INDIANAPOLIS and UTRECHT, The Netherlands, Jan. 19, 2021 /PRNewswire/ -- Loxo Oncology at Lilly, a research and development group of Eli Lilly and Company (NYSE: LLY), and Merus N.V. (NASDAQ: MRUS), a clinical-stage oncology company developing multi-specific antibodies, today announced a research collaboration and exclusive license agreement that will leverage Merus' proprietary Biclonics® platform along with the scientific and rational drug design expertise of Loxo Oncology at Lilly to research and develop up to three CD3-engaging T-cell re-directing bispecific antibody therapies.

Under the terms of the agreement, Merus will lead discovery and early stage research activities while Loxo Oncology at Lilly will be responsible for additional research, development and commercialization activities. Merus will receive an upfront cash payment of $40 million, as well as an equity investment by Lilly of $20 million in Merus common shares. Merus is also eligible to receive up to $540 million in potential development and commercialization milestones per product, for a total of up to approximately $1.6 billion for three products, as well as tiered royalties ranging from the mid-single to low-double digits on product sales should Lilly successfully commercialize a therapy from the collaboration.

"CD3-engaging bispecific antibodies are rapidly becoming one of the most transformative immune-modulating modalities used to treat cancer. We expect these therapies will become an important component of the Loxo Oncology at Lilly biologics strategy," said Jacob Van Naarden, chief operating officer of Loxo Oncology at Lilly. "Merus has built a differentiated platform and one that we believe can enable us to create bispecific antibody therapies with wider therapeutic indexes than those available today. We look forward to working closely with Merus to develop new potential medicines for patients with cancer."

"The collaboration with Loxo Oncology at Lilly and their world-class research capabilities opens up exciting possibilities for Merus' Biclonics® platform,” said Bill Lundberg, MD., President and Chief Executive Officer at Merus. “Our CD3 T-cell engager platform includes over 175 novel and diverse anti-CD3 common light chain antibodies across a wide range of affinities and attributes and enables functional screening of large libraries for optimal performance. We look forward to working together with Loxo Oncology at Lilly to define a new generation of medicines to treat cancer.”

This transaction is subject to customary closing conditions. 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 2021 non-GAAP earnings per share guidance as a result of this transaction.

About Merus
Merus is a clinical-stage oncology company developing innovative full-length human bispecific and trispecific antibody therapeutics, referred to as Multiclonics®. Multiclonics® are manufactured using industry standard processes and have been observed in preclinical and clinical studies to have several of the same features of conventional human monoclonal antibodies, such as long half-life and low immunogenicity. For additional information, please visit Merus' website, www.merus.nl and https://twitter.com/MerusNV

About Loxo Oncology at Lilly
Loxo Oncology at Lilly was created in December 2019, combining the Lilly Research Laboratories oncology organization and Loxo Oncology, which was acquired by Lilly in early 2019. Loxo Oncology at Lilly brings together the focus and spirit of a biotech with the scale and resources of large pharma, with the goal of rapidly delivering impactful new medicines for people with cancer. Our approach centers on creating new oncology medicines that unequivocally work early in clinical development and will matter to patients.

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. C-LLY

Merus Forward-Looking Statements
This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation, benefits of a collaboration between Loxo Oncology at Lilly and Merus; whether and when Merus will receive any future payment under the collaboration, including milestones or royalties, and the amounts of such payments; whether any programs under the collaboration will be successful; the potential of Merus' CD3 T-cell engager platform and capacity to functionally screen large libraries of engager molecules for optimal performance holding potential to define next-generation medicines to treat cancer. These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: our need for additional funding, which may not be available and which may require us to restrict our operations or require us to relinquish rights to our technologies or Biclonics®, Triclonics™ and multispecific antibody candidates; potential delays in regulatory approval, which would impact our ability to commercialize our product candidates and affect our ability to generate revenue; the lengthy and expensive process of clinical drug development, which has an uncertain outcome; the unpredictable nature of our early stage development efforts for marketable drugs; potential delays in enrollment of patients, which could affect the receipt of necessary regulatory approvals; our reliance on third parties to conduct our clinical trials and the potential for those third parties to not perform satisfactorily; impacts of the COVID-19 pandemic; we may not identify suitable Biclonics® or bispecific antibody candidates under our collaborations or our collaborators may fail to perform adequately under our collaborations; our reliance on third parties to manufacture our product candidates, which may delay, prevent or impair our development and commercialization efforts; protection of our proprietary...
technology; our patents may be found invalid, unenforceable, circumvented by competitors and our patent applications may be found not to comply with the rules and regulations of patentability; we may fail to prevail in potential lawsuits for infringement of third-party intellectual property; and our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks.

These and other important factors discussed under the caption “Risk Factors” in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 filed with the Securities and Exchange Commission, or SEC, on November 5, 2020, and our other reports filed with the SEC, could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management’s estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change, except as required under applicable law. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

**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 Merus, Lilly's biologics strategy, and potential payments to Merus in connection with the collaboration, and reflects Lilly's current beliefs and expectations. However, as with any such undertaking, there are substantial risks and uncertainties in the process of drug research, development and commercialization. Among other things, there can be no guarantee that Lilly will realize the expected benefits of the collaboration, that the collaboration will yield commercially successful products, or that Lilly will execute its strategy as expected. 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.

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