

Isis and Excaliard Collaborate to Develop Antisense Drugs for Local Treatment of Fibrotic Diseases

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- Excaliard closes \$15.5 million Series A financing from Alta Partners, ProQuest Investments and RiverVest Venture Partners

CARLSBAD, Calif. and ENCINITAS, Calif., Nov 27, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Isis Pharmaceuticals, Inc. (Nasdaq: ISIS) and Excaliard Pharmaceuticals, Inc. announced today a new collaboration to discover and develop antisense drugs for the local treatment of fibrotic diseases, including scarring. Isis has granted Excaliard an exclusive worldwide license for the development and commercialization of certain antisense drugs. Excaliard made an upfront payment to Isis in the form of equity and paid Isis \$1 million cash for the licensing of a particular gene target. In addition, Isis is eligible to receive development milestones and royalties on antisense drugs developed by Excaliard.

"Isis has made superb progress in the development of second-generation antisense drugs over the last few years, as evidenced by its clinical pipeline and current collaborations with companies such as Bristol-Myers Squibb, Eli Lilly and Ortho-McNeil among others. Having access to Isis' antisense technology and expertise provides a great opportunity for Excaliard," said J. Gordon Foulkes, Ph.D., acting CEO for Excaliard and Managing Director of RiverVest Venture Partners, who co-founded Excaliard and provided the initial seed funding for the company.

Excaliard closed a \$15.5 million Series A financing, co-led by Alta Partners, ProQuest Investments, and RiverVest Venture Partners, with Farah Champsi, Alain Schreiber and Gordon Foulkes respectively joining the Board of Directors. "It is a pleasure to once again be working with Isis, the leader in the discovery and development of RNA-based therapeutics," stated Nicholas Dean, Ph.D., co-founder and CSO of Excaliard. Dr. Dean was formerly Vice President of Oncology and Functional Genomics at Isis. "Fibrosis represents a significant and expanding area of unmet medical need, and we believe that antisense offers unique advantages in this area for developing a completely new class of anti-fibrotic agents. Excaliard plans to exploit this exciting opportunity by rapidly moving multiple antisense drugs into clinical development."

"The broad applicability of our antisense technology enables us to build a substantial and diverse pipeline of antisense drugs. In order to maximize the value of this technology, a key component of our business strategy is to enter into promising partnerships that provide tremendous growth opportunities for antisense drugs in diseases that are outside of our main therapeutic areas, cardiovascular and metabolic diseases," said B. Lynne Parshall, Executive Vice President and CFO of Isis. "Excaliard will benefit from access to our technology and intellectual property and join a growing list of partners who have focused teams dedicated to advancing antisense drugs and who enable us to continue to expand the breadth of our antisense drug pipeline."

ABOUT EXCALIARD PHARMACEUTICALS, INC.

Excaliard is a newly formed, venture capital-funded biotechnology company focused on the development and commercialization of antisense drugs for the local treatment of scarring and other fibrotic diseases.

ABOUT RIVERVEST VENTURE PARTNERS

RiverVest Venture Partners is a venture capital firm investing in promising life sciences companies nationwide. RiverVest applies both its deep operating experience and the team's diverse range of expertise to create and grow successful enterprises that address unmet medical needs in major markets. RiverVest's extensive national network and privileged access to opportunities throughout the Midwest enable the firm to build a diverse portfolio of innovative, product-focused companies. <http://www.rivervest.com>

ABOUT ALTA PARTNERS

Alta Partners is a San Francisco-based venture capital firm focused on life sciences investing. Founded in 1996, the firm currently manages \$2 billion in committed capital through eight venture fund programs. Alta invests in life sciences companies across the development continuum, from company formation to later-stage opportunities, and has funded more than 110 companies in the sector to date. <http://www.altapartners.com>

ABOUT PROQUEST

Founded in 1998, ProQuest Investments is a healthcare venture capital firm with over \$875 million under management. We have 12 deal professionals and three offices, our headquarters in Princeton, and additional offices in San Diego and Montreal. We invest in healthcare companies seeking financings ranging from seed to late-stage. With a proven superior track record and over 40 investments in such diverse therapeutic categories as oncology, pain and infectious disease, ProQuest Investments seeks to build long term, mutually beneficial partnerships with outstanding entrepreneurs. At the end of 2006, ProQuest Investments closed its fourth fund of \$425 million. <http://www.proquestvc.com>

ABOUT ISIS PHARMACEUTICALS, INC.

Isis is exploiting its expertise in RNA to discover and develop novel drugs for its product pipeline and for its partners. The Company has successfully commercialized the world's first antisense drug and has 18 drugs in development. Isis' drug development programs are focused on treating cardiovascular and metabolic diseases. Isis' partners are developing antisense drugs invented by Isis to treat a wide variety of diseases. Ibis Biosciences, Inc., Isis' wholly owned subsidiary, is developing and commercializing the Ibis T5000(TM) Biosensor System, a revolutionary system to identify infectious organisms. Isis is a joint owner of Regulus Therapeutics LLC, a joint venture focused on the discovery, development and commercialization of microRNA therapeutics. As an innovator in RNA-based drug discovery and development, Isis is the owner or exclusive licensee of over 1,500 issued patents worldwide. Additional information about Isis is available at <http://www.isispharm.com>.

This press release includes forward-looking statements regarding Isis' collaboration with Excaliard Pharmaceuticals and the discovery and development of Isis' antisense drugs for the local treatment of fibrotic diseases. Any statement describing Isis' goals, expectations, financial or other projections, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement, including those statements that are described as Isis' goals. Such statements are subject to certain risks and uncertainties, particularly those inherent in the process of discovering, developing and commercializing drugs that are safe and effective for use as human therapeutics, and in the endeavor of building a business around such products. Isis' forward-looking statements also involve assumptions that, if they never materialize or prove correct, could cause its results to differ materially from those expressed or implied by such forward-looking statements. Although Isis' forward-looking statements reflect the good faith

judgment of its management, these statements are based only on facts and factors currently known by Isis. As a result, you are cautioned not to rely on these forward- looking statements. These and other risks concerning Isis' programs are described in additional detail in Isis' annual report on Form 10-K for the year ended December 31, 2006, and its quarterly report on Form 10-Q for the quarter ended September 30, 2007, which are on file with the SEC. Copies of these and other documents are available from the Company.

In this press release, unless the context requires otherwise, "Isis," "Company," "we," "our," and "us" refers to Isis Pharmaceuticals and its subsidiaries.

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