



Alkermes, Lilly Sign Agreement for New Commercial-Scale Production Facility for Inhaled Drugs

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CAMBRIDGE, Mass., Feb 20, 2002 (BW HealthWire) -- Alkermes, Inc., (NASDAQ: ALKS) announced today the signing of an agreement with Eli Lilly and Company (NYSE: LLY) that provides for an investment by Lilly in Alkermes' commercial-scale production facility for inhaled pharmaceutical products based on Alkermes' AIR(TM) pulmonary drug delivery technology. This new facility is designed to accommodate the manufacturing of multiple products and is currently under construction in Chelsea, Massachusetts.

Alkermes and Lilly are collaborating on the development of inhaled formulations of insulin for the treatment of diabetes. Lilly's decision to invest in Alkermes' production facility follows the successful completion of multiple early stage clinical studies of pulmonary insulin formulations. Pursuant to the agreement announced today, Lilly will make an investment in the Chelsea facility to fund pulmonary insulin production and packaging capabilities. If inhaled formulations of insulin are developed successfully and are commercially launched, Lilly will purchase product from the facility.

"The construction of the new GMP facility provides Alkermes with increased capacity for current and planned clinical trials of products based on the AIR drug delivery systems, as well as sufficient capacity for launch and early projected commercial demand for the company's inhaled formulation of insulin," stated David Broecker, Chief Operating Officer of Alkermes.

In April 2001, Alkermes and Lilly signed a broad, mutually exclusive agreement to develop an inhaled formulation of insulin based on Alkermes' AIR pulmonary drug delivery system.

Alkermes' AIR drug delivery system is based on a novel concept, published in Science magazine in 1997, that relatively large, low-density drug particles can be inhaled into the lungs with high efficiency from simple inhalers. These particles have distinct physical characteristics with several potential advantages over other inhalation delivery systems. The AIR system utilizes a small, convenient delivery device, can deliver a wide range of drug doses, and has the potential to provide sustained-release drug delivery.

Certain statements set forth above may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that such statements are based on reasonable assumptions within the bounds of our knowledge of our business and operations, there can be no assurance that: (i) clinical trials of our product candidates will be permitted by regulatory authorities, be successful and completed on a timely basis, if at all, (ii) our partners will continue development of any product candidate to the point of receiving marketing approval from regulatory authorities, or (iii) our product candidates, if approved, will be commercialized successfully.

Alkermes' business is subject to significant risks and there can be no assurance that actual results of its development activities and its results of operations will not differ materially from its expectations. For information with respect to other factors that could cause actual results to differ from expectations, reference is made to the reports filed by Alkermes with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

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