AtaiBeckley / Eli Lilly: the CVR as agreed

Text is the form of CVR agreement (Annex III to EX-2.1). The signed copy is not filed on EDGAR as of 2026-09-22

OPINION

Eli Lilly closed its acquisition of AtaiBeckley on 11 September, $6.75 a share in cash plus a CVR of up to $2.50. Every headline printed $3.8 billion.

The CVR pays each milestone minus half of any third party IP licence cost allocable to that product. So $2.50 is a ceiling nobody outside Lilly can compute.

AtaiBeckley asked to keep VLS-01 out of the sale. Lilly refused, then wrote itself no efforts obligation for MDD or GAD for either product: Section 4.3(a)(i) and Section 4.3(a)(ii). Commercially Reasonable Efforts survive for TRD alone, on both products, unenforceable by specific performance.

On the economics, it is hard to blame them. But Lilly bought the right to decide, not a commitment to develop. Anyone modelling a GH001 or COMP360 exit is one control premium short.

Agreement versus announcement

TERM	16 JULY RELEASE	CVR AGREEMENT	SECTION
Efforts obligation	Not stated	"to use Commercially Reasonable Efforts": VLS-01 toward the First Milestone and Third Milestone, BPL-003 toward the Second Milestone, each carving out "the treatment of MDD or GAD". That leaves TRD as the only indication covered, by subtraction; the text never names it as the obligation. Swap on VLS-01 only: the exclusion moves to TRD if Parent elects to "terminate clinical development of the First CVR Product in TRD" and then begins MDD or GAD. No anti-evasion or good-faith clause; two cut the other way, "supersede any standard of efforts or implied covenant of good faith and fair dealing" and "The Holders shall not be entitled to specific enforcement of Section 4.3".	§4.3(a)(i), §4.3(a)(ii), p. 17; §4.3(b), p. 18; §6.4, p. 23
Milestone Offset Amount	"(a) $1.00 per share … (b) $0.50 per share … (c) $1.00 per share". No offset stated	$1.00 minus any Milestone Offset Amount (50% of third-party Necessary IP payments allocable to the product, divided by CVRs outstanding); likewise $0.50 minus any Milestone Offset Amount. Payment must run "to a Third Party", defined to exclude the Company, Parent, Merger Sub and "any of their respective controlled Affiliates": an in-group licence builds no offset. The one term here running the holders' way.	§1.1, pp. 1, 4; §1.1 Third Party, p. 7; §4.2, p. 17
Phase 3 outside the US	"initiation of a Phase 3 clinical trial of VLS-01". Jurisdiction not stated	Phase 3 Clinical Trial defined by reference to 'the FDA or equivalent Regulatory Authority' and 21 C.F.R. § 312.21(c) 'or foreign equivalents', no US-only limit	§1.1, pp. 3-7
Initiation	Not defined	"the first dosing of such product in the first patient in such clinical trial"	§1.1, pp. 3-7
Indication	Not stated	"major depressive disorder ("MDD"), treatment-resistant depression ("TRD") or generalized anxiety disorder ("GAD")"	§1.1, pp. 3-7
BPL-003 rescheduling	"DEA rescheduling of BPL-003"	"rescheduling FDA-approved mebufotenin benzoate nasal spray from schedule I to schedules II, III, IV or V"; proviso that "the BPL Scheduling enables the prescribing of such FDA-approved Second CVR Product"	§1.1 Second Milestone, pp. 5-6
VLS-01 rescheduling	"DEA rescheduling of VLS-01"	"rescheduling FDA-approved N,N-Dimethyltryptamine (DMT) from schedule I to schedule II, III, IV or V"; a substance, not the product	§1.1 Third Milestone, pp. 6-7
Regulatory Approval	"U.S. regulatory approval"	"including pricing approvals and reimbursement approvals that are necessary for the commercial sale of a pharmaceutical or biologic product"	§1.1, pp. 5-6
Product scope	"related to the BPL-003 and VLS-01 programs"	"as such pharmaceutical product candidate exists as of the date of this Agreement, together with any Insubstantial Changes thereto"	§1.1, pp. 5-6
Early termination	Not stated	"the delivery of a written notice of termination" by Parent and the Acting Holders, who are holders of at least 25% of CVRs	§6.8, p. 24

Negotiation record, events that moved money or perimeter

DATE	PARTY	WHAT CHANGED	PROXY SECTION
2026-06-01	Lilly	$6.75 per share cash. CVR: none	Background of the Merger, p. 29
2026-06-11	Lilly	CVR added: $1.00 on FDA regulatory approval of VLS-01 for treatment-resistant depression plus DEA rescheduling, only if before the sixth anniversary of closing	Background of the Merger, p. 30
2026-06-17	Lilly	CVR total $2.50: (i) $1.50 upon the VLS-01 Milestone, before the sixth anniversary of closing; (ii) $1.00 upon the BPL-003 Milestone, before the fifth anniversary of closing	Background of the Merger, p. 31
2026-06-18	Lilly (calls with management)	Perimeter: Lilly "would be unwilling to consider removing VLS-01 from the transaction perimeter"	Background of the Merger, pp. 31-32
2026-06-19	Lilly	CVR split: (i) $1.00 upon the VLS-01 Milestone; (ii) $1.00 upon initiation of a Phase 3 clinical trial for VLS-01; (iii) $0.50 upon the BPL-003 Milestone	Background of the Merger, p. 32
2026-06-22	Centerview; Lilly (Goldman Sachs)	Perimeter: Lilly "would not agree to the Asset Sale Proposal" but would consider permitting a sale of the ibogaine asset before closing	Background of the Merger, p. 32
2026-07-07	AtaiBeckley TWG	Perimeter: Ibogaine Carve-Out "no longer being considered"	Background of the Merger, p. 35
2026-07-15	AtaiBeckley Board; Lilly	Signed: $6.75 per share plus CVR $2.50. $1.00 upon Initiation of a Phase 3 Clinical Trial of VLS-01 for any Qualifying Indication before the 4th anniversary of the Closing Date; $0.50 upon first US Regulatory Approval of BPL-003 for any Qualifying Indication plus DEA rescheduling of FDA-approved mebufotenin benzoate nasal spray before the 5th anniversary; $1.00 upon first US Regulatory Approval of VLS-01 plus DEA rescheduling of FDA-approved DMT before the 7th anniversary; each less any Milestone Offset Amount	Background of the Merger, p. 38

What the filings do not establish

1. Lilly's internal ranking of BPL-003 against VLS-01: not stated in any document read.
2. Whether any Necessary IP licence exists that would trigger a Milestone Offset Amount: not established.
3. Whether Lilly has terminated VLS-01 development in TRD, the condition that brings MDD or GAD under the efforts covenant (CVR Section 4.3(a)(i)): not stated.
4. Whether any rights to BPL-003, VLS-01 or EMP-01, in any territory including the EU, are available to or held by a third party: not established.
5. Whether any patient has been dosed in ReConnection-1 or ReConnection-2: not stated.

Falsifier: a Lilly-sponsored **VLS-01** Phase **3** in MDD registered on ClinicalTrials.gov or CTIS by **30** June **2027**. Registration is public before first dosing. First dosing is the contractual trigger.

SOURCES

https://www.prnewswire.com/news-releases/lilly-to-acquire-ataibeckley-to-advance-therapies-for-treatment-resistant-depression-and-other-mental-health-conditions-302827468.html
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