

Lilly and Avidity Biosciences Announce Licensing and Research Collaboration

Collaboration will pursue therapeutic targets focused on immunology and other indications
Avidity to receive an upfront payment of \$20 million and an investment of \$15 million
Avidity eligible to receive up to approximately \$405 million per target in development and commercialization milestones, plus royalties

INDIANAPOLIS, IN, and LA JOLLA, CA — April 22, 2019 /PRNewswire/ — Eli Lilly and Company (NYSE: LLY) and Avidity Biosciences, Inc. today announced a global licensing and research collaboration focused on the discovery, development and commercialization of potential new medicines in immunology and other select indications.

The companies will utilize Avidity's technology platform to progress new therapeutic approaches toward clinical development and commercialization. Avidity's platform seeks to combine the tissue selectivity of monoclonal antibodies and the precision of oligonucleotide-based therapeutics to potentially overcome barriers to the delivery of oligonucleotides and target genetic drivers of disease.

"We are excited to expand our oligonucleotide research and development efforts through this strategic collaboration with Avidity," said Andrew C. Adams, Ph.D., chief scientific officer for RNA therapeutics at Lilly. "Their expertise in studying the combination of monoclonal antibodies and oligonucleotide-based therapies represent a promising avenue of research toward development of new RNA-based medicines."

"This collaboration with Lilly provides an exceptional opportunity to leverage Avidity's proprietary AOC platform in order to generate new therapeutic targets in disease areas that have been challenging to pursue using oligonucleotide-based approaches," said Kent Hawryluk, Avidity's chief business officer. "Lilly's extensive research, development, regulatory, and commercial capabilities make them an ideal partner, and we look forward to a long and productive relationship."

Under the terms of the agreement, Avidity will receive an upfront payment of \$20 million, as well as an investment of \$15 million. Avidity is also eligible to receive up to approximately \$405 million per target for development, regulatory and commercialization milestones, as well as tiered royalties ranging from the mid-single to low-double digits on product sales.

This transaction is subject to clearance under customary closing conditions. The 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 2019 non-GAAP earnings per share guidance as a result of this transaction.

About Avidity Biosciences Inc.

Avidity Biosciences Inc. is a privately-held biotech company pioneering Antibody Oligonucleotide Conjugates (AOC™). AOCs combine the tissue selectivity of monoclonal antibodies and the precision of oligonucleotide-based therapeutics to overcome barriers to the delivery of oligonucleotides and target genetic drivers of disease. Avidity has raised \$30 million in venture financing from a top-tier group of investors, including Takeda Ventures, Alethea Capital, Alexandria Real Estate Equities, Brace Pharma, EcoR1 Capital, F-Prime Capital, Moore Venture Partners, and Boxer Capital of Tavistock Group.

About Eli Lilly and Company

Lilly is a global healthcare leader that unites caring with discovery to create medicines that 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 <http://newsroom.lilly.com/social-channels>. C-LLY

Lilly Forward-Looking Statement

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 a collaboration between Lilly and Avidity, and reflects Lilly's current beliefs. However, as with any such undertaking, there are substantial risks and uncertainties in the process of drug development and commercialization. Among other things, there can be no guarantee that Lilly will realize the expected benefits of the collaboration, or that the collaboration will yield commercially successful products. For a further discussion of these and other risks and uncertainties that could cause actual results to differ from Lilly's expectations, please see Lilly's most recent Forms 10-K and 10-Q filed with the U.S. Securities

and Exchange Commission. Lilly undertakes no duty to update forward-looking statements.

Refer to:

Mark Taylor; mark.taylor@lilly.com; (317) 276-5795 (Lilly Media)

Kevin Hern; hern_kevin_r@lilly.com; (317) 277-1838 (Lilly Investors)

Leslie Ann Kerins; leslie@aviditybio.com; (858) 401-7900 (Avidity)

Ian Stone; ian@canalecomm.com; (619) 849-5388 (Avidity Media)

<https://aviditybiosciences.investorroom.com/2019-04-22-Lilly-and-Avidity-Biosciences-Announce-Licensing-and-Research-Collaboration>