Lexicon Realigns Business Around Research and Development Assets, with Focus on Phase 2 LX9211 Neuropathic Pain Program

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Phase 2 Study for Diabetic Peripheral Neuropathic Pain Underway, Additional Studies Planned in Other Areas of Neuropathic Pain

Sale of XERMELO to TerSera to Yield Up to $224 Million in Upfront and Milestone Payments Plus Mid-Teens Royalties on Net Sales of XERMELO in Biliary Tract Cancer

Substantial Debt Reduction, Including Full Repayment of Secured Loan

The Woodlands, Texas, July 30, 2020 – Lexicon Pharmaceuticals, Inc. (Nasdaq: LXRX) announced today that it is realigning its business around its research and development assets, with a focus on its LX9211 neuropathic pain program, now in Phase 2 clinical development. In that regard:

- ***Initiation of Phase 2 Clinical Development of LX9211.*** Lexicon has initiated patient screening in RELIEF-DPN-1, a Phase 2 randomized, placebo-controlled, multi-center clinical study of LX9211 for the treatment of diabetic peripheral neuropathic pain that is expected to enroll approximately 300 patients at 30 U.S. sites. Lexicon is preparing for additional Phase 2 studies of LX9211, a potent oral small molecule inhibitor of adaptor associated kinase 1 (AAK1), in other areas of neuropathic pain based on promising results in multiple preclinical models of neuropathic pain and a favorable Phase 1 clinical safety profile.
- ***Sale of XERMELO to TerSera***. Lexicon entered into an asset purchase and sale agreement with TerSera Therapeutics LLC for the sale of Lexicon's XERMELO® (telotristat ethyl) product and related assets for up to $224 million in upfront and milestone payments, consisting of approximately $159 million in cash at closing and up to $65 million in development, regulatory and sales milestones relating to biliary tract cancer, plus eligibility for mid-teens royalties on net sales of XERMELO in biliary tract cancer. As part of the transaction, TerSera has agreed to assume the currently ongoing TELE-ABC Phase 2 clinical study of XERMELO in biliary tract cancer patients and offer employment to at least 20 Lexicon employees currently dedicated to XERMELO. MTS Health Partners, L.P. served as financial advisor and WilmerHale served as legal counsel to Lexicon.
- ***Debt Reduction***. Lexicon will use the upfront proceeds from the XERMELO sale to substantially reduce its debt, including full repayment of its $150 million secured term loan.

"We are implementing a strategic realignment of Lexicon around some truly compelling assets, with a focus on LX9211 for neuropathic pain and other early-stage research and development programs," said Lonnel Coats, Lexicon's president and chief executive officer. "The sale of our commercial product, XERMELO, to TerSera provides a home for an important treatment for patients with cancer as well as a number of our employees, allows us to use our resources more efficiently and dedicate appropriate investment to LX9211 development, and enables a substantial reduction of our debt."

About the RELIEF-DPN-1 Study

RELIEF-DPN-1 is a Phase 2 randomized, double-blind, placebo-controlled, parallel-group, multicenter study evaluating the efficacy, safety and pharmacokinetics of LX9211 in the treatment of diabetic peripheral neuropathic pain. The study is designed to enroll approximately 300 patients at approximately 30 U.S. clinical sites. The primary efficacy endpoint under evaluation is the change from baseline (Day 1) to Week 6 in Average Daily Pain Score (ADPS), based on the 11-point numerical rating scale (NRS).

About LX9211

LX9211 is a potent, orally delivered, selective small molecule inhibitor of AAK1, a target discovered and extensively characterized in an alliance with Bristol Myers Squibb. Preclinical studies of LX9211 demonstrated central nervous system penetration and reduction in pain behavior in models of neuropathic pain. Lexicon holds exclusive research, development and commercialization rights to LX9211 and additional compounds acting through AAK1 under the alliance.

About XERMELO (telotristat ethyl)

Discovered using Lexicon's unique approach to gene science, XERMELO is the first and only approved oral therapy for carcinoid syndrome diarrhea. XERMELO targets tryptophan hydroxylase, an enzyme that mediates the excess serotonin production within metastatic neuroendocrine tumor (mNET) cells. XERMELO is approved in the United States, the European Union and certain

additional countries for the treatment of carcinoid syndrome diarrhea in combination with somatostatin analog (SSA) therapy in adults inadequately controlled by SSA therapy. Carcinoid syndrome is a rare condition that occurs in patients living with mNETs and is characterized by frequent and debilitating diarrhea. XERMELO targets the overproduction of serotonin inside mNET cells, providing an additional treatment option for patients suffering from carcinoid syndrome diarrhea.

Lexicon has granted Ipsen an exclusive royalty-bearing right and license to commercialize XERMELO outside of the United States and Japan. Lexicon is commercializing XERMELO in the United States and Ipsen is commercializing XERMELO in multiple countries, including the United Kingdom and Germany.

XERMELO (telotristat ethyl) Important Safety Information

- ***Warnings and Precautions:***XERMELO may cause constipation, which can be serious. Monitor for signs and symptoms of constipation and/or severe, persistent, or worsening abdominal pain in patients taking XERMELO. Discontinue XERMELO if severe constipation or severe, persistent, or worsening abdominal pain develops.
- ***Adverse Reactions:*** The most common adverse reactions (≥5%) include nausea, headache, increased gamma-glutamyl-transferase, depression, flatulence, decreased appetite, peripheral edema, and pyrexia.
- ***Drug Interactions:*** If necessary, consider increasing the dose of concomitant CYP3A4 substrates, as XERMELO may decrease their systemic exposure. If combination treatment with XERMELO and short-acting octreotide is needed, administer short-acting octreotide at least 30 minutes after administering XERMELO.

For more information about XERMELO, see Full Prescribing Information at www.xermelo.com.

About Lexicon Pharmaceuticals

Lexicon is a fully integrated biopharmaceutical company with a mission of pioneering medicines that transform patients' lives. Through its Genome5000™ program, Lexicon scientists studied the role and function of nearly 5,000 genes and identified more than 100 protein targets with significant therapeutic potential in a range of diseases. Through the precise targeting of these proteins, Lexicon is pioneering the discovery and development of innovative medicines to safely and effectively treat disease. In addition to its first commercial product, XERMELO, Lexicon has a pipeline of promising drug candidates in clinical and preclinical development in diabetes and metabolism, oncology and neuropathic pain. For additional information, please visit www.lexpharma.com.

Safe Harbor Statement

This press release contains "forward-looking statements," including statements relating to the sale of XERMELO (telotristat ethyl) and Lexicon's long-term outlook on its business In addition, this press release also contains forward looking statements relating to Lexicon's growth and future operating results, discovery, development and commercialization of products, strategic alliances and intellectual property, as well as other matters that are not historical facts or information. All forward-looking statements are based on management's current assumptions and expectations and involve risks, uncertainties and other important factors, specifically including Lexicon's ability to meet its capital requirements, successfully complete the sale of XERMELO, successfully conduct preclinical and clinical development and obtain necessary regulatory approvals of sotagliflozin, LX9211 and its other potential drug candidates on its anticipated timelines, achieve its operational objectives, obtain patent protection for its discoveries and establish strategic alliances, as well as additional factors relating to manufacturing, intellectual property rights, and the therapeutic or commercial value of its drug candidates. Any of these risks, uncertainties and other factors may cause Lexicon's actual results to be materially different from any future results expressed or implied by such forward-looking statements. Information identifying such important factors is contained under "Risk Factors" in Lexicon's annual report on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission. Lexicon undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

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