



Lilly and TransPharma Announce Licensing and Development Agreement

Lilly Gains Access to Transdermal PTH Program for Osteoporosis

INDIANAPOLIS, IN and LOD, ISRAEL— Eli Lilly and Company (NYSE:LLY) and TransPharma Medical Ltd. today announced that the two companies have entered into a licensing and development agreement related to TransPharma's ViaDerm-hPTH (1-34) product for the treatment of osteoporosis. The product, which is administered transdermally using TransPharma's proprietary technology, is currently in Phase II clinical testing.

Under the terms of the agreement, Lilly will obtain exclusive worldwide rights to TransPharma's ViaDerm-hPTH (1-34) product and will also gain non-exclusive access to TransPharma's ViaDerm drug delivery system. TransPharma will receive a \$35 million upfront payment, and may also receive development and sales milestones, as well as royalties on sales if a transdermal PTH product is successfully commercialized. TransPharma and Lilly will both fund and participate in Phase II clinical development activities. Thereafter, Lilly will be responsible for further development activities and the potential commercialization of any transdermal PTH products. Other terms of the deal were not disclosed.

The transaction is expected to become effective in either June or July of 2008, contingent upon clearance under the Hart-Scott-Rodino Anti-Trust Improvements Act. At closing, Lilly would expect a \$0.02 per share charge to earnings for acquired in-process research and development.

"This agreement expands the scope of our osteoporosis program with a novel, patient-centered approach that builds upon our success with Evista and Forteo," commented Dr. Gwen Krivi, vice president of Lilly Research Labs and global brand development platform leader for musculoskeletal and Cialis platform. "As we focus on developing a transdermal PTH product with TransPharma, we will leverage our combined expertise, with the goal of providing patients with a product that meets their desire for an alternative to injection for PTH."

"We are extremely pleased to partner with Lilly, a leading player in the osteoporosis market," said Dr. Daphna Heffetz, CEO of TransPharma Medical. "This collaboration is an excellent example for how our transdermal ViaDerm-based products may deliver added value to promising drug compounds. We are confident that Lilly's experience and outstanding drug development capabilities together with our innovative technology could propel our joint ViaDerm-PTH (1-34) product as an improved therapy for people suffering from osteoporosis."

About ViaDerm Drug Delivery System

TransPharma's ViaDerm drug delivery system incorporates a handheld electronic control unit, which creates microscopic passageways through the outer layer of the skin allowing for transdermal delivery of a wide variety of drugs from a patch. The system provides a cost-effective, easy-to-use, self-administered solution that enables the safe, reproducible and accurate delivery of a broad range of product candidates, including hydrophilic small molecules peptides and proteins.

About Osteoporosis

Osteoporosis is a debilitating disease that affects an estimated 75 million people in Europe, the U.S. and Japan. Osteoporosis, which means "porous bone," is a disease in which the density and quality of bone are reduced. As the bones become more porous and fragile, the risk of fracture is greatly increased. The loss of bone occurs "silently" and progressively and no symptoms are apparent until the first fracture occurs.



The most common fractures associated with osteoporosis occur at the hip, spine and wrist. The incidence of these fractures, particularly at the hip and spine, increases with age in both women and men.

Vertebral fractures can result in serious consequences, including loss of height, intense back pain and deformity.

About Lilly

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of first-in-class and best-in-class pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers – through medicines and information – for some of the world's most urgent medical needs. Additional information about Lilly is available at www.lilly.com.

About TransPharma Medical

Established in 2000, TransPharma Medical Ltd. is a specialty pharmaceutical company focused on the development and commercialization of drug products utilizing a proprietary active transdermal drug delivery technology. TransPharma aims to develop multiple drug products through strategic partnerships with leading pharmaceutical companies and through independent product development. For more information, visit the Company's website at www.transpharma-medical.com.

This news release contains forward-looking statements. These statements are subject to known and unknown risks and uncertainties that may cause actual future experience and results to differ materially from the statements made. Factors that might cause such a difference include, among others, the completion of clinical trials, the FDA and other foreign review processes and other governmental regulation, Lilly's and TransPharma's abilities to successfully develop and commercialize drug candidates, competition from other pharmaceutical companies, the ability to effectively market products, and other factors described in Lilly's most recent filings with the Securities and Exchange Commission. Lilly undertakes no duty to update forward looking statements.

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