

Memo

Eli Lilly and Company  
Lilly Corporate Center  
Indianapolis, Indiana 46285  
U.S.A.

**Neuroscience Products**

July 1, 2002

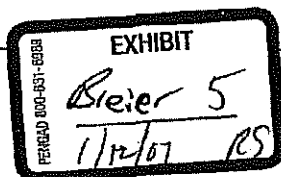
Dr. J. Lechleiter  
Mr. G Mayr  
cc: Mr. A. Mascarenhas

**JAPAN TRIP SUMMARY – JUNE 23-27, 2002**

This is a summary of issues and proposed actions in follow up to our previous update on Japan. It is clear that the impact of the label change in Japan has been very profound. We concluded we have lost substantial ground and trust in our relationships with the MHLW. Market research shows we have also lost quite a bit of credibility with prescribers and opinion leaders, basically because they felt left in the dark with what they perceived as the late sharing of safety information. As a result, there has been a 75% drop in new patients who are being put on the drug, and a continuing fairly high drop-out rate. That's going to lead to a significant performance impact, probably over and above the 10% assumed on the sales line in the short term, although we think we will be able to stem the tide and turn this around.

Another area of concern is in the sales force. As a result of the label changes, there is substantial lack of alignment and integration in the internal organization. There is a disparity of views on how to address the safety issues and how to integrate marketing, sales, market research, medical, regulatory, etc. Andrew Mascarenhas is staying very close to this himself in the short term, and is considering making a change in the business unit leadership role to get a more integrative leader in place. We have pointed this out to the Japanese leadership team and gotten agreement that obtaining enhanced internal integration is crucial. For the time being, he will take personal responsibility for leading that integration effort.

A further issue is team motivation and turnover in the sales organization and lack of trust both from a sales force and a customer level. We have recommended, in line with the affiliate's proposal, to adjust promotional strategy to reflect the reality of the new label in Japan, enhance confidence by our message for the appropriate use of the product within the label, and point out how to specifically address concerns about hyperglycemia and the potential use of the product in patients with diabetes. We need to also revise our forecast for the year to reflect the post label change environment and discuss how to communicate it to the sales force because it is very unlikely the affiliate will make plan. This is an issue that needs to be resolved with sales management very quickly.



Answers That Matter.

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Another major issue, apart from the lack of integration, sales demotivation, and lack of trust is the apparent lack of competency and capability to formulate a pharmacovigilance strategy and approach to the Ministry of Health. Our recommendation is that Andrew Wood assume personal leadership for the time being while recruiting a high-powered new director of this field. We've asked him to continue to utilize the existing capabilities of Charles Beasley and Patrizia Cavazzoni in the short term and consider recruiting a former Ministry of Health employee as a consultant to help us with the subtleties and some of the leg work in starting to build a better relationship and network with the Ministry of Health. There is also an assessment of the filter we (and other US pharmaceutical companies compared to Japanese firms) use in reporting AEs to the Ministry. Further benchmarking is clearly desirable.

There is a need for strong endocrinology support to the Japanese Zyprexa team in the office but also at the field level. We recommend adding a diabetologist to the team who can focus primarily on Zyprexa and the metabolic and endocrinological issues. We've also recommended looking at the diabetes nurses that are currently part of Lilly's diabetes organization, offering their help to prescribing physicians, enabling a rapid evaluation of metabolic and glycemic status of the patients who are being considered for Zyprexa or for monitoring purposes. That's an easy switch we can make for that organization.

Another capacity limitation is in the physician-to-physician promotion. Gerhart, as you and Gus had discussed, the medical representatives may not be considered the appropriate people to provide all scientific information. The current physician, Ann Biele, is working very hard but is just unable to cope with the demands for physician-to-physician communications. We recommend an additional psychiatrist to be involved in the medical-to-medical conversation on a day-by-day basis. This can enable us to communicate more scientific background data to prescribers to again reassure them about the merits and safe handling of Zyprexa.

The last point is regarding opinion leaders. [redacted]

[redacted]

We think Fujisawa and Jansen are both quite strong in this field, while we have a very limited base to work from.

We need to invest more in advisory boards and involve Japanese psychiatrists in our global advisory boards as a community-building exercise to make sure that we get more traction and more credibility from the scientific point of view to start building a bigger Lilly network.

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Regarding the further emergence of AEs and label changes, we believe that with deeper expertise and leadership in pharmacovigilance, stronger ties (formal and informal) with the MHLW and improved positioning and education, the occurrence and impact of AEs will be lessened. Moreover, as patients with diabetes are shifted away from Zyprexa to Risperidal and Seroquel, there should be a balancing of the playing field on this issue over time. There appears to be a decrease of hyperglycemic AEs since the label changes. Again, we will make every effort through promotional efforts and physician-to-physician and medical communications to ensure that we promote the use of the drug within the label, which would by design dramatically reduce the number of events.

If you have questions or concerns, please feel free to contact one of us.

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