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Lilly, Zymeworks Announce Expansion of Strategic Licensing and Collaboration Agreement

Broad Bi-Specific Antibody Collaboration Now Includes Targets that Could Lead to New Cancer Immunotherapies

Indianapolis and Vancouver, BC, Canada (October 22, 2014) - Eli Lilly and Company (NYSE: LLY) and Zymeworks Inc. today announced the expansion of their existing licensing and collaboration agreement.

Originally announced in January 2014, the global strategic collaboration is focused on the development of an undisclosed number of novel bi-specific antibody therapeutics using Zymeworks' proprietary Azymetric™ platform.

Today, Lilly is opting to expand the collaboration by up to potentially US \$375 million in milestones and other payments, plus tiered sales royalties based on country-by-country intellectual property, and sales to include development of several immunomodulatory bi-specific antibodies against multiple targets. Zymeworks will receive an initial up-front payment in the form of an equity investment, which will strengthen the strategic relationship between the two companies. The majority of financial terms consist of potential milestone payments contingent on the achievement of certain development and commercial milestone events predominantly focused on the United States, Japan and global sales. Further financial terms were not disclosed.

Bi-specific antibodies have the potential to provide improved outcomes for patients by simultaneously targeting two proteins resulting in additive or synergistic responses.

"We are pleased to expand our collaboration with Zymeworks to develop potential immunotherapies for those fighting cancer around the world. There are many targets involved in the controlled activation and redirection of the immune system and we know that immunotherapies will not be a one-size-fits-all treatment," said Sue Mahony, senior vice president and president, Lilly Oncology. "In addition to immunotherapy programs, Lilly has a robust oncology pipeline that includes both small molecules and monoclonal antibodies, which are being studied to treat a wide range of cancers."

"Lilly is a global pharmaceutical company and we are delighted to expand our collaboration to develop novel bi-specific immunotherapies. This expansion of our strategic collaboration speaks to the robustness of our Azymetric™ platform for the development of innovative biologics," said Ali Tehrani, president and CEO of Zymeworks. "Lilly's investment in Zymeworks also highlights the strength and promise of our oncology-focused pipeline candidates in helping patients with significant unmet medical needs."

This collaboration with Zymeworks adds to Lilly's bi-specific antibody and immunotherapy research portfolio. In July 2014, Lilly also announced an agreement to co-discover and co-develop novel cancer therapies with Immunocore.

About Eli Lilly and Company

Lilly is a global healthcare leader that unites caring with discovery to make life better for people around the world. We were founded more than a century ago by a man committed to creating high-quality medicines that meet real needs, and today we remain true to that mission in all our work. Across the globe, Lilly employees work to discover and bring life-changing medicines to those who need them, improve the understanding and management of disease, and give back to communities through philanthropy and volunteerism. To learn more about Lilly, please visit us at www.lilly.com and newsroom.lilly.com/social-channels.

About Zymeworks Inc.

Zymeworks is a privately held biotherapeutics company that is developing best-in-class Azymetric™ bi specific antibodies and antibody drug conjugates for the treatment of oncology, autoimmunity and inflammatory diseases. The company's novel Azymetric™ and AlbuCORE™ platforms, and its proprietary Zymecapture™ structure-guided protein engineering technology, enable the development of highly potent bi-specific antibodies and multivalent protein therapeutics targeted across a range of indications. Zymeworks is focused on accelerating its preclinical biotherapeutics pipeline through in-house research and development programs and strategic collaborations. More information on Zymeworks can be found at www.zymeworks.com.

About the Azymetric™ Platform

Bi-specific antibodies developed using the Azymetric™ platform resemble conventional monospecific antibodies while incorporating two different Fab domains to bind to different antigens or drug targets. Azymetric™ antibodies spontaneously

assemble into a single molecule comprising two unique heavy and light chain pairs and are manufactured using conventional monoclonal antibody processes. The Azymetric™ platform can be used to rapidly screen target and sequence combinations for bi-specific activities in the final therapeutic format, significantly shortening drug development timelines.

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This press release contains forward-looking statements about the research collaboration between Zymeworks and Lilly and reflects Lilly's current beliefs. However, there are substantial risks and uncertainties in the process of drug research, development, and commercialization. There is no guarantee that the research collaboration will yield successful results or that either company will achieve the anticipated benefits. 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.

Refer to:

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