TOKYO / INDIANAPOLIS, IN, September 27, 2018 -- Chugai Pharmaceutical Co., Ltd. (TOKYO: 4519, Chugai) and Eli Lilly and Company (NYSE: LLY, Lilly) today announced they have entered into a license agreement for OWL833, Chugai’s oral non-peptidic GLP-1 receptor agonist. OWL833 is a Phase 1-ready asset that is being studied for the treatment of type 2 diabetes.

Under the terms of the agreement, Lilly will receive worldwide development and commercialization rights to OWL833. Chugai will receive an upfront payment of $50 million and is eligible for milestone payments based on achievement of certain predetermined milestones. If the molecule is successfully commercialized, Chugai would also be eligible for royalty payments.

“As a global leader in diabetes care, Lilly is committed to developing the next generation of diabetes therapies,” said Daniel Skovronsky, M.D., Ph.D., Lilly’s Chief Scientific Officer and President of Lilly Research Laboratories. “This exciting new opportunity from Chugai could represent a significant step forward for improving outcomes for people with diabetes.”

“We are very pleased to announce the license agreement of OWL833 with Lilly, a world-leading company in diabetes care,” said Yasushi Ito, M.D., Ph.D., Chugai’s Executive Vice President, Co-head of Project & Lifecycle Management Unit. “We believe OWL833 can be a best-in-class oral non-peptide GLP-1 receptor agonist and that its value will be further enhanced through Lilly’s clinical development to contribute to people around the world who live with diabetes.”

There will be no change to Chugai’s consolidated financials forecast for the fiscal year ending December 2018 as a result of this transaction.

This transaction will be reflected in Lilly’s reported results and financial guidance according to Generally Accepted Accounting Principles (GAAP). There will be no change to Lilly’s 2018 non-GAAP earnings per share guidance as a result of this transaction.
This transaction is subject to potential competition authority clearances and other customary closing conditions.

**About Chugai**

Chugai Pharmaceutical is one of Japan’s leading research-based pharmaceutical companies with strengths in biotechnology products. Chugai, based in Tokyo, specializes in prescription pharmaceuticals and is listed on the 1st section of the Tokyo Stock Exchange. As an important member of the Roche Group, Chugai is actively involved in R&D activities in Japan and abroad. Specifically, Chugai is working to develop innovative products which may satisfy the unmet medical needs, mainly focusing on the oncology area.

In Japan, Chugai’s research facilities in Gotemba and Kamakura are collaborating to develop new pharmaceuticals and laboratories in Ukima are conducting research for technology development for industrial production. Overseas, Chugai Pharmabody Research based in Singapore is engaged in research focusing on the generation of novel antibody drugs by utilizing Chugai’s proprietary innovative antibody engineering technologies. Chugai Pharma USA and Chugai Pharma Europe are engaged in clinical development activities in the United States and Europe.

The consolidated revenue in 2017 of Chugai totaled 534.2 billion yen and the operating income was 103.2 billion yen (IFRS Core basis).

Additional information is available on the internet at [https://www.chugai-pharm.co.jp/english/](https://www.chugai-pharm.co.jp/english/).

**About Lilly Diabetes**

Lilly has been a global leader in diabetes care since 1923, when we introduced the world's first commercial insulin. Today we are building upon this heritage by working to meet the diverse needs of people with diabetes and those who care for them. Through research and collaboration, a broad and growing product portfolio and a continued determination to provide real solutions—from medicines to support programs and more—we strive to make life better for all those affected by diabetes around the world. For more information, visit [www.lillydiabetes.com](http://www.lillydiabetes.com) or follow us on Twitter: @LillyDiabetes and on Facebook: LillyDiabetesUS.

**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 www.lilly.com/newsroom/social-channels.

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**Lilly Cautionary Statement Regarding Forward-Looking Statements**

This press release contains forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995) about the benefits of Lilly's licensing of Chugai's investigational medicine, OWL833. It reflects Lilly's current beliefs; however, as with any such undertaking, there are substantial risks and uncertainties in implementing the transaction and in drug development. Among other things, there can be no guarantee that Lilly will realize the expected benefits of the transaction, that the molecule will be approved on the anticipated timeline or at all, or that the potential product will be commercially successful. For further discussion of these and other risks and uncertainties, see Lilly's most recent Form 10-K and Form 10-Q filings with the United States Securities and Exchange Commission. Except as required by law, Lilly undertakes no duty to update forward-looking statements to reflect events after the date of this release.