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Lilly Announces Acquisition of CGRP Antibody for Migraine Prevention from Arteaus Therapeutics

Deal Represents Positive Milestone for Alternative R&D Funding Strategy Phase 2 Study Meets Primary and Secondary Endpoints

INDIANAPOLIS, Jan. 13, 2014 /PRNewswire/ -- Eli Lilly and Company (NYSE:LLY) today announced that, based on positive Phase 2 data, it has acquired all development rights for a calcitonin gene-related peptide (CGRP) antibody currently being studied as a potential treatment for the prevention of frequent, recurrent migraine headaches. CGRP is a sensory neuropeptide with vascular and pro-inflammatory effects, two processes that have been implicated in migraine headaches. Lilly's CGRP antibody is a biologic entity injected subcutaneously that binds and inhibits the activity of CGRP, which is released during activation of sensory neurons involved in pain signaling.

This novel molecule (LY2951742) was discovered by Lilly scientists and then licensed to Arteaus Therapeutics for development in the clinical proof-of-concept study. Financial terms of the deal were not disclosed.

Arteaus was formed in 2011 with an \$18 million investment from Atlas Venture and OrbiMed, upon acquiring the rights to develop Lilly's CGRP antibody. Licensing Lilly's CGRP antibody to Arteaus was part of Lilly's alternative risk-sharing strategy, which includes participation in the Capital Funds Portfolio. The Capital Funds Portfolio comprises virtual project-focused companies, financed by independent investment funds that acquire early-stage molecules to develop through proof-of-concept (one or more clinical studies designed to determine whether a molecule has the potential to work in patients). If the molecule shows efficacy, the molecule and/or development rights are offered for sale to biopharmaceutical companies.

"Of the nine project-focused companies currently in the Capital Funds Portfolio, Arteaus is the first to reach proof-of-concept and to achieve positive results. Through this strategy, independent investment firms and portfolio companies provide a unique way to access, share risks, and expand funding to develop molecules, such as the CGRP antibody, to help speed the delivery of timely valued medicines to patients who are waiting," said Jan M. Lundberg, Ph.D, Executive Vice President for Science and Technology and President, Lilly Research Laboratories. "Neuroscience remains a key focus for Lilly, and bringing novel medicines to patients is our priority. Migraine is a debilitating condition that can be severe and extremely disabling, and migraine sufferers need new safer and better treatment approaches."

"We are incredibly excited about the potential for this compound, and are grateful to all the patients and investigators for their participation and commitment to furthering our understanding of migraine. LY2951742 represents a potential breakthrough therapy for the nearly 9 million patients who suffer from frequent migraine," said David Grayzel, MD, Chief Executive Officer of Arteaus Therapeutics. "We view Lilly's acquisition of the CGRP antibody program as further validation for this innovative biotech model of collaborative drug development."

As a result of the decision to acquire the CGRP antibody, Lilly is expected to incur a fourth-quarter 2013 charge of approximately \$57.1 million (pre-tax), or approximately \$0.03 per share (after-tax).

About Migraine

Migraine is a neurological disorder characterized by recurrent episodes of severe headache, often accompanied by a variety of other symptoms including nausea, vomiting, sensitivity to light and sound, and changes in vision.¹ Thirty-six million Americans, about 12 percent of the population, suffer from migraines at least periodically. The target population for CGRP antibody is a subset of patients with frequent migraine headaches. The World Health Organization places migraine as one of the 20 most disabling medical illnesses on the planet. Those with migraine are more likely to have depression, anxiety, sleep disorders, other pain conditions, and fatigue. Migraine costs the United States more than \$20 billion each year, both in direct medical expenses (e.g., doctor visits, medications) and indirect expenses (e.g., missed work, lost productivity). There is currently no cure for migraine.

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.

This press release contains certain forward-looking statements about LY2951742, a calcitonin gene-related peptide (CGRP) antibody currently being studied as a potential treatment for the prevention of frequent, recurrent migraine headaches, and reflects Lilly's current beliefs. However, as with any pharmaceutical product, there are substantial risks and uncertainties in the process of development and commercialization. There is no guarantee that future study results and patient experience will be consistent with the study findings to date, that LY2951742 will receive regulatory approval or, if approved, would be commercially successful. For further discussion of these and other risks and uncertainties, see Lilly's filings with the United States Securities and Exchange Commission. Lilly undertakes no duty to update forward-looking statements.

¹ National Institutes of Health Medline Plus Website. Migraine. <http://www.nlm.nih.gov/medlineplus/ency/article/000709.htm>. Accessed December 12, 2013.

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