



Lilly to Acquire Alnara Pharmaceuticals

Alnara's Pancreatic Enzyme Replacement Therapy, Liprotamase, Currently Under FDA Review

INDIANAPOLIS and CAMBRIDGE, Mass., July 2, 2010 /PRNewswire via COMTEX News Network/ -- Eli Lilly and Company (NYSE: LLY) and Alnara Pharmaceuticals, Inc. today announced they have signed a definitive merger agreement whereby Lilly will acquire Alnara, a privately held biotechnology company developing protein therapeutics for the treatment of metabolic diseases. Alnara's lead product in development is liprotamase, a non-porcine pancreatic enzyme replacement therapy (PERT). Liprotamase is under review by the U.S. Food and Drug Administration for the treatment of exocrine pancreatic insufficiency (EPI). Causes of EPI include cystic fibrosis, chronic pancreatitis, pancreatectomy and other conditions.

Patients with pancreatic insufficiency cannot properly digest and absorb fat, protein, and carbohydrates -- preventing adequate nutrient absorption. PERT is a treatment involving the administration of three pancreatic enzymes. EPI often is associated with cystic fibrosis, a life-threatening genetic disorder.

Cystic fibrosis affects approximately 30,000 children and adults in the United States and nearly 100,000 people worldwide. Approximately 90 percent of cystic fibrosis patients receive pancreatic enzyme replacement therapy to improve nutritional status and bowel-related symptoms related to pancreatic insufficiency.

Financial terms of the agreement are not being disclosed. The transaction is contingent upon clearance under the Hart-Scott-Rodino Antitrust Improvements Act and other customary closing conditions. J.P. Morgan Securities Inc. acted as the exclusive financial advisor to Alnara Pharmaceuticals and WilmerHale is serving as legal advisor to Alnara Pharmaceuticals.

"The acquisition of Alnara provides Lilly with a promising entry into enzyme replacement therapy -- an area with unmet medical needs as well as opportunities for novel compounds that give patients additional treatment options," said Bryce Carmine, executive vice president of Lilly and president of Lilly BioMedicines. "Alnara has been very successful in the development of liprotamase -- as indicated by its recent submission to the FDA -- and we look forward to partnering with Alnara's experts during the regulatory review process."

Alexey Margolin, Ph.D., chief executive officer of Alnara, said: "Our agreement with Lilly is an important development as we move liprotamase through FDA regulatory review. Lilly's deep expertise in the U.S. pharmaceutical business, including regulatory affairs and the development of innovative compounds that address unmet medical needs, created a natural fit and could allow for opportunities in markets beyond cystic fibrosis. We look forward to finalizing the transaction and working together on next steps to bring liprotamase to patients."

If approved, liprotamase will allow many patients to use significantly fewer pills compared to current treatment options. Treatments in the PERT class reduce malabsorption and enhance nutrition in patients with EPI. Because it is not derived from a porcine source, liprotamase could provide the added benefit for patients of reduction in the risk of viral exposure. A pediatric formulation of liprotamase also is in development.

About Liprotamase & Pancreatic Enzyme Replacement Therapy (PERT)

Liprotamase is an oral, non-porcine pancreatic enzyme replacement therapy designed to treat maldigestion, malabsorption and malnutrition as a result of exocrine pancreatic insufficiency associated with cystic fibrosis, chronic pancreatitis, pancreatic cancer, pancreatectomy and other pancreatic diseases. Patients with pancreatic insufficiency cannot properly digest and absorb fat, protein, and carbohydrates preventing adequate nutrient absorption. PERT is a treatment involving the administration of pancreatic enzymes, which in the case of liprotamase includes protease, amylase and lipase.

Results from an international, Phase 3 open-label, long-term safety study presented at the North

American Cystic Fibrosis Conference in October, 2009 demonstrated the safety and nutritional benefits of liprotamase. The nutritional parameters measured during the study showed nutritional maintenance relative to the U.S. population, as well as a significantly reduced pill burden.

About Alnara

Alnara Pharmaceuticals, Inc. is dedicated to developing and commercializing novel protein therapeutics for the treatment of metabolic diseases. The company's innovative approach focuses on designing effective protein therapies that can be orally delivered directly to the gastrointestinal tract without being absorbed into the bloodstream. Alnara's lead product is liprotamase, a novel, non-porcine pancreatic enzyme replacement therapy, which has completed Phase 3 clinical development in collaboration with the Cystic Fibrosis Foundation Therapeutics, Inc. (CFFT) and is currently under review by the FDA. The company is committed to bringing breakthrough new treatments to patients with unmet medical needs. Alnara was co-founded in 2008 by Alexey Margolin, Rich Aldrich and Christoph Westphal. Based in Cambridge, Massachusetts, Alnara is backed by an experienced management team and top-tier venture investors, including Third Rock Ventures, Frazier Healthcare, MPM Capital, Bessemer Venture Partners and Longwood Founders Fund. For more information, please visit the company's website at www.alnara.com.

About Eli Lilly and Company

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of 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. C-LLY

This press release contains forward-looking statements about the benefits of a merger between Lilly and Alnara and the potential of Alnara's product pipeline. It reflects Lilly's and Alnara's current beliefs, assuming that the transaction is successfully closed; however, as with any such undertaking, there are substantial risks and uncertainties in the process of implementing the transaction and in drug development. There is no guarantee Lilly will realize the expected benefits of the transaction, or that liprotamase will be approved by the FDA on the anticipated timeline or at all, that liprotamase will be commercially successful, or that Alnara's pipeline will yield commercially successful pharmaceutical products. For further discussion of these and other risks and uncertainties, please see Lilly's latest Form 10-Q filed April 2010 and Form 10-K filed February 2010. The companies undertake no duty to update forward-looking statements.

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