



Date: January 18, 2007

Lilly ICOS LLC Reports Results for 2006

Lilly ICOS LLC (Lilly ICOS) (NYSE: LLY and Nasdaq: ICOS) is releasing its financial results for the fourth quarter and year ended December 31, 2006.

Cialis (tadalafil)¹ Net Sales:

(in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Lilly ICOS Territories:				
United States	\$ 106.0	\$ 81.6	\$ 377.3	\$ 272.9
Europe ²	84.7	65.3	299.1	244.5
Canada and Mexico	24.0	18.6	78.8	59.3
Total Lilly ICOS	214.7	165.5	755.2	576.7
Royalty Territories	54.5	45.0	215.8	169.9
Worldwide Total	<u>\$ 269.2</u>	<u>\$ 210.5</u>	<u>\$ 971.0</u>	<u>\$ 746.6</u>

In December 2006, Lilly ICOS submitted a supplemental New Drug Application to the U.S. Food and Drug Administration for 5 mg and 2.5 mg once-a-day dosing of Cialis for the treatment of erectile dysfunction (ED). Earlier in 2006, regulatory submissions occurred in Europe and Canada for Cialis as a once-a-day treatment for ED. Patient enrollment is ongoing in a Phase 3 clinical study of tadalafil for the treatment of pulmonary arterial hypertension and a Phase 2b clinical study of tadalafil for the treatment of benign prostatic hyperplasia.

¹ Cialis[®] is a registered trademark of Lilly ICOS LLC.

² Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

2006 Fourth Quarter Financial Results

For the three months ended December 31, 2006, Lilly ICOS reported net income of \$99.9 million, compared to \$61.4 million for the three months ended December 31, 2005. Net income for the 2006 fourth quarter was consistent with the guidance provided by ICOS Corporation in its press release on December 14, 2006. Reported net income of \$99.9 million, in the 2006 fourth quarter, includes the impact of an increase in wholesaler inventories, an adjustment to royalty income for prior periods and changes in currency exchange rates on non-U.S. revenues and expenses, which collectively total approximately \$3.8 million and were not considered in the December 14, 2006 guidance.

Total Lilly ICOS revenue for the fourth quarter of 2006 was \$226.7 million, compared to \$174.5 million for the fourth quarter of 2005. It is estimated that there was a \$2.1 million increase in U.S. wholesaler inventories at December 31, 2006, compared to September 30, 2006. Lilly ICOS revenue for the fourth quarter of 2006 included \$12.0 million in royalties on sales reported by Lilly, compared to \$9.0 million in royalty revenue for the fourth quarter of 2005. Royalty revenue in the fourth quarter of 2006 includes \$1.1 million related to reconciliations of third party sales for prior periods.

In the U.S., market share of total prescriptions of Cialis was 27.1% for the three months ended December 2006, an increase of 0.8 percentage points compared to the three months ended September 2006.³ Based on total prescriptions, the U.S. ED market grew 4.1%, for the three months ended December 2006, compared to the three months ended September 2006. Across Europe, Canada, and Mexico, Cialis captured 35.6% of aggregate market share (tablets shipped from wholesalers to pharmacies) for the three months ended November 2006, an increase of 0.2 percentage points compared to the three months ended August 2006.⁴ Compared to the 2006 third quarter, changes in currency exchange rates (primarily the Euro and British Pound) added approximately \$0.8 million to reported net income in the 2006 fourth quarter.

Selling, general and administrative expenses increased \$9.9 million from the fourth quarter of 2005, to \$94.4 million in the fourth quarter of 2006. The increase was primarily due to increased U.S. consumer marketing expenses, partially offset by the impact of refinements in the U.S. sales force configuration.

2006 Full-Year Financial Results

For the year ended December 31, 2006, Lilly ICOS reported net income of \$320.3 million, compared to \$37.8 million for the year ended December 31, 2005, primarily reflecting a \$224.4 million increase in worldwide sales of Cialis and a \$96.8 million reduction in selling, general and administrative costs.

Total Lilly ICOS revenue for 2006 was \$800.9 million, compared to \$610.7 million for 2005. Lilly ICOS revenue for 2006 includes \$45.7 million in royalties on sales reported by Lilly, compared to \$34.0 million in royalty revenue for 2005. Royalty revenue for 2006 includes \$2.6 million related to reconciliations of third party sales. The increase in total revenue reflects the impact of market share gains, market growth and price increases.

Cost of sales totaled \$59.7 million in 2006, including royalties payable by Lilly ICOS equal to 5% of its net product sales. Cost of sales, as a percentage of net product sales, was 7.9% in 2006, compared to 8.2% in 2005. The percentage decrease was primarily the result of price increases in 2005 and 2006.

³ IMS Health, IMS National Prescription Audit Plus™ (total prescriptions), December 2006.

⁴ IMS Health, IMS MIDAS (tablets from wholesalers to pharmacies), November 2006.

Selling, general and administrative expenses were \$363.0 million for the year ended December 31, 2006, compared to \$459.8 million for the year ended December 31, 2005. The decrease was primarily due to refinements in the U.S. sales force configuration and lower consumer marketing expenses.

Pending Acquisition of ICOS Corporation by Eli Lilly and Company

On December 18, 2006, ICOS Corporation (ICOS) announced that it had amended the Agreement and Plan of Merger with Eli Lilly and Company (Lilly), whereby Lilly will acquire all of the outstanding stock of ICOS for a purchase price of \$34 per share in cash, which Lilly has stated is its best and final offer. A special meeting of the shareholders of ICOS is to be held on January 25, 2007, to vote on the merger. Closing of the transaction is expected shortly after the special shareholders meeting, subject to customary closing conditions including the favorable vote of a majority of the outstanding shares of ICOS.

About Lilly ICOS LLC

Lilly ICOS LLC, a joint venture equally owned by ICOS and Lilly, is marketing Cialis in North America and Europe for the treatment of erectile dysfunction.

ICOS Corporation, a biotechnology company headquartered in Bothell, Washington, is dedicated to bringing innovative therapeutics to patients. ICOS is working to develop treatments for serious unmet medical needs such as benign prostatic hyperplasia, pulmonary arterial hypertension, cancer, psoriasis 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.

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 managements 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 sustained 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 judgments as of the date of this release. Neither ICOS nor Lilly undertake any obligation to update any forward-looking statements.

Where to Find Additional Information About the Proposed Acquisition by Eli Lilly and Company

A special meeting of ICOS shareholders will be held on January 25, 2007 to obtain shareholder approval of the proposed transaction. ICOS has filed with the Securities and Exchange Commission and distributed to its shareholders a definitive proxy statement and other relevant documents in connection with the special shareholder meeting for the proposed transaction. ICOS shareholders are urged to read the definitive proxy statement and other relevant materials because they contain important information about ICOS, Lilly and the proposed transaction. Investors may obtain a free copy of these materials and other documents filed by ICOS with the Securities and Exchange Commission at the SEC's website at www.sec.gov, at ICOS' website at www.ICOS.com or by sending a written request to ICOS at 22021 20th Avenue SE, Bothell, Washington 98021, Attention: General Counsel.

ICOS and its directors, executive officers and certain other members of management and employees may be deemed to be participants in soliciting proxies from its shareholders in favor of the proposed merger. Information regarding the persons who may, under the rules of the SEC, be considered to be participants in the solicitation of ICOS' shareholders in connection with the proposed transaction is set forth in ICOS' definitive proxy statement for its special meeting. Additional information regarding these individuals and any interest they have in the proposed transaction is set forth in the definitive proxy statement on file with the SEC.

—Selected financial data follows—

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Revenue:				
Product sales, net	\$ 214,667	\$ 165,501	\$ 755,180	\$ 576,734
Royalties	11,989	8,997	45,727	33,969
Total revenue	<u>226,656</u>	<u>174,498</u>	<u>800,907</u>	<u>610,703</u>
Expenses:				
Cost of sales	16,904	13,200	59,687	47,264
Selling, general and administrative	94,353	84,416	363,042	459,827
Research and development	15,454	15,494	57,863	65,816
Total expenses	<u>126,711</u>	<u>113,110</u>	<u>480,592</u>	<u>572,907</u>
Net income	<u>\$ 99,945</u>	<u>\$ 61,388</u>	<u>\$ 320,315</u>	<u>\$ 37,796</u>

Lilly ICOS LLC
SUMMARIZED OPERATING RESULTS
(in thousands)
(unaudited)

	2006					2005				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
Revenue:										
Product sales, net:										
United States	\$ 82,537	\$ 93,779	\$ 94,946	\$ 106,022	\$ 377,284	\$ 42,744	\$ 71,118	\$ 77,438	\$ 81,615	\$ 272,915
Europe	67,586	71,374	75,427	84,645	299,032	56,264	60,925	61,992	65,311	244,492
Canada and Mexico	17,151	17,508	20,205	24,000	78,864	12,186	13,839	14,727	18,575	59,327
Total product sales, net	167,274	182,661	190,578	214,667	755,180	111,194	145,882	154,157	165,501	576,734
Royalties	11,088	11,642	11,008	11,989	45,727	7,790	9,010	8,172	8,997	33,969
Total revenue	178,362	194,303	201,586	226,656	800,907	118,984	154,892	162,329	174,498	610,703
Expenses:										
Cost of sales	13,382	14,370	15,031	16,904	59,687	9,752	11,934	12,378	13,200	47,264
Selling, general and administrative	86,517	90,342	91,830	94,353	363,042	137,027	126,232	112,152	84,416	459,827
Research and development	13,502	13,820	15,087	15,454	57,863	13,874	18,413	18,035	15,494	65,816
Total expenses	113,401	118,532	121,948	126,711	480,592	160,653	156,579	142,565	113,110	572,907
Net income (loss)	\$ 64,961	\$ 75,771	\$ 79,638	\$ 99,945	\$ 320,315	\$ (41,669)	\$ (1,687)	\$ 19,764	\$ 61,388	\$ 37,796