Closer Look

MEMORANDUM

Lilly discontinues basal insulin peglispro - December 4, 2015

We got the news earlier this morning that Lilly has dropped peglispro basal insulin development due to its decision to move resources elsewhere in its portfolio, a decision presumably driven mainly by liver toxicity issues. There were multiple worrying safety issues; when it announced phase 3 results in late 2014, in addition to the increase in liver enzyme levels and slightly worrying lipid changes seen in type 2 diabetes patients, there was also mention of an increase in daytime hypoglycemia. Although there had been high hopes for this insulin at one time (physiologically, liver-selective insulin more closely mimics endogenous insulin action and also has better weight effects vs. non-liver-selective insulin), we doubt this insulin would've moved through FDA because there are so many other basal options available with no safety issues. Indeed, we had expressed surprised several months ago when one presenter at AADE had characterized it as the hottest basal insulin on the horizon. Dr. Philip Home as usual made us all smart back in early 2014, when he gave a lecture at CODHy Latin America in Panama, asking "Are Hepato-specific Insulins Desirable?" He was implying no. This is undoubtedly disappointing for Lilly, as peglispro had delivered consistently superior A1c reductions and advantages on weight and nocturnal hypoglycemia vs. Lantus. Lilly was still bullish on this insulin earlier this year, even when challenged outright by analysts. Still, study of this insulin by Lilly's has demonstrated potential benefits of liver selective insulin and could lay the groundwork for future candidates that achieve comparable efficacy and non-glycemic benefits with fewer side effects. Ultimately, particularly with the advantages of empagliflozin, Lilly has more promising things to do with resources and we imagine the positive risk/reward tradeoff wasn't there with peglispro when what tradeoffs were considered for where the resources could go. We salute management for doing all the study on this insulin as well as for this decision (they are taking a $55 million charge). Now, Lilly will have more time to focus on the rest of its strong portfolio and promising pipeline.