



## **Lilly Marks Major Milestone for Mirror Portfolio with Agreement by Independent Fund to License First Two Investigational Medicines**

INDIANAPOLIS, Feb. 15, 2011 /PRNewswire/ -- Eli Lilly and Company (NYSE: LLY) announced today that the Mirror Portfolio, a concept created by Lilly to access innovation being developed outside the company's walls, has achieved a significant milestone. One of the independent venture capital firms participating in the Mirror Portfolio has acquired two molecules and will oversee the next stage of their development. The first is a molecule developed pre-clinically by researchers at a major academic institution that is being studied as a potential treatment for congestive heart failure; the second molecule was developed by Lilly and is being studied for its potential in bone healing and cancer.

Through the Mirror Portfolio, virtual companies financed by independent investment funds will acquire molecules, manage the financing and determine the scope, manner of execution and particular organization that will conduct the research for early-stage molecules from approximately one year before testing in humans to clinical proof-of-concept, at which point they will be offered for sale to biopharmaceutical companies such as Lilly. In the case of the molecule licensed from the academic institution as well as the molecule licensed from Lilly, Chorus, Lilly's lean virtual development organization, will conduct the studies at the companies' direction.

"The licensing of these molecules by the independent funds is an important milestone for the Mirror Portfolio. Working with venture capital to make the concept of the Mirror Portfolio a reality is one way Lilly is 'innovating on innovation' as we strive to support the development of new medicines for the benefit of patients around the world," said Robert W. Armstrong, vice president, global external research and development, Eli Lilly and Company. "Another benefit of the Mirror Portfolio is that it provides access to capital, capacity, capability and deep disease expertise that can be focused on developing molecules generated in research institutions or biotechnology companies, with the potential for rights to successful molecules to be purchased by Lilly."

### **Unique R&D Approaches for the Benefit of Patients**

Lilly is committed to researching, developing and acquiring innovative new medicines to improve outcomes for individual patients. Achieving this goal requires implementing new strategies to speed the delivery of new medicines to patients. Two examples of Lilly's unique approach are participation in the Mirror Portfolio and Lilly's Chorus drug development groups.

A key element in executing the Mirror Portfolio is the establishment of investment funds. Lilly has committed to invest up to 20 percent of the capital for these funds, or a total commitment of up to \$150 million. In addition to financial resources, Lilly will offer to out-license molecules to these funds. For its investments of time and capital, Lilly will receive preferential access to molecules managed by the funds. Lilly retains the rights to purchase all molecules licensed from Lilly via the Mirror Portfolio, as well as to evaluate and acquire a limited number of externally sourced compounds, all at fair market value.

Established in 2002, Chorus is a small, multidisciplinary drug development group within Lilly which conducts early-stage development work using a virtual model. The Chorus group focuses on designing and efficiently executing lean and highly focused development plans that progress compounds from candidate selection to clinical proof-of-concept in human clinical trials. Using this approach, Chorus has been able to reach decisions about 12 months earlier and at about half the cost of the current industry model. To date, Chorus has delivered data on 17 molecules, six of which resulted in positive proof-of-concept clinical data. Due in part to its successful track record and the increased demand for capacity related to the Mirror Portfolio opportunities, Lilly has "cloned" the original Chorus (now known as Chorus Premier) with the establishment of Chorus Resonance in Indianapolis, Chorus Europe in the United Kingdom and Vanthys, a joint venture in India. Lilly will make these drug development groups available to the funds as a fee-for-service offering, although other alternative drug development organizations may be used.

"Lilly's establishment of the Mirror Portfolio supports our innovation strategy which consists of three key components—molecule uniqueness, speed and cost efficiencies—which together are the cornerstone of our research and development philosophy," said Jan M. Lundberg, Ph.D., executive vice president of science and technology, Eli Lilly and Company, and president, Lilly Research Laboratories. "Seeing the Mirror Portfolio now in action with the entry of these first molecules gives us great confidence in our ability to leverage innovation beyond our walls in order to deliver truly breakthrough medicines for the patients who are waiting."

### **About Lilly**

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](http://www.lilly.com).

## **P-LLY**

This press release contains forward-looking statements about the Mirror Portfolio, Chorus and investigational compounds for the treatment of congestive heart failure and for bone healing and cancer, and reflects the company's current beliefs.

However, there is no guarantee that the Mirror Portfolio will successfully develop these compounds or that the company will recognize the benefits anticipated from its participation in the Mirror Portfolio, including the acquisition of rights to any molecule. There is also no guarantee that the company's Chorus drug development group will continue to provide expected research and development efficiency or will be successful in its undertakings for the Mirror Portfolio funds. As with any pharmaceutical product under development, there are substantial risks and uncertainties in the process of development and regulatory review.

There is no guarantee that these compounds will receive regulatory approval, or that the regulatory approval will be for the indications anticipated by the company or that these compounds will prove to 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.

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