Company Announcement
No. 2/2014

Zealand and Boehringer Ingelheim to change development program on novel dual-acting glucagon/GLP-1 receptor agonists to treat Type 2 diabetes and/or obesity with a new lead compound that will replace ZP2929

- ***The financial terms of the collaboration remain unchanged***
- ***Zealand will continue the Phase I clinical development of ZP2929 independently of Boehringer Ingelheim***
- ***Boehringer Ingelheim to continue with a novel glucagon/GLP-1 dual agonist to be selected from the compounds identified under the research part of the collaboration, including compounds invented for once weekly dosing***

Copenhagen, 20 January 2014 – Zealand Pharma A/S (NASDAQ OMX Copenhagen: ZEAL) ("Zealand") and Boehringer Ingelheim have decided to change the development program involving novel glucagon/GLP-1 dual agonists for the treatment of Type 2 diabetes and/or obesity with the selection of a new lead compound that will replace ZP2929 under the collaboration between the two companies. The financial terms agreed previously for ZP2929 will now apply to a new lead program.

Zealand will continue the development of ZP2929, a novel glucagon/GLP-1 dual agonist intended for once-daily dosing, which is in Phase I development, independently of Boehringer Ingelheim. Zealand has, throughout the collaboration, been responsible for the conduct of the first Phase I activities of ZP2929, and will now immediately take full control of the further development of this novel drug candidate. Zealand will update the market before the end of the 1st quarter of 2014 on expected next-stage clinical development timelines for ZP2929.

The collaboration between Zealand and Boehringer Ingelheim will continue with a new lead candidate to be selected from the portfolio of novel glucagon/GLP-1 dual agonists and compound designs invented under the two-year research part of the collaboration, including compounds designed for once-weekly dosing.

Under the collaboration agreement signed between Zealand and Boehringer Ingelheim in June 2011 (Company Announcement no. 10/2011), the collaboration provides for payments to Zealand upon the achievement of pre-defined development, regulatory and commercial milestones for the lead glucagon/GLP-1 dual-acting agonist advanced through development under the collaboration. Further, Zealand is entitled to additional milestones if supplementary compounds discovered under the collaboration are advanced through development and to tiered royalties that range from high single to low double digits on global sales of products under the agreement. Under the agreement, Boehringer Ingelheim finances all development, manufacturing and commercial activities and Zealand retains co-promotion rights in Scandinavia.

Commenting on this announcement, **David Solomon, President and Chief Executive Officer of Zealand Pharma, said**: *"Our collaboration with Boehringer Ingelheim has been fruitful, and we both continue to share excitement and strong commitment as to the potential of dual-acting glucagon/GLP-1 agonists as a unique and promising new approach to delivering better healthcare solutions to patients with diabetes and/or obesity. However, on ZP2929 we have differed in our views regarding the appropriate way forward in the development of this drug candidate. As a consequence, we have agreed with Boehringer Ingelheim that Zealand will retain the full control over the program, leaving us the opportunity to apply our unique peptide drug capabilities to its continuation. In parallel, under the collaboration, we will continue to work closely with Boehringer Ingelheim in the selection of a new lead candidate as well as on the development plan for this compound going forward."*

Financial guidance for 2014

Zealand will provide financial guidance for 2014 in connection with the company's Full year announcement and Annual Report for 2013 on 20 March 2014.

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About Zealand
Zealand Pharma A/S (NASDAQ OMX Copenhagen: ZEAL) ("Zealand") is a biotechnology company based in Copenhagen, Denmark. Zealand specializes in the discovery, optimization and development of novel peptide drugs and has a broad and mature pipeline of drug candidates identified through its own drug discovery activities. The company's focus lies in the field of cardio-metabolic diseases, diabetes and obesity in particular, and its lead drug invention is lixisenatide, a once-daily prandial GLP-1 agonist, which is licensed to Sanofi for the treatment of Type 2 diabetes. Lixisenatide (marketed by Sanofi as Lyxumia®) is approved in several countries, including Europe and Japan, and under regulatory review in a number of other countries globally. In the U.S., an NDA is planned to be submitted in 2015, after completion of the ELIXA Cardiovascular outcome study.

Zealand has a partnering strategy for the development and commercialization of its products and in addition to the license agreement with Sanofi in Type 2 diabetes, the company has partnerships with Boehringer Ingelheim in diabetes/obesity, Lilly in diabetes and obesity, Helsinn Healthcare in chemotherapy induced diarrhea and AbbVie in acute kidney injury.

For further information: www.zealandpharma.com
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