



December 2, 2014

Zosano Pharma and Eli Lilly and Company Enter Into Exclusive Licensing Agreement for Zosano's ZP-PTH Product Candidate

FREMONT, Calif. and INDIANAPOLIS, Dec. 2, 2014 (GLOBE NEWSWIRE) -- Zosano Pharma Corporation (Zosano) and Eli Lilly and Company (NYSE:LLY) today announced that they have entered into an exclusive agreement to develop ZP-PTH, Zosano's proprietary formulation of parathyroid hormone 1-34 (PTH) using Zosano's microneedle patch system for the treatment of osteoporosis patients, globally. Zosano has completed a Phase 2 study of ZP-PTH for the treatment of severe osteoporosis, and plans to conduct Phase 3 development.

Under the terms of the agreement, Zosano has granted Lilly an exclusive worldwide license to commercialize ZP-PTH. Lilly will make an equity investment of up to \$15 million in Zosano concurrent with the consummation of Zosano's initial public offering of equity securities, and additionally make payments upon achievement of certain regulatory and sales milestones totaling up to \$300 million for regulatory approvals and up to \$125 million for sales milestones. Zosano is also eligible to receive double-digit royalties on sales of products in major markets and will receive reimbursement of all manufacturing costs.

Pending successful clinical testing outcomes and regulatory approval of ZP-PTH, Lilly will be responsible for commercialization of the product. Zosano will be responsible for funding and developing the product, including clinical, regulatory and manufacturing scale-up activities. Zosano will also manufacture the product and provide commercial product supply to Lilly.

"The treatment of osteoporosis has advanced significantly in recent years, and if approved Zosano's microneedle patch system could offer a potentially innovative way to deliver this important medicine," said David A. Ricks, President, Lilly Bio-Medicines and Lilly Senior Vice President. "Zosano shares our commitment to making life better for the tens of millions of people with osteoporosis around the world, and we look forward to helping advance this potential innovation to improve the patient's experience."

"We are delighted to have Lilly, a global leader in the field of osteoporosis, as our partner as we advance clinical development of ZP-PTH, one of our lead clinical compounds," stated Vikram Lamba, Chief Executive Officer of Zosano. "The product, if approved, could help patients suffering from osteoporosis to get a room temperature stable PTH patch for self-administration, without the need for a subcutaneous injection."

About Osteoporosis

Osteoporosis is a disease characterized by low bone mass and structural deterioration of bone tissue, which can lead to an increase in bone fractures. It mainly affects adults age 50 and older. The National Osteoporosis Foundation (NOF) estimates that approximately nine million adults in the United States have osteoporosis and more than 43 million have low bone mass, placing them at increased risk for osteoporosis and broken bones. As the United States population above the age of 50 increases, the NOF projects that the incidence of osteoporosis will also increase. A patient has severe osteoporosis when he or she has a T-score ≤ -2.5 plus one or more fragility fractures. According to the NOF, approximately 700,000 adults in the United States suffer from severe osteoporosis.

About PTH

Teriparatide has an identical sequence to the 34 N-terminal amino acids (the biologically active region) of the 84-amino acid human parathyroid hormone. Once-daily administration of teriparatide stimulates new bone formation on trabecular and cortical bone surfaces by preferential stimulation of osteoblastic activity over osteoclastic activity.

About Zosano Pharma

Zosano Pharma Corporation is a private biopharmaceutical company and a pioneer in the field of transdermal drug delivery. Zosano is developing products using its proprietary microneedle patch system. Zosano's microneedle patch delivers therapeutic compounds through the skin and provides rapid systemic drug delivery in a convenient, needle-free and pain-free system. Zosano's microneedle patch system has been tested in preclinical and clinical studies that demonstrated its technical feasibility with approximately 30 compounds, and over 30,000 of Zosano's patches have been applied to more than 400 patients in seven Phase 1 clinical studies and one Phase 2 clinical study. Zosano seeks to develop products with significant commercial potential both independently and in collaboration with strategic partners. Learn more at www.zosanopharma.com.

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.

This press release contains forward-looking statements about ZP-PTH as a potential treatment for severe osteoporosis and reflects Zosano's and Lilly's current beliefs. However, as with any pharmaceutical product, there are substantial risks and uncertainties in the process of development and commercialization. For further discussion of these and other risks and uncertainties, see Zosano's and Lilly's most recent filings with the United States Securities and Exchange Commission. Neither Zosano nor Lilly undertakes any duty to update forward-looking statements.

CONTACT: Corporate Contact:

Vikram Lamba

Chief Executive Officer, Zosano Pharma

vlamba@zosanopharma.com

510-745-1297

Media Contact:

For Zosano: Jamie Lacey-Moreira

jamielacey@presscommpr.com

410-299-3310

For Lilly: Scott MacGregor

jsmacgregor@lilly.com

317-440-4699