

ELI LILLY

REPORT ON EXPORTING ANIMAL TESTING TO ASIA

This Proposal is submitted by Meredith Page.

RESOLVED, that the Board report to shareholders on the rationale for increasingly exporting the Company's animal experimentation to countries which have either nonexistent or substandard animal welfare regulations and little or no enforcement. Further, the shareholders request that the report include information on the extent to which the Company requires adherence to U.S. animal welfare standards at facilities in foreign countries

Supporting Statement:

Eli Lilly has publicly committed to an "ethical and scientific obligation to ensure the responsible treatment of animals used in research, to minimize the number of animals involved, and to pursue the development of alternative test systems."¹

However, the Company is currently relocating animal research and testing to countries known for having no or poor animal welfare standards and negligible oversight.

In January 2006, Business Week reported that "[i]ncreasingly, Lilly is moving its research and development, including clinical trials, to China, India, and the former Soviet bloc."² Then, the August 21, 2007 issue of *The Wall Street Journal* reported that Eli Lilly had entered into a partnership with a Shanghai Company known as Chi-Med by which "Lilly will hand over preclinical research and development on several compounds to the Chinese company," and new agreements with Chi-Med's Hutchison MediPharma were reported in October 2007.³

¹ Policy statement at http://www.lilly.com/about/citizenship/key_issues/research/rd_animal.html.

² "Lilly's Labs Go Global"; Business Week (Jan. 30, 2006)

³ <http://www.drugresearcher.com/news/ng.asp?n=80470&m=1DRGO10&c=iubqfdm|voteibj>,

As previously reported in *Forbes* magazine, the rationale for outsourcing animal testing to China is that “scientists are cheap, lab animals plentiful and pesky protesters held at bay.”⁴ Our Company now conducts a significant proportion of its research in foreign laboratories, with 20% of it based in China (its largest non-U.S.-based Research & Development team).⁵ Purposely re-locating research to regions with lower animal costs, easy animal availability, and lower welfare standards is in direct conflict with Lilly’s stated commitment to reducing, refining, and replacing animal use.

As recent media reports of safety scandals and product recalls have made abundantly clear, standards for products exported from China to the U.S. are lacking. Shareholders deserve to understand why animal testing is being moved to foreign countries, such as China. Moreover, our Company should report on the steps that are being taken to assure shareholders that animal testing conducted in other countries is held to at least the same animal welfare standards as animal testing conducted in the U.S.

Accordingly, we urge shareholders to support this socially and ethically responsible resolution.

⁴ “*Comparative Advantage*”; *Forbes*, p. 76 Vol. 178 No. 10 (Nov 13, 2006)

⁵ See footnote 3