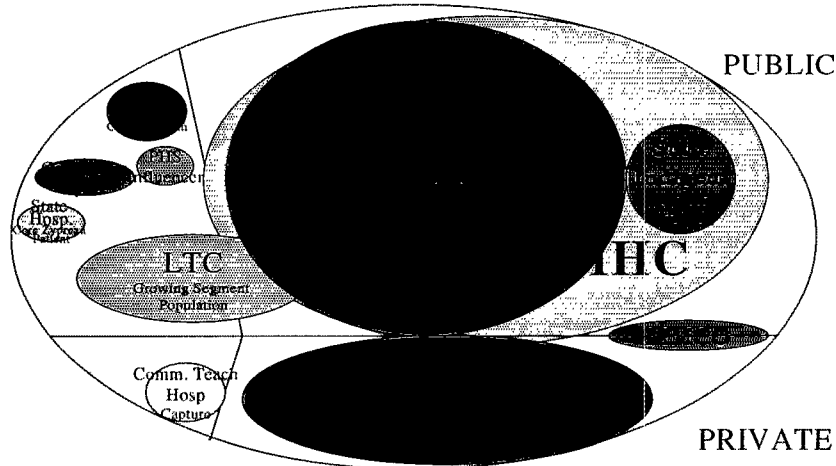


Provider/Payer Overlap – Relationship Between Public, Private and Institutional Payers

The chart below details the overlap of Institutional Payer/Providers with Public and Private Payer/Providers. LTC Zyprexa sales are from both public and private payer sources. Since Medicaid is the primary payer in LTC, Medicaid drives the LTC consultant pharmacist organizations' formularies. CMHCs most often act as providers since CMHCs do not have outpatient pharmacies and both Medicaid eligible patients and state indigent patients are seen in CHMCs. Community Hospitals and DSH/PHS facilities are both very small portions of Zyprexa sales, but have a large influence due to the patient capture opportunity. Managed care is a large payer and growing.

ZY 7300 144

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Access in 2002 – Success with Public and Private Payers

To date, Lilly USA has been very successful in keeping access to Zyprexa across payers and providers. Zyprexa is available on all 50 State Medicaid formularies and the majority of managed care organizations. Zyprexa is beginning to encounter formulary restrictions from those payers who have fixed budgets, primarily VA/DoD, DSH/PHS and State Contract Entities. These entities are usually given a fixed budget for a given period of time, which is often independent of patient volume for that given period of time. To manage their budget, they limit access to expensive medications. Managed Medicaid plans looked at restricting access to Zyprexa due to low patient capitation rates, but to date no plans have moved against Zyprexa.

Lilly Coverage by Segment – Zyprexa is Primary Product for AEs in 2002 and 2003

All organizations in Business-to-Business and State Government Affairs have some portion of their metric focused on maintaining access to Zyprexa. For the Lilly organizations that focus on the Public Payer, Zyprexa will continue to be the primary formulary metric in 2003. For managed care, Zyprexa will be a smaller portion of the Account Executives' overall metric as new products are launched. Hospital Accounts Executives metrics are weighted more heavily for [redacted] than Zyprexa. Just like in the sales organizations, Account Executives will have to learn to manage a broader portfolio in 2003.

| Segment | # of Accounts 2002 | 2002 # of AEs | Zyprexa Weight 2002 | 2002 FTEs | 2003 # of AEs | Zyprexa Weight 2003 | 2003 FTEs |
|---------------------------|--------------------|---------------|---------------------|-----------|---------------|---------------------|-----------|
| Lilly Field | | | | | | | |
| Ally Specialists Advocacy | 65 | 13 | 90% | 13 | 13 | 80% | 10 |
| Fed Government Fed Gov | 173 | 17 | 60% | 10 | 19 | 50% | 10 |
| LTC LTC | 12 | 4 | 100% | 3 | 6 | 80% | 5 |
| Hospital Hospital | 760 | 66 | 26% | 11 | 36 | 20% | 11 |
| MCO MCO | 340 | 66 | 20% | 17 | 36 | 10% | 8 |
| GPO GPO | 8 | 3 | 20% | 1 | 3 | 20% | 1 |
| SGA Legislators/Mgr | 30 | 16 | 90% | 16 | 16 | 80% | 13 |

Significant issues
 Issues
 Adequate

*Increase focus through better account alignment and metrics with current AEs

Optimal Coverage by Segment – Increases Needed to Optimally Cover the Institutional Segment

In each segment of business there are many accounts on which Lilly could choose to call. As an example, in Managed Care, Lilly account executives call on 340 managed care organizations, out of a universe of 800 organizations. Lilly made the decision not to call on all 800 because the investment/return ratio did not indicate the need for coverage. In other segments, the investment/return ratio has not been fully capitalized. If coverage were expanded to cover additional decision-makers for providers of care in the public segment, Lilly would have a better opportunity to attain/maintain Zyprexa on formulary and hence drive greater sales in the segment.

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56

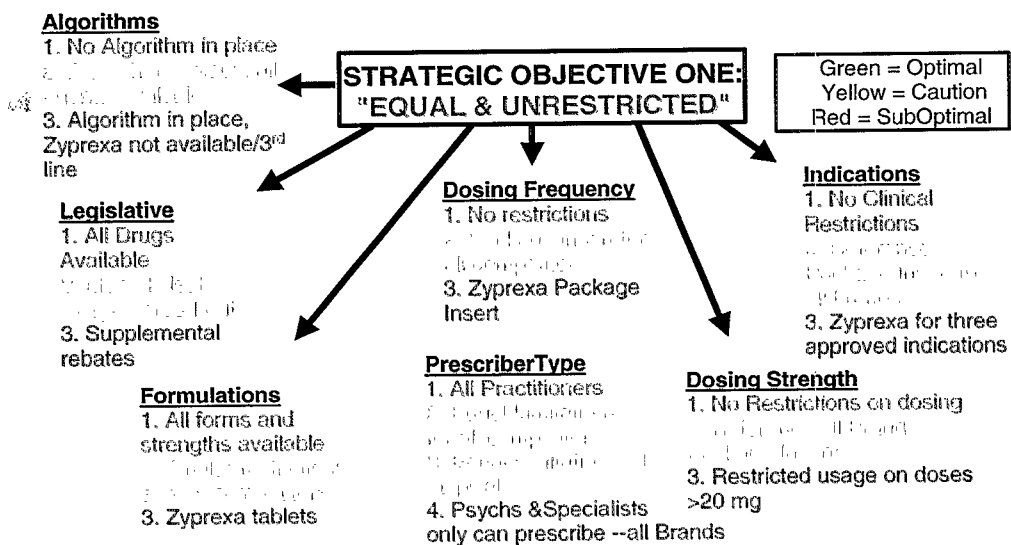
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ZY 7300 145

To achieve more optimal coverage, headcount resources will be needed to cover important DSH/PHS accounts, state entities, especially corrections and some areas of the VA (7 PHD AEs, 2 VA, 2 LTC). It is likely that additional coverage for these segments will be achieved through reorganization in the Business-to-Business organization. Optimal coverage for community and teaching hospitals can be achieved through implementation tactics around account prioritization and metrics. Additionally, since advocacy is a key component to the success of the Zyprexa brand, as we broaden and deepen advocacy, three additional Ally Specialists will be required. One additional area where appropriate resources are critical is the Outcomes Liaison organization. The OLs currently are only staffed to appropriately cover Key Medicaid States and Key Managed Care Organizations. If the OLs are to expand their coverage to include decision makers in Institutional settings, the OL organization will need to be expanded by at least three individuals.

Methods to Limit Access – Categories of Restrictions

There are many decisions payers-providers can make in regard to patients' and physicians' access to medications. These are seven major categories that payers-providers can act on to support or limit access to Zyprexa. Green indicates ideal position that can be taken by a payer-provider. Yellow indicates that Lilly can support the restriction, but access will be limited and some sales are likely to be lost. Last, red indicates a position that Lilly is not comfortable supporting unless access is going to be compromised completely in that organization if Lilly does not support.



Zyprexa Access Position by Segment – Access in Public and Private Payers is High

Payers-providers have different ability, willingness and capacity to limit access to medications. Managed Care has the ability and will to limit access to Zyprexa, but do not have the capacity. Managed care organizations can only effectively manage 5-10 drug classes. Data from a PBM survey indicates that antipsychotics are 27 out of 29 categories in total spend that the PBM tracks in managed care.

State Medicaid organizations, until recently, have not shown the will to limit access to antipsychotic medications. The last round of state legislative sessions has shown that this is changing. Due to decreasing state budgets, Legislatures

| Segment | Legislative | Algorithms | Formulations | Dosing Strength | Prescriber Type | Dosing Frequency | Indications |
|--------------------|-------------|--------------------------|----------------|-----------------|----------------------|--------------------------|-------------|
| Medicaid | | Attempted not successful | Zydis - VT, MI | Oral | VA, State | Long | |
| GPO | | | | | | | |
| Community Hospital | | | | | | | |
| Federal Govt | | | | | | | |
| DSH/PHS | | | | | | | |
| Corrections | | | | | | | |
| State Hospitals | | | | | | | |
| LTC | | | | | | | |
| MCO | | MCO | | | Community, VA, State | Medicaid to Managed Care | |

and Bureaucrats are being forced to find ways to decrease state spending. Legislatures do not want to cut funding for programs that are important to their constituents; therefore, funding initiatives for the non-voting poor are the first target for funding cuts. To make these cuts the states' have to gain control (ability) to manage a drug formulary. Ability is gained by hiring PBMs, which 24 states have done.

For public payers and/or providers that are closed systems, all patient care is provided through that organizations i.e. State Hospitals, Correctional Facilities and VAs, and have the greatest ability and will, due to fixed budgets, to limit access to medications.

Public Payer - Medicaid and State Indigent – Payer of 50% of Zyprexa Sales

The public payer segment is composed of two main funding sources: State Medicaid and State Indigent Programs who together are responsible for over 50% of Zyprexa sales. Medicaid is a federally mandated entitlement program that is managed by each of the States' Medicaid department. Since Medicaid is an entitlement program, the states must provide the matching funds for all patients that meet the minimum federal eligibility requirements. State Indigent Programs are a variety of "programs" administered by the state for those unable to qualify for Medicaid Programs because of stringent income and/or disability requirements combined with significant paperwork requirements. States manage their own Indigent Patient programs and each program varies depending on the states' funding commitment. In the State Indigent programs the amount of funding a state allocates is fixed and program eligibility is driven based on income instead of degree of disability. Depending on a States' existing health infrastructure, these funds will provide care for patients in both inpatient (usually through State Hospitals and Disproportionate Share Hospitals) and outpatient (usually through Community Mental Health Centers and Public Health Service Clinics) settings.

Zyprexa is the number one pharmacy budget item in 50 of 50 states. As such, Zyprexa is the primary pharmaceutical target in the face of tremendous budgetary crises that each of the states is facing. Due to states' financial crisis, over 20 states have tried to implement legislatively approved, Florida-like supplemental rebate programs; and/or other programs designed to cut drug costs, the fastest growing item in their budget.

Programs for this Key Player total \$11.1 million, including \$1.5M for advocacy support.

| Zyprexa Strategic Opportunity | |
|-------------------------------------|--|
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Revenue: ~55% of Zyprexa; Medicaid accounts for roughly 50% of all Zyprexa dollars. Formulary Cornerstone: Medicaid manages its own formulary and in CMCHs, Medicaid to |

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| | <p>Managed Care and LTC, Medicaid is the reference for these organizations formulary development. This formulary has a direct influence on at least another 20% of sales.</p> <ul style="list-style-type: none"> Control and the Snowball Effect: At the Medicaid level, State's are slowly gaining tighter control of prescriptions within the states' Medicaid pharmacy budget through willingness to impose Supplemental Rebate mandates, Preferred Drug Lists, and Prior Authorizations and successfully implement in combination with third party PBM's. State Indigent programs are adopting medication restrictions. Once states demonstrate the capability and political will to impact pharmaceutical drug spend, tight formulary management will be routine practice in all states. |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Maintain Equal Status to all atypicals and Unrestricted Access to all prescribers |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> I manage to my budget, provide adequate care and keep as many constituents as content as possible |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Drug utilization is out of control because of sales rep promotion and DTC advertising Decreasing state revenues means states are forced to make a choice between providing excellent care to a few patients or adequate care to many patients Legislatures and Regulators manage the "issue at hand" and are highly influenced by current public opinion as well as lobbyists, consultants and advocacy organizations |
| Behavior | <ul style="list-style-type: none"> States are learning ways in which to gain formulary control as budgets tighten (Mandates of Supplemental Rebates, PDLs and Prior authorizations implemented through PBMs, Algorithm implementation, such as TMAP |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> Programs that support my individual needs Programs that impact my budget, quality of care and system inefficiencies Support programs for physicians around disease states/disease management, physician education, appropriate utilization of medications, appropriate recognition of illnesses and compliance |
| Do's | <ul style="list-style-type: none"> Provide naturalistic, segment specific data for use in decision making |
| Don'ts | <ul style="list-style-type: none"> Promotion that drives "inappropriate" utilization such as DTC advertising, unapproved indications or uses, etc |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Legislators, regulators, decision-makers, P&T members and thought leaders to believe that all atypicals and mood stabilizers should be available Decision makers believe that equal status is at a minimum cost neutral and provides better patient outcomes and that unrestricted access allows for appropriate treatment of the mentally ill. Believe that weight gain does occur with Zyprexa but it is manageable and diabetes/hyperglycemia occurs at comparable rates to other atypical antipsychotics |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> Support Open Access - Educate on complexity of disease state and that agents are not therapeutically interchangeable and therefore the agents work differently. Engage in Lobbying efforts to deliver messages to legislatures and write language into law to maintain open access. Utilize advocacy groups to carry message to legislatures. Engage PR firms to promote consequences of not having access to medications. Partner with CMHCs, Departments of Mental Health, Medicaid department on appropriate use, patient education and compliance and physician education. Support TMAP and XMAP algorithms that support access to medications. Believe Cost Neutrality/Outcomes Message - Provide Health Outcomes information, through state specific data where available, that supports cost neutrality message. Believe Comparable Rates Data - Delivery of naturalistic and segment specific data on comparable rates to Medicaid and state funded organizations by Lilly personnel. |

Institutional Payers – Community/Teaching Hospitals, VA, State Entities, Corrections, LTC – Fixed Budgets Dictates Behavior

The institutional payer segment is composed of 5 major institution types: 1) Community and/or Teaching Hospitals, 2) State Entities; State Hospitals and Departments of Corrections, 3) Dis-proportionate Share Hospitals (DSH) and Public Health Service Clinics (PHS), and 4) Federal Government; Veterans Affairs (VA) and Department of Defense (DOD), and 5) Long Term Care (LTC). Four of these five institution types have some similarities to their behavior, the significant exception being LTC. The four of the more similar institutional types in this segment differentiate on two important distinctions: funding methods and patient flow. This segment is responsible for 19% of sales excluding LTC Medicaid sales and 34% of sales with LTC Medicaid.

Schildkraut_08/09/02

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59

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ZY 7300 148

VA, State Entities, and often DSH/PHS Entities are funded on a fixed budget for a given period of time, which is often independent of patient volume. In the case of community and/or teaching hospitals, and some portions of DSH/PHS Entities the reimbursement is contingent on patient volume. If patient volume increases they can receive more reimbursement, however the reimbursement they receive is a fixed amount per patient for a given service or for a given time period.

Patient flow can be thought of as a continuum with “closed systems” like the VA on one end, and more “open systems” like Community and/or Teaching Hospital on the other. In “closed systems” there is usually only one payer source. Patients cycle in and out, across emergency, inpatient, outpatient and other services depending on their need for care, but are unable to leave the “closed” system. In “open systems” there are usually multiple payer sources, but Medicaid and private payers predominate.

Programs for this Key Player total \$900K.

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| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> The institutions are often the location where a new or an acute patient will present |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Maintain Equal Status to all atypicals and Unrestricted Access to all prescribers |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> Provide adequate treatment to patients within budget |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Value of Zyprexa is hard to appreciate in this segment therefore, it is seen as an expensive agent <ul style="list-style-type: none"> Community/teaching hospitals are motivated to decrease length of stay because of fixed reimbursement per stay State hospitals and DSH/PHS manage to a fixed budgets and will provide adequate care to more patients versus high quality care to a few patients Correction facilities manage to a fixed budget and public perception barely supports adequate care for the incarcerated. Typically, only judicial or legislative mandates can impact standard of care for inmates VA views drugs as commodities and believe they should be able to make unilateral decisions, preferring one agent in a class, based on acquisition cost through a bidding process LTC focuses on the revenue from the difference between Medicaid reimbursement and price paid for product, including additional manufacturer rebates |
| Behavior | <ul style="list-style-type: none"> Control access to pharmaceuticals to stay within budget by implementation of algorithms, academic detailing, dose limitation, limited stocking, etc Necessity of managing to a fixed budget create actions that can be perceived as irrational, unethical and short-sighted |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> Provide product contracts Programs that support my individual needs Support programs for physicians and consultant pharmacists around disease states/disease management, education and appropriate utilization of medications |
| Do's | <ul style="list-style-type: none"> Negotiate contracts and provide rebates Provide program funding for my individual organization's needs especially programs providing support for indigent patients Proactively support programs for physicians around disease states/disease management, physician education, appropriate utilization of medications, appropriate recognition, side effects of illnesses and compliance Provide naturalistic, segment specific data for use in decision making |
| Don'ts | <ul style="list-style-type: none"> Promotion that drives “inappropriate” utilization Communicate that you do not appreciate my business by answering my questions with irrelevant information or resources who do not understand my business |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Decision-makers, P&T members, Purchasing agents, thought leaders to believe that all atypicals and mood stabilizers should be available Decision makers believe that equal status is at a minimum cost neutral and provides better patient outcomes and that unrestricted access allows for appropriate treatment of the mentally ill. Believe that weight gain does occur with Zyprexa but it is manageable and diabetes/hyperglycemia occurs at comparable rates to other atypical antipsychotics |

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|---|---|
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> • Support Open Access - Educate on complexity of disease state and that Agents are not therapeutically interchangeable and therefore the agents work differently through messages delivered by account executives and programs that support Open Access. Provide programs that support continuity of care • Believe Cost Neutrality/Outcomes Message - Provide Health Outcomes information, through customer specific data where available, that supports cost neutrality message. LTC – support programs on appropriate use of medication because this customer does not respond total cost of care information. Educate consultant pharmacists on appropriate product use. Information regarding outcomes associated with dosage use outside package insert guidelines. Support initiatives that help institution to manage high cost patients usually consuming high doses of medication. • Believe Comparable Rates Data - Message from plans, utilizing plan data where possible, to education physicians on comparable rates data. Delivery newest data on comparable rates to plans by Lilly personnel. |
|---|---|

Managed Care Payers – MCO and Medicaid to Managed Care – Payer of Growing Importance

The majority of the private payer segment consists of Managed Care that is funded from employers on behalf of individuals. A minority of Managed Care is funded by public funds usually directly from a State Medicaid Program, referred to as Medicaid to Managed Care. Managed Care is approximately 25% of Zyprexa sales. A small portion, roughly 3%, of total Zyprexa sales are derived from Medicaid to Managed Care, mostly due to enrollment of the ABD lives, which includes the patients suffering from Severe and Persistent Mental Illness (SPMI). Managed care organizations are motivated to keep members satisfied, so that they can grow/maintain their business. Since managed care organizations are for profit entities that must return profits to their shareholders. To increase profits, most managed care business models are focused on controlling access to services and medications in an effort to minimize expenses and maximize revenues.

In general, the antipsychotic and mood stabilizer class of medications are not a concern to typical managed care companies, unless the plan has ABD lives. Most accounts are comfortable with Zyprexa as an antipsychotic for schizophrenia but unfamiliar and uncomfortable with Zyprexa as a mood stabilizer. Even with their comfort and familiarity of Zyprexa for Schizophrenia, the value does justify the price premium. In instances where a plan does have enrollment of ABD, Zyprexa is usually a significant issue. It only takes a small number of ABD lives within a plan's enrollment to make Zyprexa the number one pharmaceutical budget item across their total book of business. This key player has the ability to limit PCP access to Zyprexa diminishing our success in the PCP market place.

Majority of Managed Care customers do not see pharmaceutical organizations as partners, but rather as expense drivers. Managed Care customers will partner with pharmaceutical organizations on initiatives that will provide patient satisfaction and deliver improved patient health.

Programs for this Key Player total \$2.4M.

| | |
|---------------------------------------|---|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> • Bipolar growth through recognition and treatment by PCPs is critical for overall brand growth. Effectively managing PCP access to Zyprexa will be a significant challenge • Segment has a proven ability to impact share. If this customer segment chooses to successfully apply restrictions to the atypicals and as PBMs move into the public payer segment, these organization will teach public payers how to effectively impact share. • Future Zyprexa success in this segment will depend on Bipolar patient capture |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> • Maintain Equal Status to all atypicals and Unrestricted Access to all prescribers |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> • Drugs are commodities and by limiting access I can meet my short-term, financial goals. |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> • Financial Motivation - Meet shareholders earnings expectations • Provider/membership satisfaction so long as it is achievable with my financial goals • Costs driven up through sales force promotion and DTC advertising |
| Behavior | <ul style="list-style-type: none"> • Control access to services and pharmaceuticals to control costs • Negotiate with Pharmaceutical companies for rebates to decrease cost of doing business |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> • Provide product contracts |

Schildkraut_08/09/02

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61

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ZY 7300 150

| | |
|---|--|
| | <ul style="list-style-type: none"> • Programs that support my individual needs • Programs for physicians around disease states / management, physician education, appropriate utilization of medications and recognition of illnesses and compliance • Provide naturalistic, segment specific data for use in decision making |
| Do's | <ul style="list-style-type: none"> • Negotiate contracts and provide adequate rebates • Provide program funding for my individual organization's needs • Proactively support programs for physicians around disease states/disease management, physician education, appropriate utilization of medications, appropriate recognition, side effects of illnesses and compliance • Provide naturalistic, segment specific data for use in decision making |
| Don'ts | <ul style="list-style-type: none"> • Limit access to information or ignore my needs • Communicate that you do not appreciate my business by answering my questions with irrelevant information or resources who do not understand my business |
| How We Want Them to Think and Act | |
| Marketing Objectives | <ul style="list-style-type: none"> • Decision-makers, P&T members, Purchasing agents, thought leaders to believe that all atypicals and mood stabilizers should be available • Equal status is at a minimum cost neutral and provides better patient outcomes and unrestricted access allows for appropriate treatment of the mentally ill. • Believe that weight gain does occur with Zyprexa but it is manageable and diabetes/hyperglycemia occurs at comparable rates to other atypical antipsychotics |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> • Support Open Access - Educate on complexity of disease state and that Agents are not therapeutically interchangeable and therefore the agents work differently through messages delivered by account executives and programs that support Open Access • Believe Cost Neutrality/Outcomes Message - Provide Health Outcomes information, through customer specific data where available, that supports cost neutrality message. Delivery message on appropriateness of PCP prescribing based on practical, economic and clinical information to maintain unrestricted access. Messages and programs from plans to physicians on appropriate treatment and recognition of Bipolar disorder. • Believe Comparable Rates Data - Utilize plan data where possible, to education physicians on comparable rates data. |

Programs and Spending to Support Access Were Critical to Maintaining Access in 2002

As discussed previously, States are beginning to gain the ability and will to institute controls that will allow them to tightly manage their formularies. Florida is a case study of what Lilly, and more specifically, the Zyprexa brand, spent to maintain access in Florida the dollar sales saved by maintaining access.

Maintaining Access in Medicaid – Florida

ZY 7300 151

Florida contracted with a PBM to gain control over their formulary. The PBM asked for supplemental rebates in excess of 10% greater than the 15.1% that is required by law, for the opportunity to be on the Medicaid formulary. Lilly's current policy is to not pay supplemental rebates. Lilly, and other pharmaceutical companies worked to gain mental health exemption language, while Pfizer negotiated a special deal with Florida so that by providing disease state management services, all of Pfizer's products would be on formulary. Pfizer's contract with the state of Florida states that the DSM services will save the state \$16M or Pfizer will pay the difference between the \$16M and the savings from the DSM services. The Zyprexa brand spent \$550K in Florida to save \$6M in supplemental rebates payments and protect Zyprexa sales of \$60M.

| | Lilly | Pfizer |
|--|--|---|
| Sales | \$73.1M – Zyprexa, | \$71.9M – Lipitor, Norvasc, Viracept, Zoloft, Zithromax, Zyrtec |
| Expenditures | \$552K | Unknown |
| PR | \$150K | Yes |
| Contract Lobbyist | \$65K | Yes |
| Advocacy | \$337K | Yes |
| Approach | Mental Health Exemption Program Support - \$300K | Guaranteed Savings - \$16M Lieu of Supplemental Rebates |
| Savings from not paying supplemental rebates | \$7.3M | \$7.2M |
| Potential Sales Lost if Preferred Drug List successfully implemented | \$18.6M | \$18.3M |

Spending to maintain access can best be explained through a military analogy. To support access in Medicaid, Lilly has to be active in the State or Maneuver. Maneuvering means retaining a public relations firm and contract lobbyist as well as supporting advocacy. If Medicaid begins to move against the pharmaceutical industry, or flares up, Lilly goes in and a skirmish ensues. A skirmish may mean generating specific state data, mobilizing advocacy, and engaging the PR firm and contract lobbyist all to bring pressure on the state to not enact the formulary change. A battle ensues if the State is highly motivated to restrict access to medications and has the ability and will to see the restrictions put in place, a la Florida. The primary Lilly organization that works to keep access in Medicaid is the SGA organization. Lilly is active in 31 states in 2002. More states in 2003 are expected to try and limit access to pharmaceuticals in Medicaid.

| | Maneuvers | Skirmish | Battle | Total |
|-----------|-----------|-----------|-----------|-------------|
| 3 States | | | \$500,000 | \$1,500,000 |
| 20 States | | \$350,000 | | \$7,000,000 |
| 8 States | \$200,000 | | | \$1,600,000 |

Partnering with Customers

Lilly can partner with customer's in three ways, LHIF grants, B2G Funds and Brand Funds.

LHIF budget was initially approved in 1999 because our customers reported to Lilly a need for pharmaceutical companies support and reported that many of our competitors had already responded to our customers' needs. LHIF grants allow our account executives to develop deep customer relationships and bring value-added services to our customers.

Business to Government Funds are to support the Business to Government organization, a virtual organization composed of the MPAs and Allied Specialists which reside in the State Government Affairs Group and the Account Executives from the Public Health Division which reside in the B2B organization. The objective of Business to Government is to meet the needs of our state public payer customers, to maximize the access and quality of care for mental health care consumers and to optimize access to state-of- the-art technology.

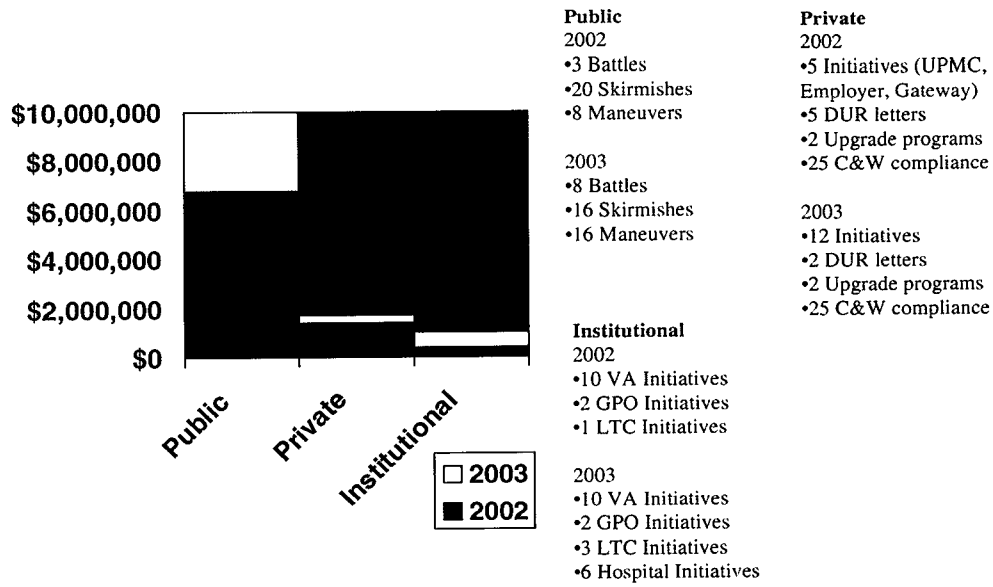
BtoG mission is to create an optimal combination of private sector and public sector competencies and techniques to deliver sustainable long-term access and pull-through opportunities for Zyprexa and the new product portfolio. Tactically, BtoG invests in initiatives that demonstrate the value of pharmaceuticals and enhance our customers' healthcare delivery in the areas by:

- Working collaboratively with key public payer customers to bring answers to their priority problems
- Focusing resources on cost savings, enhanced access and quality improving differentiators
- Balancing short-term priorities with long-term partnership goals

The objective of **Brand** funds is to collaborate with customers on patient care and/or physician education around the product's indications and/or related disease states in a win/win fashion. Only brand funds can be used to support initiatives around Zyprexa, but brand funds can also be used to support the disease state as well.

| | LHIF | B to G | Brand |
|--------------|--|---|--|
| Description | Non-branded, customer development funds to promote excellence in patient care and/or support a specific legitimate educational purpose | Funds designed to impact the public payer environment for Lilly portfolio to succeed | Funds to support the brand and its specific disease state |
| Purpose | Create a working relationship | Enhance public payers' healthcare delivery | Win/win collaborations |
| Examples | <ul style="list-style-type: none"> •Veterans Stand Down Program •Heart Healthy Lifestyle Programs •Sentara Life Coaches for patients suffering from schizophrenia | <ul style="list-style-type: none"> •Lilly Answers •Disease State Education Programs – Hope on the Streets •Arkansas Diabetes pilot through CDS | <ul style="list-style-type: none"> •Medicaid Eligibility for Patients with SPMI in CMHCs •X-MAP algorithm collaborations •Kaiser/Lilly bipolar compliance program •Agitation in Dementia Video |
| 2002 Dollars | \$9M* <small>*across all of B2B</small> | \$10M | \$7M |

Planned spending of 2003 Brand funds provided to B2B/B2G is below:



Mental Health Advocacy Key Player

Mental Health Advocates represent key stakeholders in the Mental Health System in the US. As such they exert an incredible amount of influence on Policy makers, legislators and regulators. They also have both direct, and indirect (primarily through the media) impact on both public and private payers. As a community of advocates they represent one of, if not the most powerful patient/consumer movements in the US. Only the AIDS and Breast Cancer coalitions would be considered their peers.

Their experience and sophisticated organizational structure makes them especially important in issues affecting the public mental system. It is this arena, one that has grown dramatically in importance to Lilly, that Mental Health Advocates value escalates dramatically. It may be fair to question whether any of Lilly's efforts to stem the tide of restrictive formularies or Prior Authorizations would have been successful if Advocates had not spearheaded the effort. They possess the credibility and trust of the local community and they speak on behalf of constituents of elected officials.

If these organizations didn't exist, as they do not with other therapeutic categories of interest to Lilly, our ability to protect Zyprexa would be seriously hampered. Policy makers, legislators and payers care little about Lilly's interests. To them drugs are commodities only the price of which needs to be discussed. Much of our value proposition message would fall on deaf ears if Advocates were not willing to demand "Open Access".

Programs for this Key Player total \$3.2 Million...Recommend Zyprexa share of\$2.1Million

| | |
|---------------------------------------|---|
| | Zyprexa Strategic Opportunity |
| Zyprexa Strategic Importance | <ul style="list-style-type: none"> Open Access remains a key challenge for Zyprexa in '03. Every State will be exploring ways to reduce Medicaid Rx spend and Zyprexa will continue to be targeted. Any share growth will be greatly impacted by PCP bipolar mania awareness activities. These will be better done in partnership with Advocates to minimize backlash from public and private payors. |
| Lilly Strategic Importance | <ul style="list-style-type: none"> Open Access, Disease Awareness, Public Policy, Regulatory Affairs and Media Issues Management in Mental Health will remain critical issues for Lilly Neuroscience for years to come |
| Zyprexa Marketing Goal | <ul style="list-style-type: none"> Maintain Equal Status to all atypicals and Unrestricted Access to all prescribers |
| | Key Player Mindset and Action |
| Statement Defining Key Player | <ul style="list-style-type: none"> Consumers should have unrestricted access to appropriate treatments and providers should be allowed to make clinical decisions that aren't directed merely by cost. |
| Motivation, Attitudes, Beliefs | <ul style="list-style-type: none"> Mental illness is difficult to treat and best results occur when the correct treatment is provided early. Consumers suffer many forms of challenges and access to appropriate treatment shouldn't have be one of them. Newer medications offer the hope of recovery & reintegration and the system needs to make that hope a reality for all consumers. |
| Behavior | <ul style="list-style-type: none"> Untiring willingness to do "whatever it takes" to see that consumers get what they need. Intricate understanding of how "The System Works" allows them to impact systemic issues. High degree of loyalty to their causes and partners with whom they work. |
| | Marketing Preferences |
| Marketing Preferences | <ul style="list-style-type: none"> |
| Do's | <ul style="list-style-type: none"> Engage me in plan development Give me better tools with which to fight Help me get to the right people Support non Rx related systemic needs Be honest with me about your issues & problems |
| Don'ts | <ul style="list-style-type: none"> Ask me to "endorse" particular treatments Treat me like a vendor Be a fair weather friend Ask me to do anything that compromises my credibility |
| | How We Want Them to Think and Act |
| Marketing Objectives | <ul style="list-style-type: none"> Open access issues are critical and should therefore be fought whenever they occur. Proper medication choices should be provider & consumer driven, and any attempts to impede them should be opposed. Patients with SMI also have other medical problems (eg. Diabetes, Hypertension) that need to be recognized & addressed. |

Schildkraut_08/09/02

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66

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ZY 7300 155

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| | <ul style="list-style-type: none"> • Patients with SMI's still remain undiagnosed & treated & that needs to change. • Stigma remains a major obstacle to Dx & Tx and must be eradicated. |
| Programs (promotional and non-promotional) | <ul style="list-style-type: none"> • Support Open Access – Maintain their ability to provide support of and technical assistance to local & regional affiliates who make up the front line troops in all State Medicaid Formulary battles by supporting the National Campaigns of NAMI, NMHA & NMDA as well as several other smaller but critically important Mental Health Advocacy Groups. • Organizational Development- Continue to provide resources through their campaigns to allow them to maintain staff support needed for National & Local Mental Health policy issue engagement. Included in this are developing programmatic themes around Criminal Justice and Co-occurring Disorders, Housing, job development and Minority Outreach initiatives. • Disease Awareness Campaigns- Invest in the expansion of successful pilot programs for PCP Awareness of BPD, and begin development of consumer education related activities. |

Health Outcomes

Brand Equity data tells us that the areas where we are the weakest in scientific support of our brand promise are significant drivers of business. The lack of foundational support for 'Therapeutic Alliance' and 'Moves Lives Forward' is something that health outcomes data will be critical in helping us to address.

It is important to understand that health outcomes plays a role in two critical areas: 1) providing data to support our brand promise, and 2) providing data in support of our payer message. The current identified priorities have been an attempt to take both of these areas into account. Going forward, it will be critical to more effectively get U.S. Health Outcomes more actively involved in developing scientific communications to effectively support our brand promise.

In the table below are the programs in the 2003 Health Outcomes business plan along with their priority rating. The prioritized SDD/NRT data dissemination plan is included at the end of this document. As was the case with the medical plan, this plan is a "snapshot in time" and will be changed to reflect tradeoff decisions and budgetary priorities.

| Program | 2003 Cost | Topic |
|-----------------------|--------------|--|
| VA Studies | \$275,000.00 | Better outcomes at no increased total cost. |
| Medicaid Studies | \$275,000.00 | Costs, use patterns, baseline differences in users |
| SCAP | \$600,000.00 | Antipsychotics are not interchangeable. |
| St. Hospital Outcomes | \$225,000.00 | Zyprexa associated with better outcomes. |
| Abilitat Studies | \$75,000.00 | Examine uptake of this competitor. |
| IMS Database Refresh | \$100,000.00 | Maintain Database for pts with SMI. |
| BIDES | \$700,000.00 | OLZ leads to better patient outcomes than D. |
| Rehab Readiness | \$100,000.00 | Z offers better functional outcomes than Risp. |
| Competitive/Safety | \$75,000.00 | Analyses to respond to ad hoc safety issues. |
| PCP Database Anal. | \$125,000.00 | Bipolar Antipsychotic prescribing patterns. |

Scientific Messaging Effectiveness

A major goal for the year 2003 is to examine how scientific messaging influences our customers' perceptions. We traditionally expend considerable effort in studying our promotional messages. It is the intent of this project to get the same level of understanding about the impacts of our scientific messaging processes. In order to get an effective understanding, it will be important whenever possible study differences among our physician segments in response to scientific messaging.

Some of the questions to be examined in this process include:

- Which journals do our customers read?
- What kinds of articles do they read?
- When reading a publication of a clinical trial, what sections do they actually read?
- What is the difference in perception when the data comes from an external versus Lilly-sponsored source?

Schildkraut_08/09/02

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67

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ZY 7300 156

- What are the impacts of using external authors?
- Are messages more effective when they are explicitly and affirmatively stated; do some physicians ignore these and draw their own conclusions from the data.
- What kinds of data are more persuasive? Which scales do our prescribing customers respect?
- Which messages can be effectively conveyed with case reports?
- How can slides be made to more effectively convey messages?
- How effective are our DTP events, symposia, and CME programs?

In addition, this market research can help get important external validation of the 'Rosetta Stone' plan.

Pricing

On October 1, 1996, Zyprexa was launched into the antipsychotic market. Initially, Zyprexa 10 mg was priced at a slight discount to the equivalent Risperdal dose of 6 mg. Over time however, the average daily dose of Risperdal declined, because of an elderly patient focus, and Zyprexa increased after an incorrect launch dosage, to a point where comparisons between weighted average doses NWP showed Zyprexa priced at a premium to Risperdal.

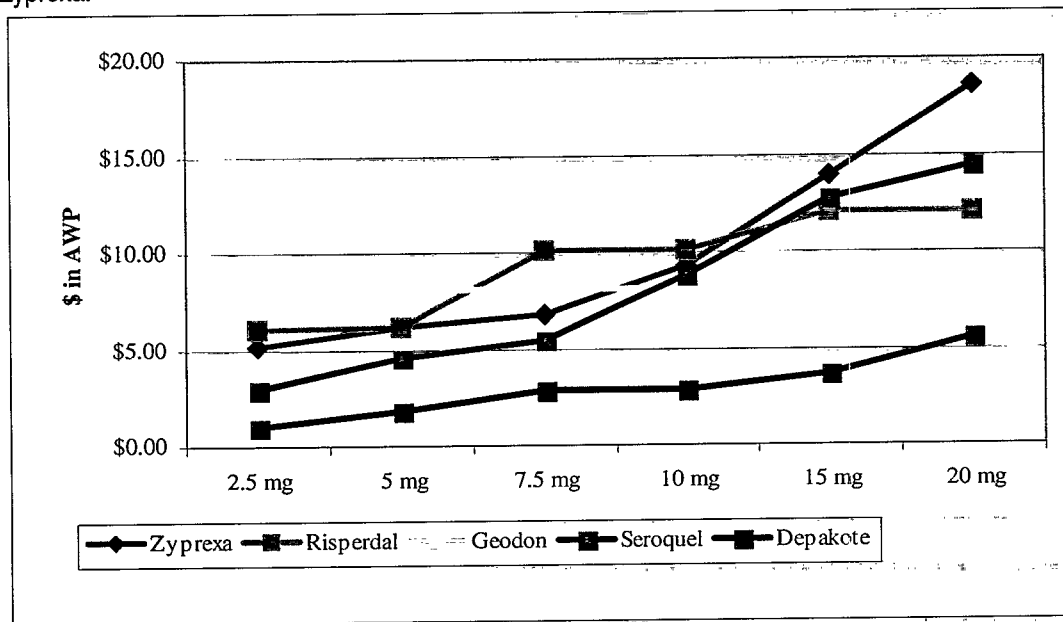
From an access standpoint, Zyprexa elected to anchor a rebate strategy around a focus on equal access as opposed to preferred status, with the goal of maximizing BUC. As of June 30, 2002, contracting has kept almost all doors of access open to Zyprexa. However, complaints of high cost compared to competitors have intensified greatly with recent market entrants and the struggling economy and lack of funds at the state level.

Zyprexa's pricing goals are to:

- Maximize BUC in the short term
- Establish a rebate stream for customers
- Establish contracting relationships with targeted customers that can be quickly modified over time

Competitive Landscape

A comparison of Zyprexa against equivalent doses of Risperdal, Geodon, Seroquel, and Depakote shows that Zyprexa is actually a lower cost option at the 2.5, 5, and 7.5 mg strengths (these doses are used mostly in our opportunistic targets). However, Zyprexa emerges as the most costly treatment options at doses of 10 mg or higher (these doses are used in primary target segments). The graph below depicts the equivalent cost of our competitors for each strength of Zyprexa.



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68

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Competitors have taken advantage of the price discrepancy and the perception in recent years by taking annual, and in many cases semi-annual, price increases that collectively exceed the rate of inflation. Please see the table attached below showing competitors' pricing increases in the past years.

Risperdal

| Date | % Increase | Months After Prior Increase |
|---------|------------|-----------------------------|
| 1/7/99 | 4.9% | 9 |
| 9/16/99 | 4.0% | 8 |
| 9/8/00 | 4.9% | 12 |
| 6/14/01 | 4.9% | 9 |
| 3/8/02 | 3%-5.4% | 9 |

Seroquel

| Date | % Increase | Months After Prior Increase |
|-----------|------------|-----------------------------|
| 3/23/98 | 4.0% | 10 |
| 11/11/99 | 4.0% | 8 |
| 8/1/00 | 4.0% | 8 |
| 6/15/01 | 3.9% | 9 |
| 5/16/2002 | 4.1% | 10 |

Depakote

| Date | % Increase | Months After Prior Increase |
|---------|------------|-----------------------------|
| 8/3/99 | 3.0% | 7 |
| 2/2/00 | 6.9% | 6 |
| 1/3/01 | 4.9% | 11 |
| 1/2/02 | 5.9% | 12 |
| 4/30/02 | 1.6-1.9% | 3 |

Geodon

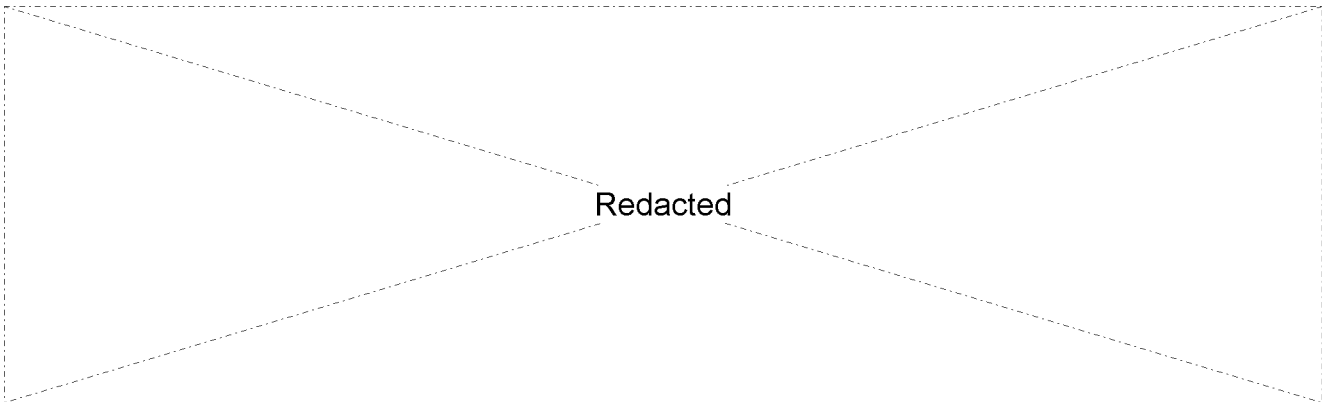
| Date | % Increase | Months After Prior Increase |
|--------|------------|-----------------------------|
| 7/1/02 | 5.5% | 16 |

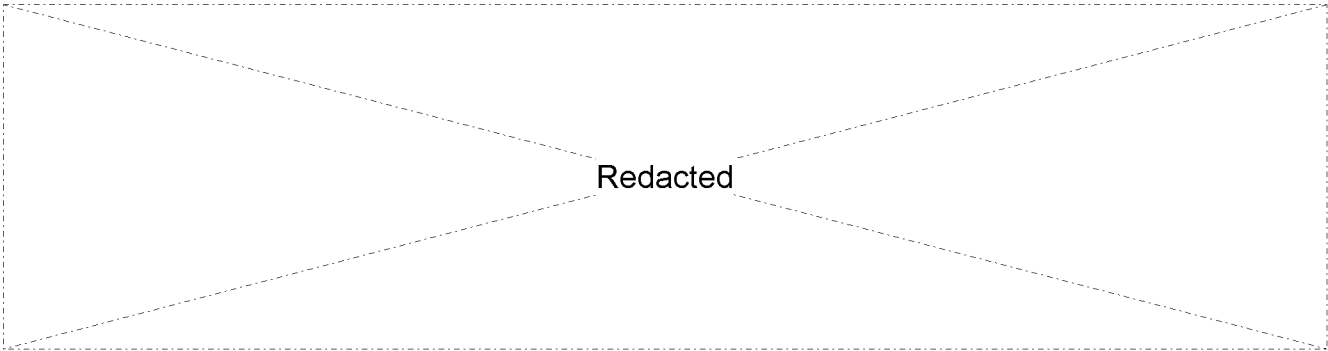
Zyprexa

| Date | % Increase | Months After Prior Increase |
|----------|------------|-----------------------------|
| 1/1/99 | 2.6% | 12 |
| 12/31/99 | 2.9% | 12 |
| 12/15/00 | 3.9% | 12 |
| 12/13/01 | 3.7% | 12 |

Zyprexa Zydys

| Date | % Increase | Months After Prior Increase |
|----------|------------|-----------------------------|
| 12/13/01 | 4-4.2% | |





Scenario Analysis

After analyzing the recent events and trends, there appear to be three scenarios that could become reality for Zyprexa and significantly impact Zyprexa's transaction price. By transaction price, we mean the actual amount of dollars Lilly receives for selling one package of Zyprexa. Because these scenarios could potentially impact the effective price, we will outline the likely timing and financial impact of each, and then identify the tactics either currently underway or scheduled in the near future to prevent or address each scenario.

Scenario #1: Federally Mandated Pricing

All pharmaceutical products purchased by Medicaid receive a guaranteed best price. For the most part, this translates into a discount of 15.1% off of the Average Manufacturer's Price. While this is certainly a significant discount, select government groups such as the Department of Defense, Veteran's Administration and Coast Guard are able to purchase pharmaceuticals at an even greater discount based on the Federal Supply Schedule, or FSS. FSS grants a discount of 24% off of AMP, as opposed to only 15.1% for Medicaid. Nonetheless, each 1% change to the mandated discount equates to roughly \$100 million for Zyprexa in 2003. This scenario assumes an increased discount from 15.1% to 24%.

Likely Timing: July 1, 2003
Likelihood of Occurrence: Low
12 Month Financial Impact: (\$180 million)

Scenario #2: Five States move to Supplemental Rebates

As state budget pressures continue to rise, so does the likelihood of multiple states enacting supplemental rebates beyond the mandated Medicaid 15.1%. Several states currently have supplemental language implemented, but with mental health drugs carved out. If a group of five states is successful in instituting an increased Zyprexa rebate in 2003 of up to 10% beyond the standard 15.1%, Lilly would pay out as much as \$29 million additional dollars. Business-to-Government is currently working to assist public payers in reducing the costs of the delivery care to preserve access and product revenues.

Likely Timing: Q4 of 2002 through Q2 of 2003
Likelihood of Occurrence: Moderate
12 Month Financial Impact: (\$29 million)

Scenario #3: Competitive Launch with "Celexa-like" Uptake

Note: While a competitor could use price as a tactic in entering the market, this section is NOT intended to predict likely launch strategies of our future competition, or outline optimal Zyprexa responses. Instead, the purpose of this segment is merely to quantify the impact on Zyprexa if a competitor were able to replicate the market uptake of Celexa in the antipsychotic market.

On the competitive horizon, one product appears to pose a legitimate threat to Zyprexa in the next two years. Bristol-Meyers Squibb intends to launch an antipsychotic called Abilitat in Q4 of 2002. In August of 1999, Celexa entered the antidepressant market and garnered 5% of the TRX market share in just twelve months. During that same time, [redacted] As of June 30, 2001, Zyprexa has 26.4% of the antipsychotic TRX market. Irrespective of price, if a competitor were able to take share from Zyprexa [redacted] Zyprexa would see a decline in sales of \$80 million over a twelve-month period. In order to adequately prepare for competitive launches over the next two years, the Zyprexa brand team continues to develop and implement

strategies to prepare for Abilitat, Risperdal Depot, Geodon IM, and Seroquel flat price. From a franchise perspective, Zyprexa's product portfolio with the Intra Muscular and additional strengths of Zydys can continue to gradually increase rebates over time to dissuade payers from switching to a newer product.

Likely Timing: Q4 of 2002 and 2003
Likelihood of Occurrence: Moderate
12 Month Financial Impact: (\$80 million)

Pricing Tactics under Consideration

As part of the ongoing Price Value Project, we have analyzed 12 different pricing tactics that could be used to adjust our pricing strategy. The write-ups below represent a preliminary analysis and should not be interpreted as exact figures. A complete analysis of the most feasible tactics will be completed as part of the Price Value Project, which will then culminate into a recommendation.

Tactic # 1: Flat Price the 20 mg

One option is to reduce the list price of the 20 mg, currently \$15.52 NWP, to equal that of the 15 mg, or \$11.64 NWP. This change would not only reduce the cost per day of those patients taking 20 mg per day, but it would also reduce by \$4 per day the daily treatment cost of any using more than 20 mg, assuming that to get to doses above 20, patients took a 20 mg tablet plus an additional tablet of the appropriate strength. Based on the current forecast for 2003, this price reduction would result in approximately \$145 million.

2003 Financial Impact: (\$145 million)

Tactic # 2: Flat Price all Strengths

Physicians and payers both mention the ease and flexibility of products with flat pricing across all strengths. Currently, Geodon is the only competitor in the antipsychotic market with a completely flat pricing structure. For the entire brand to break even in terms of net sales, all strengths of Zyprexa would need to be priced at an NWP of approximately \$8.20. This calculation also assumes no change in volume at any strength. In order to create this pricing structure, the prices of the 2.5, 5, and 7.5 strengths would need to be increased between 40% and 90%, with offsetting price decreases on the 15 and 20 mg strengths.

2003 Financial Impact: zero assuming no change in volume

Tactic # 3: High Dose Capitation in Medicaid

In order to limit Medicaid's exposure to high dose Zyprexa patients, one option would be to price protect them on such use. In order to do this, Zyprexa could charge for the 20 mg and then provide the titration dose free of charge. Assuming that 2% of all strength volume is used by patients to achieve doses > 20 mg, providing such strengths free of charge would eliminate roughly \$27 million in net sales. The added difficulty associated with this option is that very few if any of the Medicaid systems have the sophistication to track such use. One possible solution would be to conduct a quarterly or annual audit of Zyprexa prescriptions and then extrapolate the findings across the entire Zyprexa book of business for that time period.

2003 Financial Impact: (\$27 million)

Tactic # 4: High Dose Capitation in Managed Care

Granting the same high dose protection to managed care plans is also an option. Instead of actually providing a tablet for free, Zyprexa would be forced to estimate the premium associated with high dose use in managed care, and then rebate to offset such use. Eliminating high dose use in managed care is estimated at between \$10 and \$20 million per year. This option is not very attractive because high dose use is not the primary concern for managed care, and such a rebate could conceivably create a best price penalty for Medicaid, which could wind up costing the brand hundreds of millions of dollars in penalties.

2003 Financial Impact: (\$15 million)

Tactic # 5: Forego Zydys Upcharge

The current pricing guideline for all strengths of Zydys is to charge a premium of \$.99 over the oral tablet. Eliminating this upcharge would be a way of reducing the overall Zyprexa line item for many payers. Currently, there is a manufacturing

constraint on the number of tablets of Zydys that can be produced. Reducing the price of Zydys to equal that of the oral may entail arranging for additional manufacturing capacity to accommodate the increased demand. Based on 2003 estimated volumes, the cost of such a price reduction would be approximately \$18 million.

2003 Financial Impact: (\$18 million)

Tactic # 6: Nominal Pricing in Certain Segment

The Public Health System segment, including Disproportionate Share Hospitals (DSH) represents approximately 2% of US Zyprexa sales for 2001. Hospitals in this segment have received a special government designation that affords them special pricing concessions because of the disproportionate share of low-income and indigent patients served. PHS hospitals (referring to outpatient only), in particular, may receive deep discounts from pharmaceutical manufacturers without triggering Medicaid best price. However, pricing in PHS institutions does impact FSS (Federal Supply Schedule) pricing. While all segments are able to receive nominal pricing, our customers in this segment struggle to meet patient needs in the face of extreme budget pressures and constitute a capture point for a significant portion of severely mentally ill patients. The Zyprexa brand may decide to offer nominal pricing (greater than 90% discount) to qualifying institutions in this segment if certain criteria can be met. These criteria would involve determining an accurate method for collecting claims data, limits on volume of product that can be purchased, and provisions restricting the diversion of nominally priced product.

2003 Financial Impact: (\$56 million)

Tactic # 7: Multi-product contracting in the VA Segment

Multi-product contracting can provide benefit to Lilly and to its customers in segments where Medicaid best price issues are irrelevant. However, the market strength of Lilly insulin products precludes them from consideration in this regard. Until newer products achieve market uptake, Lilly does not have a portfolio of products with deep appeal to the VA segment. Multi-product contracting continues to hold future promise.

2003 Financial Impact: N.A.

Tactic # 8: Increase Price by Estimated CPI

For the past three years, Zyprexa has raised price on all doses by the estimated Consumer Price Index. Raising prices on all strengths in December of 2002 by an estimated inflation rate of 2.0% would generate an incremental \$60 million in revenue during 2003 compared to the same volume of sales without a price increase. Potential disadvantages to this strategy include failure to address concerns about price relative to competitors, and a continued price premium at high doses.

2003 Financial Impact: \$60 million (consistent with forecasted revenue)

Tactic # 9: Forego Price Increases

Electing not to raise price in December would allow Zyprexa to claim that we have heard our customers' complaints and are taking action. In contrast to competitors such as Risperdal and Seroquel, who both took increases of 3.9% or greater in 2001, Zyprexa could claim a 0% increase in cost year over year. As a result, the price gap would decrease even further in 2003. Sales volume would need to grow an incremental 2.1% above plan to financially breakeven on this decision. However, this would come at a cost. In addition to losing the \$60 million gained by increase in price alone, any attempt to recapture this increase in the future would begin from a reduced corporate price index in the current year and then inflate the index when we attempt to recapture lost revenues.

2003 financial impact: (\$60 million)

Present Value of annually foregone \$60 million over the patent life: (\$350 million)

Inability to recapture lost revenue due to constraints of CPI penalty

Tactic # 11: Increase Discounting (proactive contracting)

Currently, Zyprexa grants discretionary rebates to four segments: Managed Care, Hospitals, State Contract Entities and Long Term Care Facilities. These customers comprise roughly 39% of Zyprexa sales and have an average rebate of approximately 5%. Total sales to these segments in 2003 are projected to be \$1.2 billion. A 5% rebate on \$1.2 billion will cost the US Affiliate roughly \$60 million. Substantial increases in rebates are normally viewed in increments of 5% or more. Therefore, in order to be even noteworthy, Zyprexa would need to gradually raise rebates to these segments to

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72

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10% and eventually 15%. An estimated BUC impact of additional rebating in 2003 is \$15-25 million due to the gradual uptake and nature of contracts. Though expensive and with little impact on price perception, contracting is an ante in most segments and offers significant strategic value, including increased switching costs and BUC positive benefits of differential discounts for individual customers.

| Incremental Estimates | 2003 | 2004 |
|---------------------------------|------------------------|------------------------|
| Decrease in Sales at 10% rebate | \$15-25 million | \$15-25 million |
| Decrease in Sales at 15% rebate | | \$15-25 million |
| TOTAL DECREASE | \$15-25 million | \$30-50 million |

Tactic # 12: Free Goods Growth

Recent growth in free goods has been significant with use of samples growing at 32% and performance scripts growing at 70% from 2000 to 2001. 2002 growth should continue at a steep pace of approximately 40%. 2003 should see growth in samples slow to 10% while performance scripts are projected to continue growth at 40%. Lilly Cares and Lilly Answers information are not used in making business decisions. Information on these two programs can be found in a separate document.

2003 Financial Impact: N.A.

The Zyprexa brand recognizes that many of these tactics, if utilized, will have spillover impacts across many customer segments. For this reason, the attractiveness of each of these tactics is being evaluated in combination with the 'Price Value' project. Recommendations for action will be forthcoming as that project further develops.

Market Research

Market research will play a very critical role for Zyprexa in 2003, as making better business decisions will be more important than ever in "Year X" as the brand strives to operate even more efficiently. The market research team will help ensure that strategies and tactics align with the Brand Promise and CSFs. They will uncover insights that will help Zyprexa best "fuel customers passions" and "address competitive and medical threats."

Now that Zyprexa is working to create a richer external focus by concentrating more on specific customer-types and market segments than before, market research will measure and track marketing message, activity and performance by market segment and/or by key player segment (requires higher N). Additionally, we will now measure brand equity elements that include functional and emotional dimension and their relationship to product choice. They will measure such things as: "offers dependable control", "helps patients think more clearly", "opens the door for you to establish a more productive therapeutic alliance", "helps multiple symptomatology", "controls hallucinations/delusions", and "patients become more engaged".

The business questions shown below will be answered in order of priority to the Brand. Specifically, the first priority items meet a fundamental brand or company need, i.e. message development and voice of the customer. The second tier of business questions are also important, but tend to be more long-term focused rather than short-term or may be areas that we already know something about. These include pricing, new competitive positionings, competitive tracking, generic Depakote strategy, and bipolar depression strategy. The final group of business questions that can be answered within a flat budget are either lower brand priorities or are items where research expenses are not absolutely required, i.e. sell sheets, dashboard, ZS miscellaneous analyses, CMHC treatment teams, PCP and LTC conventions, LTC dosage/usage.

Market research will work to answer questions like:

- For all market (i.e. acute, maintenance, long-term care) and/or key player (e.g. certainty seeker, holistic experimenter, independent skeptics, cautious practitioner) segments:
 - What should Zyprexa's messages say to best meet the needs of our different market segments and communicate the Brand Promise?

- Is Zyprexa's equity improving? Have we been able to move equity opportunities into equity drivers or diminish liabilities? Is Zyprexa making progress toward its desired position? If not, what should we do differently?
- Are Zyprexa's competitors (new and old) moving to the positioning we are driving them toward? Are they at or below forecast? Who are they stealing from? What patients are they getting? What do we need to do differently to proactively position them?
- How is B-to-B and B-to-G responding to current economic pressures? What can Lilly do to ensure equal and unrestricted access?
- Are our sales reps and is our corporate reputation better than our competitors (i.e. VOC)? If not, what do we need to do to improve?