



January 26, 2005

Lilly ICOS LLC Reports Results for 2004

- 2004 Worldwide Sales of Cialis Top \$550 Million -

BOTHELL, Wash. and INDIANAPOLIS, Ind., Jan 26, 2005 /PRNewswire via COMTEX/ -- "We are delighted that Cialis generated 2004 worldwide sales of \$552 million," commented Paul N. Clark, ICOS Chairman and CEO. "Sales of Cialis in the U.S. were \$207 million in 2004 and \$53 million in the fourth quarter of 2004. During the 2004 fourth quarter, Cialis' monthly total U.S. prescriptions increased 18% sequentially from the third quarter of 2004 and, in December, Cialis achieved a new high of 20% market share for total prescriptions.(2) Overall, during 2004, Cialis steadily gained market share in major Lilly ICOS territories outside of the United States and, for November 2004, market share of Cialis ranged from 22% in Spain to 44% in France.(3)"

Clark continued, "While our U.S. prescription volume grew significantly during the 2004 fourth quarter, sequential quarterly sales, from Lilly ICOS into the wholesale channel, decreased due to our efforts to reduce channel inventory, beginning in December 2004. As a result, based on the information available today, we estimate there was approximately a \$15 million reduction of wholesaler inventories during December 2004 and we anticipate there will be further reductions of wholesaler inventories in the first quarter of 2005. There also was some expected reduction in wholesaler inventories during October 2004, following the 6% price increase implemented on September 30, 2004. We continue to expect Lilly ICOS to achieve profitability around mid- 2005."

Khoso Baluch, Lilly Vice President, U.S. Diabetes and Family Health Business Unit stated, "Early in the fourth quarter in the U.S., we introduced a variety of new marketing initiatives. We believe we are already seeing the results of those new programs. Cialis' effective positioning and highly successful launch campaign earned it the 'Marketing Team of the Year' award from Medical Marketing and Media in the January 2005 issue."

Baluch added, "We begin 2005 with excitement. We will continue to invest to support our well-differentiated product and to further grow Cialis' market share."

2004 Fourth Quarter Financial Results

For the three months ended December 31, 2004, Lilly ICOS reported a net loss of \$31.4 million, compared to a net loss of \$57.7 million for the three months ended December 31, 2003.

Total Lilly ICOS revenue for the fourth quarter of 2004 was \$125.5 million, compared to \$69.2 million for the fourth quarter of 2003. Lilly ICOS revenue for the 2004 period includes \$6.8 million in royalties on sales reported by Lilly, compared to \$6.3 million in royalty revenue for the fourth quarter of 2003. The increase in Lilly ICOS revenue reflects the U.S. and Canadian launches of Cialis beginning in November 2003, as well as the global expansion of Cialis to approximately 100 countries today.

In December 2004, Lilly ICOS took action to reduce channel inventory to targeted levels. As a result, based on information currently available, the company estimates that approximately \$15 million of wholesaler inventory reductions occurred during that month and the company anticipates there will be further reductions of wholesaler inventories in the first quarter of 2005.

Cost of sales, including royalties payable by Lilly ICOS equal to 5% of its net product sales, was 8.7% in the fourth quarter of 2004, compared to 9.5% in the fourth quarter of 2003.

Selling, general and administrative expenses increased \$27.4 million from the fourth quarter of 2003, to \$130.4 million in the fourth quarter of 2004. This is primarily due to increased 2004 sales and marketing costs as Cialis was launched in the United States and Canada in November 2003.

Research and development expenses were \$16.2 million in the fourth quarter of 2004, compared to \$17.9 million in the fourth quarter of 2003.

2004 Full-Year Financial Results

For the year ended December 31, 2004, Lilly ICOS reported a net loss of \$262.0 million, compared to a net loss of \$174.7 million for the year ended December 31, 2003. As expected, the increased loss in 2004 was a result of the costs associated with launching Cialis in North America.

About Lilly ICOS LLC

Lilly ICOS LLC, a 50/50 joint venture between ICOS Corporation and Eli Lilly and Company, is marketing Cialis for the treatment of erectile dysfunction in North America and Europe.

ICOS Corporation, a biotechnology company headquartered in Bothell, Washington, is dedicated to bringing innovative therapeutics to patients. ICOS is marketing its first product, Cialis, through Lilly ICOS LLC. ICOS is working to develop treatments for serious unmet medical conditions such as chronic obstructive pulmonary disease, benign prostatic hyperplasia, cancer and inflammatory diseases.

Eli Lilly and Company, a leading innovation-driven corporation, is developing a growing portfolio of first-in-class and best-in-class pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Indiana, Lilly provides answers -- through medicines and information -- for some of the world's most urgent medical needs. F-LLY

Except for historical information contained herein, this press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about the industry, management beliefs and certain assumptions made by the management of ICOS and Lilly. Investors are cautioned that matters subject to forward-looking statements involve risks and uncertainties, including economic, competitive, governmental, technological, legal and other factors discussed in the two companies' respective filings with the Securities and Exchange Commission, which may affect the business and prospects of the two companies and Lilly ICOS. Results and the timing and outcome of events may differ materially from those expressed or implied by the forward-looking statements in this press release. More specifically, there can be no assurance that Cialis will achieve commercial success or that competing products will not pre-empt market opportunities that might exist for the product.

The forward-looking statements contained in this press release represent ICOS' and Lilly's judgment as of the date of this release. Neither ICOS nor Lilly undertake any obligation to update any forward-looking statements.

(1) Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

(2) Based on calculations using IMS National Prescription Audit Plus[?], December 2004.

(3) IMS Health. IMS MIDAS, Copyright 2004.

Lilly ICOS LLC
Condensed Consolidated Statements of Operations
(in thousands)
(unaudited)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2004	2003	2004	2003
Revenue				
Product sales, net	\$118,705	\$62,911	\$421,742	\$129,828
Royalties	6,809	6,263	26,120	14,705
Total revenue	125,514	69,174	447,862	144,533
Expenses				
Cost of sales	10,338	5,966	36,066	12,543
Selling, general and administrative	130,398	103,025	606,511	243,110
Research and development	16,169	17,858	67,318	63,622
Total expenses	156,905	126,849	709,895	319,275

Net loss	\$ (31,391)	\$ (57,675)	\$ (262,033)	\$ (174,742)
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Lilly ICOS LLC
SUMMARIZED OPERATING RESULTS
(in thousands)
(unaudited)

2004

	Q1	Q2	Q3	Q4	TOTAL
Revenue:					
Product sales, net:					
United States	\$32,807	\$50,768	\$70,226	\$52,783	\$206,584
Europe	36,356	45,301	43,414	52,859	177,930
Canada and Mexico	5,854	8,931	9,380	13,063	37,228
	75,017	105,000	123,020	118,705	421,742
Royalties	6,652	6,449	6,210	6,809	26,120
Total revenue	81,669	111,449	129,230	125,514	447,862
Expenses:					
Cost of sales	6,573	8,982	10,173	10,338	36,066
Selling, general and administrative	195,053	157,838	123,222	130,398	606,511
Research and development	18,827	15,119	17,203	16,169	67,318
Total expenses	220,453	181,939	150,598	156,905	709,895
Net loss	\$ (138,784)	\$ (70,490)	\$ (21,368)	\$ (31,391)	\$ (262,033)
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2003

	Q1	Q2	Q3	Q4	TOTAL
Revenue:					
Product sales, net:					
United States	\$-	\$-	\$-	\$27,922	\$27,922
Europe	16,615	21,853	26,154	30,442	95,064
Canada and Mexico	-	-	2,295	4,547	6,842
	16,615	21,853	28,449	62,911	129,828
Royalties	975	3,115	4,352	6,263	14,705
Total revenue	17,590	24,968	32,801	69,174	144,533
Expenses:					
Cost of sales	1,604	2,170	2,803	5,966	12,543
Selling, general and administrative	42,396	48,544	49,145	103,025	243,110
Research and development	16,685	14,344	14,735	17,858	63,622
Total expenses	60,685	65,058	66,683	126,849	319,275
Net loss	\$ (43,095)	\$ (40,090)	\$ (33,882)	\$ (57,675)	\$ (174,742)

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(Logo: <http://www.newscom.com/cgi-bin/prnh/20040122/LILLYICOSLOGO>)

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