



ICOS CORPORATION  
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## ***PRESS RELEASE***

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*January 29, 2002*

### **ICOS Reports Results For 2001**

ICOS Corporation (Nasdaq:ICOS) (the "Company") today released its financial results for the fourth quarter and year ended December 31, 2001 and summarized the year's highlights.

#### **2001 Highlights**

On June 28, 2001, Lilly ICOS LLC ("Lilly ICOS"), the Company's joint venture with Eli Lilly and Company, submitted a New Drug Application ("NDA") to the U.S. Food and Drug Administration ("FDA") seeking approval of Cialis™ for the treatment of erectile dysfunction. On the same date, Lilly ICOS also filed a Market Authorization Application for Cialis™ with the European Agency for the Evaluation of Medicinal Products.

During the year, the Company and its affiliates initiated clinical trials in several product candidates. We began enrollment in a Phase 3 trial with Pafase®, a potential treatment for severe sepsis, and in a Phase 2b/3 trial with sitaxsentan for pulmonary arterial hypertension. Additionally, the Company advanced two new potent, selective and orally available agents, IC747, an LFA-1 antagonist, and IC485, a PDE4 inhibitor, into clinical development. Both of these new chemical agents resulted from ICOS' internal research program.

In July 2001, ICOS and Biogen, Inc. of Cambridge, Massachusetts, agreed to collaborate on the worldwide development and commercialization of LFA-1 antagonists as oral therapeutics for the treatment of inflammatory conditions, such as psoriasis. Additionally, in November 2001, ICOS acquired exclusive, worldwide license rights to RTX™ (resiniferatoxin) for the treatment of bladder diseases.

During 2002, the Company expects to initiate Phase 2 trials with IC747, RTX™ and IC14, a monoclonal antibody that blocks the function of CD14, which plays an early role in the development of sepsis.

In November 2001, the Company sold 5,500,000 shares of common stock, in a public offering, at \$57 per share. Net proceeds of approximately \$297 million will be used to fund research, clinical development and commercialization of ICOS' potential products, including Cialis™.

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## 2001 Full-Year Results

For the year ended December 31, 2001, ICOS reported a net loss of \$80.2 million (\$1.48 per share), compared to a net loss of \$97.9 million (\$2.11 per share) for the year ended December 31, 2000.

Revenue totaled \$93.4 million in 2001, an increase of \$2.6 million over the prior year.

Cost reimbursement revenue from collaborative research and development activities increased \$7.4 million, to \$54.8 million in 2001. The increase in revenue primarily relates to the Pafase® Phase 3 clinical trial for severe sepsis and the sitaxsentan Phase 2b/3 clinical trial for pulmonary arterial hypertension. These increases in revenue were partially offset by a decline in cost reimbursement revenue related to Cialis™, as certain clinical activities were completed prior to the submission of the NDA to the FDA in June 2001. Revenue from ICOS Clinical Partners, L.P. also declined, as funding under the related services agreement ended in the first quarter of 2001.

Revenue from licenses of technology was \$30.8 million in 2001, compared to \$42.9 million in 2000. The decrease was due to the completion of Cialis™ development activities required to file the NDA earlier this year.

During 2001, the Company recognized \$7.4 million in revenue related to the development and manufacture of third party clinical materials, compared to \$0.4 million in the prior year. The Company began offering contract manufacturing services in the fourth quarter of 2000.

Total operating expenses were \$120.9 million in 2001, compared to \$94.0 million in 2000. Research and development expenses increased \$24.4 million, to \$111.8 million in 2001, mainly due to the progression of development activities for Pafase®, sitaxsentan, and early-stage product candidates TBC3711, IC485 and IC747. These increases were partially offset by lower development costs for Cialis™.

General and administrative costs increased \$2.5 million, to \$9.1 million in 2001, reflecting growth of the Company's corporate marketing and sales functions and other expenditures to support the anticipated commercial launch of Cialis™.

During 2001, the Company recognized \$64.9 million in losses related to its equity interests in affiliates, an increase of \$27.9 million compared to 2000. The increase primarily relates to the Company's share of operating losses of Lilly ICOS, which we began recognizing in the third quarter of 2000. The increase also reflects higher operating losses from Suncos Corporation ("Suncos") and ICOS-Texas Biotechnology, L.P. ("ICOS-TBC") due to the progression of development activities for Pafase®, sitaxsentan and TBC3711.

Interest income was \$10.5 million in 2001, compared to \$4.4 million in 2000. The increase was due to higher average invested balances from the net proceeds of our December 2000 and November 2001 equity financings, offset by the impact of substantially lower interest rates.

Results for the year ended December 31, 2000, included a \$63.1 million charge (\$1.36 per share) for the cumulative effect on prior years of a required change in accounting for nonrefundable upfront technology license fees and milestone payments.

#### 2001 Fourth Quarter Results

For the fourth quarter of 2001, ICOS reported a net loss of \$35.4 million (\$0.62 per share), compared to a net loss of \$10.6 million (\$0.22 per share) for the fourth quarter of 2000.

Total revenue was \$21.6 million for the fourth quarter of 2001, compared to \$32.2 million for the fourth quarter of 2000.

Fourth quarter 2001 cost reimbursement revenue from collaborative research and development activities totaled \$16.7 million, compared to \$15.7 million in the prior year. Revenue related to Pafase® increased \$6.4 million, to \$11.0 million in the fourth quarter of 2001, reflecting the increased costs associated with the Phase 3 clinical trial for severe sepsis. Revenue from Lilly ICOS decreased \$5.2 million, to \$1.4 million during the fourth quarter of 2001, as certain clinical activities were completed prior to submission of the Cialis™ NDA to the FDA on June 28, 2001.

Revenue from licenses of technology was \$1.6 million in the fourth quarter of 2001, compared to \$16.1 million in the fourth quarter of 2000. The decrease was due to the completion of Cialis™ development activities required to file the NDA earlier this year.

The Company's revenue related to the development and manufacture of third party clinical materials was \$3.1 million in the 2001 fourth quarter, compared to \$0.4 million in the fourth quarter of the prior year.

Total operating expenses were \$39.7 million in the fourth quarter of 2001, compared to \$26.2 million in the 2000 fourth quarter. Research and development expense increased \$12.5 million, to \$36.4 million in 2001, due to the progression of development activities for Pafase®, sitaxsentan, TBC3711, IC485 and IC747. These increases were partially offset by reduced Cialis™ clinical program costs compared to the prior year.

In the fourth quarter of 2001, the Company recognized \$20.0 million of losses related to its equity interests in affiliates, compared to \$18.1 million in the fourth quarter of 2000. The increase primarily reflects the higher operating losses of Suncos as a result of the Pafase® Phase 3 clinical trial for severe sepsis.

At December 31, 2001, the Company had cash, cash equivalents, investment securities available for sale and interest receivable of \$470.7 million.

The Company's results of operations may vary significantly from period to period. Operating results will depend on, among other factors, the timing of expenses, payments received from collaborations, and the timing and progress of our research, development and product commercialization activities. We may experience significant fluctuations in cost reimbursement revenue and revenue from licenses of technology. Technology license fee revenue will vary as a result of the timing of milestone payments and changes in estimated total development costs, which depend on the success of our clinical trial and development efforts. In addition, significant changes in joint venture collaboration activities, including those associated with the anticipated commercial launch of Cialis™, are expected to cause the amount of affiliate losses to fluctuate from period to period.

ICOS is a product-driven company that has expertise in both protein-based and small molecule therapeutics. The Company combines its capabilities in molecular, cellular and structural biology, high throughput drug screening, medicinal chemistry and gene expression profiling to develop highly innovative products with significant commercial potential. The Company applies its integrated approach to erectile dysfunction and other urologic disorders, sepsis, pulmonary arterial hypertension and other cardiovascular diseases, and inflammatory diseases. ICOS' strategy targets multiple therapeutic areas with drugs that act through distinct molecular mechanisms, increasing the Company's opportunities to market breakthrough products.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties that may cause ICOS' results and the timing and outcome of events to differ materially from those expressed in or implied by the forward-looking statements, including risks associated with clinical development, regulatory approvals, product commercialization, intellectual property claims and litigation and other risks detailed in the Company's latest Annual Report on Form 10-K and its other public filings with the Securities and Exchange Commission.

—Selected financial data follows—