

17018 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

ELI LILLY & CO.

[In millions]

Year ended Dec. 31	Revenues	Net income	Earnings per share	Quarter ended	Revenues	Net income	Earnings per share	Dividend
1978 ¹	\$1,852.1	\$277.5	\$3.81	December 1978 ¹	\$474.4	\$64.5	\$0.89	\$0.45
1977 ¹	1,550.2	223.5	3.07	September 1978	416.1	59.8	.85	.40
1976	1,397.8	202.7	2.87	June 1978	444.5	70.0	.99	.40
1975	1,267.2	184.0	2.66	March 1978	482.5	79.0	1.12	.40
1974	1,148.2	176.1	2.55	December 1977 ¹	391.6	52.9	.73	.355
Total assets, Dec. 31, 1977							\$1,752,645,000	
Current assets							1,203,294,000	
Current liabilities							489,384,000	
Stockholders equity							44,361,000	
Stock price, Feb. 16, 1979 N.Y.S.E. consolidated close								51 $\frac{3}{4}$
Stock price, 52-week range								54-38 $\frac{3}{8}$
Employees, Nov. 6, 1978								23,300

¹ Restated.

[From the New York Times, Feb. 18, 1979]

THE WORLD OF DARVON

Propoxyphene is a mild-to-moderate analgesic, or painkiller, that affects the central nervous system. The Darvon brand of propoxyphene sold by Eli Lilly & Company accounts for 95 percent of all propoxyphene sales in the United States and is available either as pure propoxyphene or mixed with other analgesics.

The other leading analgesics are acetaminophens, which are sold over the counter as Tylenol and Datril, and aspirin. Pharmacists fill about 18 million prescriptions for Darvon and Darvon compounds a year. It costs 10 to 20 times more than the over-the-counter analgesics.

The propoxyphene molecule, which Lilly discovered, is a close cousin of the methadone molecule. It is mildly addictive and can produce a euphoria.

No one fully understands the nature of pain, how analgesics subdue it or why one analgesic controls some types of pain better than another analgesic. Lilly has found that aspirin usually works better than propoxyphene in dealing with inflammation. And Dr. Charles G. Moertel of the Mayo Clinic in Rochester, Minn., has shown in tightly controlled studies that cancer patients realize more pain relief from both aspirin, acetaminophens, and codeine than they do from propoxyphene. But in relieving many other pains, such as those of arthritis and tooth extractions, propoxyphene has been found highly effective.

One explanation for Darvon's effectiveness may be psychological. Because a doctor prescribes Darvon, patients may merely believe it works and, in a way, will it to work.

The bigger question concerning Darvon, however, is safety. Medical examiners in major cities have found traces of Darvon in the bodies of hundreds of persons believed to have died from drug overdoses.

Lilly and the Food and Drug Administration say that the drug is never fatal when taken in prescribed doses and when not mixed with other potent drugs or alcohol. And Dr. Bryan S. Finkle, a prominent toxicologist, has produced studies asserting that half the reported deaths are suicides.

However, Dr. Sidney M. Wolfe, who initiated the recent attack on Darvon, argues that the deaths are more likely accidental. His own studies contend that the body stores propoxyphene longer than most drugs and that a fatal dose can be accumulated unintentionally.

The F.D.A. will now explore those questions. The Secretary of Health, Education and Welfare, Joseph A. Califano Jr., has given the agency a June 1 deadline to decide whether to reclassify propoxyphene under the provisions of the Controlled Substances Act. Two years ago, Darvon was added to Schedule IV of the act, which allows physicians to telephone prescriptions to pharmacies and allows consumers up to five refills per prescription. Dr. Wolfe wants it put in Schedule II, which would prohibit both refills and telephone prescriptions.