



September 30, 2009

## **Vertex Pharmaceuticals to Receive \$155 Million in Cash Related to Future Telaprevir Milestone Payments**

CAMBRIDGE, Mass., Sep 30, 2009 (BUSINESS WIRE) -- [Vertex Pharmaceuticals Incorporated](#) (Nasdaq: VRTX) today announced that it will receive \$155 million in cash from two financial transactions. In the first transaction, Vertex will receive approximately \$120 million in cash for the issuance of notes repayable no later than October 31, 2012 in the total amount of \$155 million. In the second transaction, Vertex will receive approximately \$35 million in cash for the sale of up to \$95 million of rights to potential future milestone payments that Vertex is eligible to receive from Janssen Pharmaceutica for the launch of Vertex's hepatitis C virus (HCV) protease inhibitor telaprevir in Europe. Vertex's collaboration with Janssen is unchanged by today's transactions, and Vertex continues to be eligible to receive a royalty on future product sales in Janssen's commercial territories, including the European Union. Vertex retains exclusive commercial rights to telaprevir in North America.

### **Terms of the Transactions**

The transactions announced today together will provide Vertex with a total of \$155 million in one-time cash payments. Details of each transaction are outlined below:

*Issuance of secured notes:* Vertex will receive approximately \$120 million in cash for the issuance of notes secured by \$155 million in future telaprevir milestone payments that Vertex is eligible to receive from Janssen for the filing, approval and launch of telaprevir in Europe. The notes are payable on October 31, 2012, or as the milestone payments securing the notes are earned prior to October 31, 2012, in the total amount of \$155 million. The notes were issued at a discount and do not pay current interest prior to maturity.

*Sale of rights to certain telaprevir milestone payments:* Vertex will receive approximately \$35 million in cash for the sale of rights to an additional \$95 million in potential future milestone payments tied only to launch of telaprevir in Europe. Vertex is not obligated to repay the approximately \$35 million to the buyers if the milestone events relating to the launch of telaprevir in Europe are not achieved.

The milestones that are the subject of these transactions include \$100 million related to the potential regulatory filing and approval of telaprevir in Europe and \$150 million related to the potential launch of telaprevir in Europe. Based on current projected European development and commercial timelines for telaprevir, and assuming a successful European commercial launch, Vertex expects that the milestone payments will be earned prior to April 2012. If achieved, the milestones will be paid by Janssen Pharmaceutica N.V., a Johnson & Johnson company, as part of a collaboration signed with Vertex in June 2006 for the development and commercialization of telaprevir in Europe.

In a separate announcement today, Vertex updated its 2009 financial guidance and described other recent corporate developments, including updates to its clinical development pipeline.

Morgan Stanley acted as a structural advisor to Vertex in connection with these transactions.

### **About Vertex**

Vertex Pharmaceuticals Incorporated is a global biotechnology company committed to the discovery and development of breakthrough small molecule drugs for serious diseases. The Company's strategy is to commercialize its products both independently and in collaboration with major pharmaceutical companies. Vertex's product pipeline is focused on viral diseases, cystic fibrosis, inflammation, autoimmune diseases, cancer, and pain.

Vertex co-discovered the HIV protease inhibitor, Lexiva, with GlaxoSmithKline.

Lexiva is a registered trademark of the GlaxoSmithKline group of companies.

### **Special Note Regarding Forward-looking Statements**

This press release contains forward-looking statements, including a statement of our expectations that Vertex will receive \$155

million in cash, the milestones referenced in this release will be earned prior to April 2012 and statements suggesting that telaprevir will be successfully developed and launched in the European Union. While Vertex believes those forward-looking statements are accurate, the statements are subject to risks and uncertainties that could cause actual outcomes to vary materially from the outcomes described. Those risks and uncertainties include, among other things, the risk that telaprevir development could be significantly delayed due to regulatory approval issues that are currently unanticipated, that telaprevir might not be approved as a result of unfavorable Phase 3 clinical trial results, that telaprevir might not be successfully launched in Europe due to pricing or other commercial issues that are currently unanticipated and other factors set forth in Vertex's annual report and quarterly reports filed with the Securities and Exchange Commission and available through the Company's website at [www.vrtx.com](http://www.vrtx.com). Vertex disclaims any obligation to update the information contained in this press release.

Vertex's press releases are available at [www.vrtx.com](http://www.vrtx.com)

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