

COLUMN TWO – STRATEGIC MEANS²⁵

Strategic Intent

\$6 Billion by 2006. (Zyprexa Product Team)

Maximize BUC through our passion for our consumers and our belief that Zyprexa is extraordinary at helping moving lives forward. (Zyprexa Brand Team)

INSIGHTS AND IMPLICATIONS

The shorter-term outlook of the Strategic Intent of the US Brand Team supports the longer-term objectives of the ZPT Strategic Intent. Zyprexa's ability to deliver on either strategic intent has been hampered by Year X. The path of \$6 billion by 2006 assumed continued funding of a growth molecule of what could easily become a threatened market leader without competitive share of voice and spend. Nonetheless, the Brand Team strategic intent will be delivered upon by executing our "capture at appropriate dose" and "retain at appropriate dose" strategy through the optimal mix of high impact programming and messaging based upon knowledge of our customer segments. To a great extent, success will be determined by strong implementation of high impact programs and messages directed at our High Flyer and Rule Bound Segments. Success will also be determined by maintaining access and reducing the negative association of weight gain and diabetes.

Below, an overview of this strategy, within the confines of our brand position, will be presented and it will be further delineated within Column III.

Brand Boundary: Meeting Consumer Needs in each Need State

The "need state" map was shown in Column I to illustrate consumer severity and physician attitudes. The Zyprexa Brand Strategy Project has determined the appropriate product position utilizing the following selection criteria.

- Size and economics
- Brand fit and relevance
- Brand competitive advantage
- Lilly / Zyprexa core competence

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The brand boundary for Zyprexa has been set across Market Segments # 1-4, the Acute, Maintenance, and LTC Market Segments. Zyprexa will also be promoted in the Primary Care Physician offices.

For consumers with acute needs caused by schizophrenia or bipolar disorder ("control and maintain promise"), whether in the Institutional or Retail or CMHC setting, Zyprexa is able to provide the dependable control (efficacy) that is needed due to its multiple formulations designed to meet the needs of multiple disease states and its ability to dose appropriately high for these most severely ill consumers. Zyprexa's focus on this segment will be demonstrated in Column III.

For consumers with longer-term maintenance needs ("protect and motivate"), typically thought to be in the Retail or CMHC setting but also in long term stay institutional and other facilities, retention of patients

²⁵ Unless otherwise noted, all conclusions relevant to the Column I Summary from the Envision / Zyprexa Brand Architecture Project, 2000-2001.

through services and other interventions will be critical. In the Maintenance Segment, with a longer average length of therapy, educational services for doctors, treatment team members, as well as consumers and their families, will help drive a therapeutic alliance that can help the consumer maintain dependable control and allow them to move their lives forward to reach their individual potential. This will increase retention as well as brand loyalty. An efficacy message (dependable control) will be coupled with service offerings designed to counteract competitive attacks on metabolic side effect issues. Zyprexa's focus on this segment will be demonstrated in Column III.

For consumers needs in the LTC Nursing Home facilities, ("minimize burden and threat"), Zyprexa is able to provide dependable control for multiple disease states with its multiple indications and formulations. Appropriate dosing may be achieved as well. Risperdal has the strongest equity in the LTC Segment, which to the benefit of Zyprexa, has eroded Risperdal's equity in the Acute and Maintenance Market Segments. Through effective positioning, it is Zyprexa's intent for Risperdal to continue to have its greatest successes in the LTC Segment, or even better, in the Mild Dementia Market Segment outside of Zyprexa's brand boundary. This will be further discussed in Column III.

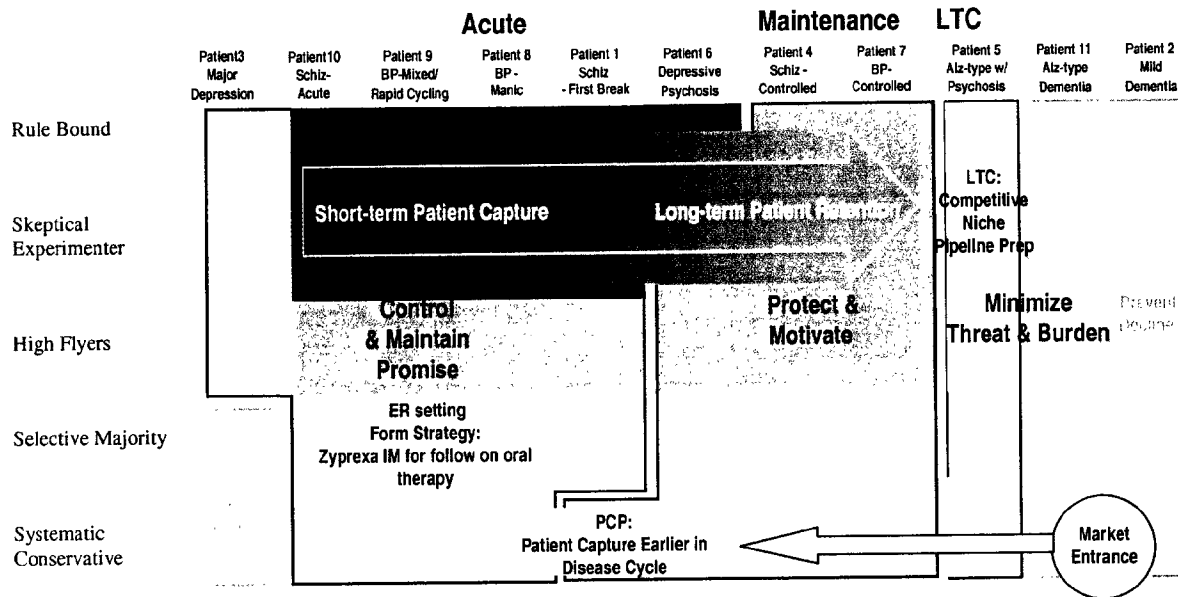
For consumers with complicated mood or bipolar disorder, physicians are using Zyprexa to treat consumers in the primary care offices. It is anticipated that Corporate and Affiliate needs, based in part on product launches [Redacted], will significantly impact our strategy and resourcing in this segment. While some PCPs will always utilize Zyprexa, the rest of the Lilly NS portfolio may have more suitable offerings for PCPs. This will be further discussed in Column III.

Across these need states and segments, Zyprexa will employ a "Capture at Appropriate Dose" and "Retain at Appropriate Dose" strategy, for consumers with schizophrenia, bipolar, or agitation in schizophrenia, mania and dementia. This business strategy will be communicated through the emotional promise of dependable control that enables a therapeutic alliance.

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Capture at Appropriate Dose

Retain at Appropriate Dose



Capture refers to providing compelling information to influence key players to start our target consumers on the appropriate dose of Zyprexa. These opportunities may come from a consumer that is presenting with symptoms for the first time, but are more likely to come from consumers that have been on a medication but are struggling and not reaching their full potential. Therapy may be initiated in the facility in which they are first treated or they may be treated and released into the Maintenance Market Segment. A secondary but very important capture segment is the Maintenance Market Segment, where a stable Protect and Motivate patient may begin to lose control, requiring the doctor to take action to further stabilize that patient. The capture at appropriate dose strategy in each of the market segments will be further analyzed in Column III.

Zyprexa will work to retain consumers at the appropriate dose by helping our key players understand the long-term benefits that they and their consumers can realize if the consumer is retained on Zyprexa. The greatest opportunities to retain customers are in the Maintenance Market Segment by providing better long-term outcomes and support services that minimize liabilities that lead to switching. Dosing at appropriate levels is critical to our ability to keep patients. It should be noted that a critical part of why a physician chooses Zyprexa is its ability to maintain efficacy long term. The retain at appropriate dose strategy in each of the market segments will be further analyzed in Column III.

By helping our key players understand the dependability of Zyprexa in both the short term and the long term, we will be satisfying their core needs for dependable symptom control. To truly maximize our opportunity to capture new consumers and retain the consumers that are on Zyprexa, we must differentiate Zyprexa by acknowledging the importance of the healthcare provider and the working relationship they establish with their consumers, a "therapeutic alliance." Zyprexa's role is critical in enabling this "therapeutic alliance" to start but even more critical in achieving a productive relationship in the longer term.

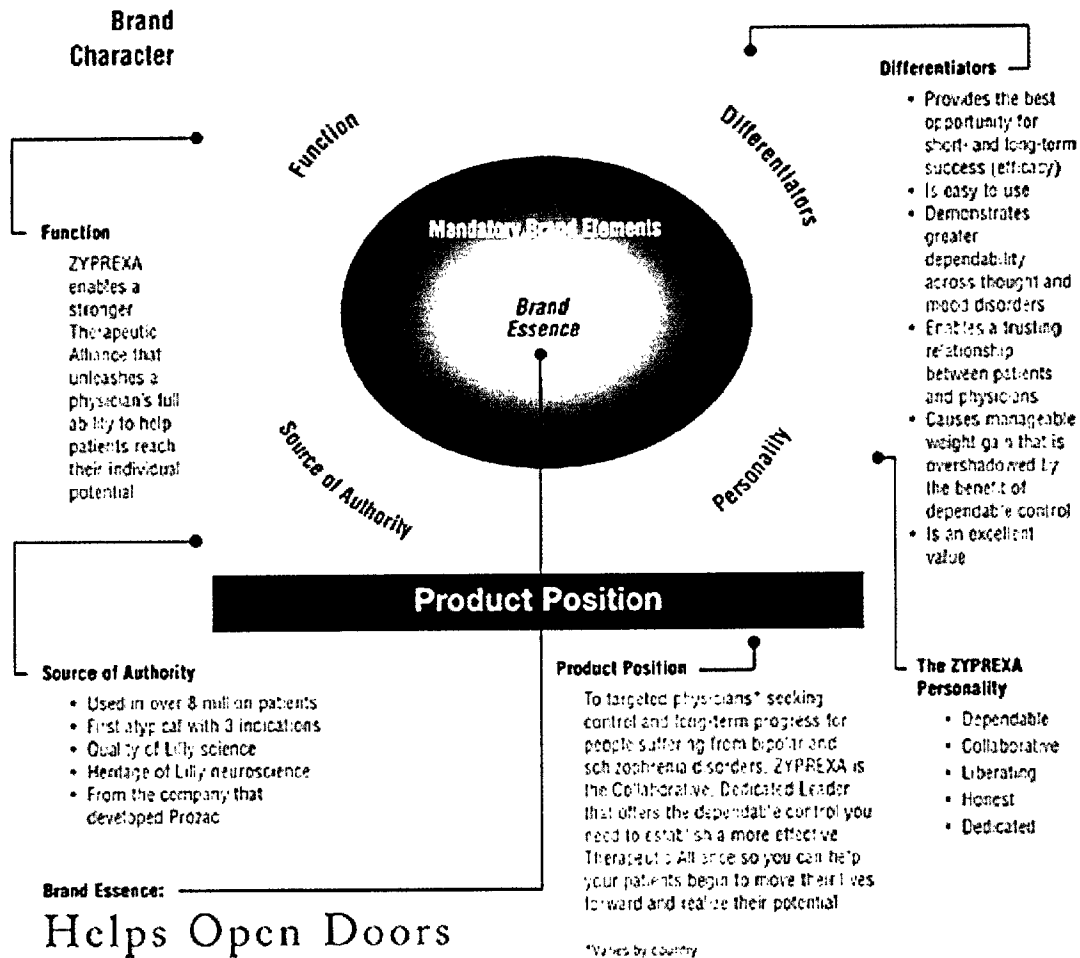
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INSIGHTS AND IMPLICATIONS

A CONSUMER AND CUSTOMER FOCUS IN EACH NEED STATE WITHIN THE BRAND BOUNDARY, AND A RELENTLESSLY EFFICIENT BRAND BUILDING WITH A CLEAR CAPTURE AND RETENTION PLAN, WILL ALLOW FOR MAXIMUM FINANCIAL SUCCESS AND EQUITY DEVELOPMENT AS PLANNED.

Brand Character

Product Position



“To High Flyers and Rule Bounds seeking control and long-term progress for people suffering with Bipolar and Schizophrenia disorders, Zyprexa is the Collaborative, Committed Leader that offers the dependable control you need to establish a more effective therapeutic alliance so you can help your consumers begin to move their lives forward and realize their potential.”

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INSIGHTS AND IMPLICATIONS

Adherence to the Brand Character is mandatory globally. Key elements of the product position on which we should focus include:

- **Collaborative Committed Leader:** Words describing Lilly and Zyprexa
- **Dependable Control:** A differentiating efficacy factor due to the ability to dose appropriately and maintain efficacy long term
- **Therapeutic Alliance:** Signifies the importance of the doctor-consumer relationship; Zyprexa is not claiming to “do it all”
- **Consumers moving their lives forward:** A more believable / realistic claim than a concept such as reintegration.
- **Realizing potential:** Speaks to the individual nature of these patients

Critical Success Factors

Zyprexa opens doors for doctors so they can establish an alliance with consumers. It differentiates itself by providing unique dependable efficacy, so it opens doors for consumers as well. Still, Zyprexa can only facilitate the relationship. The physician and the consumer must work together, along with support programs sponsored by Lilly, to move consumer's lives forward.

The Critical Success Factors highlight the brand's market focus. First, in order to maintain its brand equity in light of new competition, it is critical that customers continue to believe that Zyprexa is extraordinary. Access, a significant and rapidly growing threat, is the second critical success factor (it was 4th in 2001), due to the urgency of this situation. Demonstrating collaborative committed leadership, in delivering on the Brand Promise, as well as in addressing market-based threats, is important. Finally, aligning with internal partners will best enable Zyprexa to achieve its success in the marketplace.

Critical Success Factors and Marketing Objectives

1. **Fuel customer's passions that Zyprexa is extraordinary at helping move lives forward**
2. **Maintain equal status and unrestricted access**
3. **Exhibit collaborative, committed leadership in product, sales and service delivery (given resource constraints)**
4. **Proactively address medical and competitive threats in the context of brand position (given resource constraints)**
5. **Maximize capabilities of internal partners**

CSF 1: Fuel customer's passions that Zyprexa is extraordinary at helping move lives forward

Capture at the appropriate dose and retain at the appropriate dose is a fundamental objective on which Zyprexa must deliver for all our consumers, regardless of the disease, severity or setting. We must accomplish these goals through the realization of Zyprexa's Brand Promise; doing so represents a substantial business opportunity for Zyprexa. It is our fundamental belief that maximizing success for our consumers, physicians and other health care providers requires connecting with our key players on both an emotional and functional level. This is congruent with our schizophrenia and bipolar message goals.

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Schizophrenia Message Goals: Zyprexa provides the most dependable control of psychotic and mood symptoms that will allow you and your patients to engage in progress toward your respective goals

Bipolar Message Goals: Zyprexa is a foundational mood stabilizer you can depend on to treat the highs, help manage the lows, and help to prevent relapse thus enabling a therapeutic alliance so doctors can help their patients reach their individual potential.

Capture refers to helping our key players to best identify and start our target patients on the appropriate dose of Zyprexa. These opportunities may come from a patient that is presenting with symptoms for the first time, in either the Retail or PCP settings, but are more likely to come from patients that have been on a medication but are struggling and not reaching their full potential. With the PCP office as a place of Capture, educating PCPs so that they will recognize Bipolar disorder is important. Retain refers to helping our key players to understand the long term benefits that they and their patients can realize if the patient is retained on Zyprexa.

By helping our key players understand the dependability of Zyprexa in both the short term and the long term, across multiple disease states and patient profiles, we will be satisfying their core needs for dependable symptom control. Zyprexa's role is critical in enabling the "therapeutic alliance" to start the patient on drug therapy but even more critical in achieving a productive relationship and maintaining retention in the longer term.

The continued path to success for Zyprexa and its consumers is by evoking an emotional connection with our key players via the realization of the brand promise through superior programming and messaging. Thus, increasing Zyprexa's brand equity and impacting our key player's perceptions of how they feel about our brand will drive action on their part. Action may be defined as the physician writing a new or refill prescription for our targeted patients the majority of times, treatment team members managing side effect issues instead of switching the medicines, thought leaders appealing to advocacy organizations to maintain equal status and unrestricted access for bipolar consumers and family members recognizing that Zyprexa provides them the best chance at realizing their potential.

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Marketing Objectives	Tool	Measurement
High Flyer & Rule Bound loyalty increases	Brand Equity	1. 80% High Flyers & Rule Bounds either insist or prefer Zyprexa.
Following are specific measurements of Zyprexa's positioning elements		
Zyprexa provides dependable control for schizophrenia	Brand Equity	1. Increase Equity Index in "dependable control psychosis" factor by 3 points, while holding competitors at baseline. (Zyprexa's baseline index is 10, while Risperdal, most formidable competitor, is 7)
Zyprexa provides dependable control for bipolar	Brand Equity	1. Depakote association with "dependable control mood" factor is held flat while Zyprexa's increases the equity index by 7 points. Zyprexa baseline index is 22, while Depakote, most formidable competitor is 13.
Zyprexa enables a therapeutic alliance (stretch)	Brand Equity	1. Increase Equity Index in "therapeutic alliance" factor by 4 points, while holding competitors at baseline. (Zyprexa's baseline index is 14, while Risperdal, most formidable competitor, is 13)
Dose appropriately	NPA Data Brand Equity	1. Increase in extended units by 65% for 15-20mg formulations (psych only) 2. Increase in extended units by 20% for 10mg formulations (PCP only) 3. An incremental 10% of physicians over baseline increase association with "long term use in BP disorder" equity element

CSF 2: Maintain equal status and unrestricted access

Zyprexa can only achieve CSF # 1 if consumers can continue to receive this medication without significant restrictions by Public, Institutional, or Private Payers. Realistically, several factors will make this more difficult, including the political environment coupled with Zyprexa's exposure as the #1 Medicaid line item drug spend in 49 states, the increase in number of drugs in these classes, and the potential growth of Zyprexa as a bipolar agent where Depakote (tried and true) and Lithium (pennies a day) are available. However, to maintain equal status and unrestricted access, Zyprexa must continue working with Thought Leaders and Advocacy Organizations to influence legislation, proactively contracting where possible. Continual review of Zyprexa's Price-Value strategy is required in this complex environment. Where possible, an emotional connection with payers must be developed by understanding payer needs and implementing programs to meet those needs.

Marketing Objectives	Tool	Measurement
Deliver on BUC promise to Eli Lilly & Company	Quarterly BUC	1. BUC statements at quarter's end 2. Transaction price review at quarter's end 3. Maintain proactive contracting
Improve value perceptions	Payer Equity Tool (To be developed)	1. Measures to be established from Payer Equity Tool

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CSF 3: Exhibit collaborative, committed leadership in product, sales, and service delivery given resource constraints

To fulfill our product position, Zyprexa must be a collaborative, committed leader. Innovation of our molecule (Zyprexa IntraMuscular, Zydys, higher doses, and indications) can support this position; with a dearth of short-term innovation, Zyprexa can leverage Lilly's Neuroscience innovation (Redacted). As the "face of the brand" the sales representatives must demonstrate collaborative committed leadership in their interactions with our physicians, having superior product and therapeutic area knowledge, meeting customers needs, providing key goods and services such as literature, samples, and educational opportunities, especially as our messaging moves toward the "therapeutic alliance." Through other non-sales force interventions, Zyprexa should strive to be the collaborative, committed leader through the consistent provision of services, patient education, etc. Finally, Zyprexa seeks to be a leader in providing consumer services.

Marketing Objectives	Tool	Measurement
Demonstrate leadership in corporate reputation, specifically Neuroscience.	Brand equity	1. Increase Equity Index by 4 points, while holding competitors at baseline. (Zyprexa baseline index is 12, while Risperdal, most formidable competitor, is 9)
Following are specific measurements of CSF 3		
Lilly sales reps remain most dedicated, honest, collaborative	VOC	1. Maintain or widen of gap between to .4 Lilly vs. Janssen and Pfizer on collaborative, committed, leadership dimensions: Innovation, Caring and Credibility composites.
Lilly sales reps implement and deliver on the four corners of the box	Segmentation Data Call Data Rep Retention Sales / Segmentation	1. Target: Tier 1 docs aligned with brand segmentation priorities 2. Frequency: Reps deliver on frequency by tiers as set by sales ops 3. 65% of reps retain and understand key strategic goals message elements. 4. Programs: Program volume and mix as set by brand
DTP / P2P maximization	DTP / MR Data P2P / MR Data	1. DTP achieves over 2 million contacts per segmentation plan 2. Live customer feedback forums invitees per segmentation 3. DTP messages aligned via scientific communications audit 4. P2P develops 340 speakers for local and regional use 5. P2P supports utilization of enduring materials
Marketing program adjustments made	Segmentation data MR Data	1. Utilization of doctor segmentation in all DTP / P2P programming 2. Marketing effectiveness measures completed on top 14 programs 2x/year

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CSF 4: Proactively address medical and competitive threats in the context of brand position given resource constraints

Zyprexa has and will continue to face mounting competitive threats due to weight gain, metabolic issues and other side effects. As more competitors enter the market with FDA approval, for some milder patients, these agents may provide satisfactory efficacy and side effects may be positioned as a primary reason to choose one medication over another. Thus, Zyprexa must continue to promote its ability to provide dependable control while managing side effects issues with proactive positioning:

Weight Gain Message Goal: Weight gain with Zyprexa is often manageable and predictable.

Diabetes Message Goal: The benefits of Zyprexa outweigh potential risks since the risk of developing diabetes is comparable among agents

Having a message goal supported by scientific data, a strong data dissemination plan and flooding the marketplace with information that supports our brand promise is a key proactive measure to focus on efficacy and soften the voice of competitive attacks. However, we must anticipate and provide timely, credible and relevant answers to effectively address marketplace issues in order to fulfill our goal to improve relative marketplace perceptions as measured by the Brand Equity Tracking Tool. Critical to our success is an understanding that our competitors will exist in our market and that it is better to accurately position them relative to Zyprexa than chase them everywhere.

Marketing Objectives	Tool	Measurement
Decrease in relevance of "metabolic side effects" factor for Zyprexa	Brand Equity	1. Decrease in relevance of "metabolic side effects" factor for Zyprexa by .1. Zyprexa base line relevance for this factor is -.14.
Following are specific measurements of CSF 4		
Competitive performance of Risperdal, Aripiprazole and Depakote consistent with plan assumptions	SOM Rx and \$	1. Competitive performance of Risperdal, Aripiprazole and Depakote consistent with plan assumptions
Risperdal relevance for "eps/td" is increased	Brand Equity	1. Risperdal relevance for "eps/td" is increased by .1. Risperdal baseline relevance -.047.
Depakote association with "dependable control mood" factor is held flat while Zyprexa's increases	Brand Equity	1. Depakote association with "dependable control mood" factor is held flat while Zyprexa's increases the equity index by 7 points. Zyprexa baseline index is 22, while Depakote, most formidable competitor is 13.
Seroquel equity stays isolated to "sleep factor"	Brand Equity	1. Seroquel equity stays isolated to "sleep factor" 2. Seroquel use in bipolar patients is remains below 12% in Bipolar SOM (indicating a level of use similar to second tier, add-on agents: Risperdal, Topamax and Tegetrol)

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CSF 5: Maximize capabilities of internal partners.

To maximize the probability of delivering on CSFs 1 – 4 in the marketplace and maintaining focus on the customer, significant internal alignment must be maintained to ensure that we utilize to the fullest extent possible the capabilities of our internal partners. Key areas of focus include:

- Brand-Medical: Project Rosetta Stone gap analysis to create Medical and Health Outcome Clinical Trial and Data Dissemination Plan. Weekly Medical Marketing Meetings ensures continued alignment. Before Medical resources are allocated, this cross-functional committee must approve it.
- Brand-Sales-DTP-P2P: Ensure appropriate frequency, channels, and messages to create “surround sound” around a single message for our key customers through integrated communication plans.
- Brand-Access-Pricing: Alignment of access and pricing strategies to brand strategy
- Brand-ZPT: Continued alignment in strategic direction and shared strategy-implementation projects (Rosetta Stone, competitors, issues management, etc.). Resource allocation from ZPT to Brand Team may occur for optimal use across Zyprexa (per suggestion of ZPT).
- Zyprexa-Redacted: Aligned strategic plans to provide additional value to our customers with metrics developed that drive implementation according to customer needs, not business unit structure
- Zyprexa-Other NS Brands: Strategic and implementation alignment to maximize NS portfolio within resource constraints.

Marketing Objectives	Tool	Measurement
Marketing Plan & Partnership Agreements		<ol style="list-style-type: none"> Executions of semi-annual Partnership Agreements Deep review of marketing plan for each key player, with mix analysis altered to meet short term and long term goals
External Communications Aligned		<ol style="list-style-type: none"> Annual media communications audit Annual brand audit Scientific message alignment audit (DTP & Medical) Adherence to Scientific Data Dissemination Plan
ZPT		<ol style="list-style-type: none"> Continued strong partnership on joint activities Maximization of ZPT and US resources
Neuroscience Businesses		<ol style="list-style-type: none"> Alignment Leadership in alignment for marketing plan & implementation (DTP programming and message management)

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INSIGHTS AND IMPLICATIONS

The 2002 Critical Success Factors will remain in place in 2003. However, through improved understanding of our business drivers, we have significantly enhanced our marketing objectives. Every communication to our customers, or resource utilized internally, should ultimately tie back to one or more of our Critical Success Factors and Marketing Objectives via Key Player Marketing Objectives.

Competitor Marketing Strategies, Positions, and Messages

Competitor Marketing Strategies

Based on competitive intelligence, a brand audit and brand equity research, Lilly has developed the following competitor marketing strategies. These include the competitors existing market position and our desired counter-position. This will be updated on a continual basis to so that Lilly can best address this in the marketplace.

Just as we know which segments of the market Zyprexa is best able to serve, we have similar information on each of our current competitors. Through the brand architecture project we were able to gather information on how our customers use the competitors' drugs and what equity associations they have with each of those brands. We were able to craft positioning statements for our competition (what the competition wants psychiatrists to believe about their product). We have also built positioning statements for how we would like our customers to view the competition.

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Brand	Current Positioning	Counter Positioning
Zyprexa	Dependable control so you can help your patients move their lives forward and realize their potential.	
Risperdal	The leading antipsychotic that gives patients a new start in life – outstanding efficacy uncompromised by weight gain.	1. For Patients with mild psychosis, Risperdal at low doses (<4mg) may offer benefits, which outweigh the risks of serious side effects, like EPS/TD and endocrine issues as a result of prolactin elevation.
Geodon	Atypical efficacy without the serious side effects – “see the difference Geodon can make”.	1. For the patient who has failed two or more antipsychotics, Geodon may offer benefits that justify the unpredictable risks.
Depakote	The most effective drug for mixed and rapid-cyclers that is the foundation for the treatment of Bipolar disorder.	1. Depakote is just one of your options for treating bipolar disorder.
Seroquel	The safe haven antipsychotic that helps patients achieve a more normal life	1. For your patients with mild psychosis who need increased sedation, Seroquel in low doses is a safe choice as a add-on to your primary AP.
Abilitat	The atypical atypical – The efficacy of Zyprexa without the weight gain.	1. For patients who have responded to an established therapy but have discontinued their current therapy due to excessive side effects, Aripiprazole may offer another option to sustain efficacy for the patient in the short term.
Lamictal	Under development by US and ZPT	

INSIGHTS AND IMPLICATIONS

Attempting to own our position, we are now able to help the marketplace recognize the most appropriate use for Zyprexa, as well as our competitive products. Each product has specific patient types for which it is most effective and as an honest, committed, collaborative leader, we strive to assist health care providers in providing the best patient care that they can offer. This means not asking for every patient or “slamming” the competition, but having the discipline to grow our business and brand in the patients whose needs we are best able to meet.

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