

Isis Pharmaceuticals Licenses Antisense Drug to iCo Therapeutics for the Treatment of Eye Diseases

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VANCOUVER, British Columbia and CARLSBAD, Calif., Aug. 25 /PRNewswire-FirstCall/ -- Isis Pharmaceuticals, Inc. (Nasdaq: ISIS) and iCo Therapeutics Inc. announced today that Isis has granted an exclusive worldwide license to iCo for the development and commercialization of ISIS 13650, a second-generation antisense drug. iCo will initially develop ISIS 13650 for the treatment of various eye diseases caused by the formation of new blood vessels (choroidal neovascularization) such as age-related macular degeneration (AMD) and diabetic retinopathy.

Ocular angiogenesis, the formation of new blood vessels in the eye, appears to be controlled by growth factors such as vascular endothelial growth factor (VEGF) and can lead to the obstruction of vision. ISIS 13650 is an antisense inhibitor of c-Raf kinase, an enzyme important in the signal transduction pathway triggered by VEGF and other important growth factors. In preclinical studies, antisense inhibition of c-Raf kinase was associated with a reduction in the formation of new blood vessels in the eye, suggesting c-Raf kinase inhibition could be valuable in the treatment of both AMD and diabetic retinopathy.

"We are excited about the potential of ISIS 13650 as a treatment for a variety of eye diseases and view this as the first step in our efforts to build a franchise in ophthalmology. Our strategy is to acquire products that can be developed for isolated biological environments and we have targeted the eye as the first one," said Andrew Rae, President and CEO of iCo Therapeutics. "Isis is a leader in antisense technology and their chemistry in this area combined with our expertise in ophthalmology has all the elements necessary for a successful partnership and product. We look forward to preparing and submitting the IND (Investigational New Drug) application to the U.S. FDA and the commencement of clinical trials in humans in 2006."

"This transaction with iCo is yet another example of our successful satellite company strategy, where we gain from a partner's knowledge in concentrated research programs and we grant our partner access to our expertise in RNA-based drug development and access to our proprietary antisense chemistries and leading patent estate," said C. Frank Bennett, Ph.D., Vice President, Antisense Research at Isis Pharmaceuticals. "In return for providing companies access to our technology, we receive an ownership interest in the resulting products. Through these relationships, we are expanding the reach and potential of antisense therapeutics and participating in the success of multiple companies and products."

As part of the agreement, iCo will pay Isis an upfront fee in exchange for the exclusive, worldwide license to ISIS 13650. The upfront fee will consist of cash and a convertible promissory note, which is convertible into iCo equity. iCo will also pay Isis milestone payments for key clinical and regulatory achievements and royalties on product sales. iCo will have sole responsibility for clinical development and commercialization of the drug.

ABOUT ANTISENSE

Antisense drugs are short, chemically-modified RNA-like and DNA-like molecules that scientists design to complement a small, specific segment of messenger RNA (mRNA). An antisense oligonucleotide hybridizes with a complementary target RNA to form a duplex. The formation of this duplex prevents the target RNA from functioning normally.

Antisense inhibitors can target specific aspects of ocular disease processes and have ideal properties as therapies for the eye. The second-generation 2'MOE (2'-O-methoxyethyl modified oligonucleotides) class of compounds has been shown to exhibit favorable kinetics and excellent tolerability. The mechanism of action of antisense drugs enables the inhibition of genes that are not easily targeted with traditional small molecule or antibody therapies.

ABOUT AMD AND DIABETIC RETINOPATHY

The wet form of AMD is the leading cause of blindness in people over the age of 50. According to research by the National Eye Institute, approximately 1.7 million Americans are affected by the disease and roughly 200,000 new cases of AMD are diagnosed every year in the United States. As a disease of the elderly, the incidence is expected to grow with the aging of the population. Existing treatments for AMD, worth over half a billion dollars (USD), have shown limited long-term success and often require frequent intervention.

Diabetic retinopathy is a complication of diabetes that leads to progressive damage to the small blood vessels of the eye. The condition affects an estimated 5.6 million Americans and is the leading cause of blindness in adults of working age (20-74) in industrialized countries (Decision Resources, Inc.). According to the American Diabetes Association, in the U.S., diabetes is responsible for 8% of legal blindness and each year, between 12,000 to 24,000 people lose their sight because of diabetes.

About iCo Therapeutics, Inc.

iCo Therapeutics Inc. is an emerging, Vancouver-based biotechnology company focused on developing pre-existing drugs for a range of new conditions affecting isolated biological environments -- areas such as the eye, spinal cord, or joints -- where locally-administered application of these therapies would have minimal systemic distribution and fewer safety issues. Additional information about iCo is available at www.icotherapeutics.com.

ABOUT ISIS PHARMACEUTICALS, INC.

Isis Pharmaceuticals, Inc. 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 12 antisense drugs in development to treat metabolic, cardiovascular and inflammatory diseases, and cancer. In its Ibis division, Isis is developing and commercializing the TIGER biosensor system, a revolutionary system to identify infectious organisms. As an innovator in RNA-based drug discovery and development, Isis is the owner or exclusive licensee of more than 1,500 issued patents worldwide. Additional information about Isis is available at www.isispharm.com.

This press release includes forward-looking statements regarding Isis Pharmaceuticals and iCo's licensing agreement and the development, therapeutic potential and safety of ISIS 13650 for the treatment of ophthalmic diseases. Any statement describing Isis' goals, expectations, 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, 2004, and its quarterly report on Form 10-Q for the quarter ended June 30, 2005, which are on file with the SEC. Copies of these and other documents are available from the Company.

SOURCE Isis Pharmaceuticals, Inc.; iCo Therapeutics Inc.

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CONTACT: Dr. John Clement, Chief Technology & Development Officer of iCo, +1-604-602-9414; or Elayne Wandler of ABCcommunications, +1-604-831-2506, for iCo; or Navjot Rai, Investor Relations & Corporate Communications of Isis Pharmaceuticals, Inc., +1-760-603-2331

Web site: <http://www.icotherapeutics.com>

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