



October 24, 2001

Vertex Pharmaceuticals Reports Third Quarter 2001 Financial Results

Cambridge, MA, October 24, 2001 — Vertex Pharmaceuticals Incorporated (Nasdaq:VRTX) reported consolidated financial results today for the three and nine months ended September 30, 2001. Results for all periods presented include the acquisition of Aurora Biosciences, completed in July 2001, which was accounted for as a pooling of interests.

For the three months ending September 30, 2001, the Company's net loss, before merger related costs and non-recurring charges and gains, was \$13,478,000, or \$0.18 per basic and diluted share, compared to a net loss, before merger related costs and non-recurring charges and gains, of \$5,849,000, or \$0.09 per basic and diluted share, for the same period last year. Total revenues for the third quarter of 2001 were \$40,368,000, as compared to \$36,850,000 for the third quarter of 2000. Total costs and expenses, before merger related costs and non-recurring charges and gains, for the third quarter of 2001 were \$53,846,000 versus total costs and expenses, before merger related costs and non-recurring charges and gains, of \$42,699,000 for the third quarter of 2000. As of September 30, 2001, Vertex had approximately \$730,327,000 in cash, cash equivalents and available for sale securities.

Vertex's financial results fluctuate from quarter to quarter based on the timing of royalty revenue, collaborative revenue, and external research and development expenses.

"During the third quarter of 2001, Vertex strengthened its senior management team with several key appointments, and we continued to make progress with our drug discovery and development programs," said Joshua Boger, Ph.D., Chairman and CEO of Vertex Pharmaceuticals. "In addition, the completion of Vertex's acquisition of Aurora Biosciences allows us to utilize Aurora's strength in cell biology as we move forward to develop novel drugs that treat areas of large medical needs. With our strong cash position and more than 25 collaborations with pharmaceutical and life science partners, we look forward to the advancement of our pipeline and the addition of new drug candidates into development in the months ahead."

Review of Third Quarter 2001 Corporate Events and Pipeline Update

Corporate and Commercial Milestones

- Vertex completed its acquisition of Aurora Biosciences during the quarter. The merger unites Aurora's industry-leading assay development, screening and cell biology capabilities with Vertex's integrated drug discovery expertise. The combination of Vertex's and Aurora's technology and expertise is expected to increase the flow of novel drug candidates into development and accelerate the expansion of our broad intellectual property estate.
- Vertex strengthened its management team with three key appointments.
 - Kenneth Boger was named Senior Vice President and General Counsel of Vertex. Mr. Boger joined Vertex from the law firm Kirkpatrick & Lockhart LLP, where he served on the firm's Management Committee. Mr. Boger has served as one of the Company's external counsel since 1989.
 - Michael Wokasch was named President of Vertex's subsidiary, PanVera. Mr. Wokasch joined PanVera from Gala Design, Inc., a biotechnology start-up company that has proprietary technology in the production of pharmaceutical proteins. Prior to Gala Design, Mr. Wokasch served as Vice President, Marketing and Sales, at Promega Corporation where he re-engineered its sales and marketing team and implemented a process for global marketing planning.
 - Thierry Hercend, M.D., Ph.D., Vice President of Research for Vertex Pharmaceuticals Europe, was named to the additional position of Program Executive, Kinases. In this position, Dr. Hercend has assumed overall responsibility for Vertex's ongoing progress in its kinase alliance with Novartis.
- Vertex announced the installation of a new supercomputer cluster; one of the most powerful in the world dedicated to in silico drug design applications. The new cluster represents a key component of the technology infrastructure that is expected to accelerate productivity in Vertex's gene family-based drug discovery research.
- The Company entered into a collaboration with Array BioPharma in September to discover and develop small molecule drugs directed at two specific targets in the phosphatase protein family. This collaboration enables Vertex to explore the applicability of parallel drug design in the phosphatase gene family, a family of proteins that are believed to contain numerous specific targets that are suitable for small molecule drug design.
- The Company also entered into several agreements during the quarter to access specialized technologies that will enhance and broaden Vertex's drug discovery activities, such as an agreement with Cellomics for its ArrayScan HCS System, which provides reliable insight into the efficacy and toxicity of drug candidates, and an agreement with

Consensus Pharmaceuticals to gain information on protease targets.

Report on Aurora Biosciences

- During the third quarter, Aurora Biosciences entered into an agreement with Amersham Pharmacia Biotech to commercialize their combined Green Fluorescent Protein (GFP) technology, which is used to accelerate drug discovery and development. The commercial agreement will allow both companies to broaden access to GFP technology by pharmaceutical companies, biotechnology companies, and academic research institutions.
- In addition, Aurora entered into a two-year collaboration and license agreement with Hyseq, Inc. to leverage Aurora's unique drug discovery tools and Hyseq's gene database to develop small molecule drug candidates and therapeutic protein candidates.

Pipeline Progress Update

HIV Protease Program: Agenerase and GW433908 (VX-175)

- GW433908 (VX-175), also known as 908, is a prodrug of the HIV protease inhibitor amprenavir. Vertex's partner, GlaxoSmithKline (GSK), is currently conducting three Phase III clinical trials of GW433908 and intends to file a New Drug Application (NDA) for GW433908 in 2002. Phase II data show the drug is well-tolerated, and has potent antiviral activity.
- Agenerase[®] (amprenavir) is an HIV protease inhibitor discovered by Vertex and licensed for development and commercialization to GSK. The drug is approved in more than 35 countries worldwide, including recent approvals in Nigeria, Slovenia, Lithuania and South Africa.

P38 MAP Kinase Program: VX-745, VX-702, VX-850

- Vertex has accelerated the development of its second generation oral p38 MAP kinase inhibitors, VX-702 and VX-850. The Company expects to initiate clinical studies with one or both of these second generation compounds in the first half of 2002.
- During the third quarter, Vertex conducted a preliminary analysis of Phase II clinical data of its lead orally active p38 MAP kinase inhibitor VX-745 in the treatment of rheumatoid arthritis. In this analysis, Vertex obtained "proof of principle" correlating inhibition of p38 MAP kinase with a significant anti-inflammatory effect. Vertex also found that the drug was well-tolerated. Concurrently, Vertex obtained adverse CNS effect findings within nonclinical tests of VX-745. To date, no CNS side effects associated with VX-745 have been observed in human clinical trials. Based on the nonclinical findings, the Company made a commercial decision to re-allocate its development resources in its small molecule p38 MAP kinase inhibitor program targeting inflammatory disease to its second generation compounds, VX-702 and VX-850.

ICE Program: Pralnacasan/VX-740

- The Phase II clinical trial of pralnacasan (VX-740) in patients with rheumatoid arthritis is fully enrolled, and is on track for completion in the first half of 2002. The trial is being conducted by Vertex's partner, Aventis Pharmaceuticals. Pralnacasan is an inhibitor of IL-1 beta converting enzyme (ICE).

Kinase Program:

- Vertex's collaboration with Novartis to discover, develop and commercialize small molecule drugs directed at targets in the kinase protein family is progressing on schedule and the kinase team is fully staffed. The Company expects to select this year one or two kinase inhibitors to move into preclinical development. These inhibitors are expected to be the first of many novel inhibitors Vertex expects to generate through this collaboration in the next several years.

Year 2001 Financial Outlook

This section contains forward-looking guidance about the financial outlook for the consolidated company, which includes Vertex Pharmaceuticals, Aurora Biosciences and PanVera. Full year 2001 guidance reflects the effect of the 2001 change in accounting principle on revenue recognition (See Note 3 to the financial tables).

- Net loss: Vertex expects that the 2001 net loss, before merger related costs and non-recurring charges and gains, will be in the range of \$40 to \$45 million. The Company expects merger related expenses of \$21.5 to \$23.5 million for the full year of 2001.
- Total Revenue: Vertex anticipates that total revenue will be in the range of \$160 to \$168 million. Vertex collaborative and other research and development revenue will continue to fluctuate based on levels of research and development support as well as potential revenue from milestone payments and possible new alliances.

- Total Costs and Expenses: For the full year of 2001, Vertex anticipates that total costs and expenses will be in the range of \$204 to \$212 million, before merger related costs and non-recurring charges and gains, and including other income, net. The Company expects to continue to make significant investments in its research organization and in its industry-leading product pipeline.
- Shares outstanding: Vertex's assumptions for weighted average number of shares outstanding are approximately 75 million for year-end 2001.
- Cash, cash equivalents and available for sale securities: Vertex expects to have in the range of \$685-\$695 million in cash, cash equivalents and available for sale securities at the end of 2001.
- Subsequent event: Vertex retired \$30 million in principal amount of debt and will record a non-cash extraordinary gain of \$10.3 million in the fourth-quarter of 2001. From time-to-time, the Company may continue to retire debt.

About Vertex

Vertex Pharmaceuticals Incorporated is a global biotechnology company. Vertex seeks to discover, develop, and commercialize major pharmaceutical products independently and with partners. Chemogenomics, Vertex's proprietary, systematic, genomics-based platform, is designed to accelerate the discovery of new drugs and to expand intellectual property coverage of drug candidate compounds and classes of related compounds. This approach, which targets gene families, has formed the basis for several commercial collaborations under which Vertex retains rights to downstream revenue. Vertex's first approved product is Agenerase[®] (amprenavir), an HIV protease inhibitor, which Vertex co-promotes with GlaxoSmithKline. Vertex has more than 10 drug candidates in development to treat viral diseases, inflammation, cancer, autoimmune diseases and neurological disorders.

This press release may contain forward-looking statements, including statements (i) that Vertex's pipeline will continue to advance in the months ahead, (ii) that Vertex's acquisition of Aurora is expected to increase the flow of drug candidates into development and accelerate the creation of a broad intellectual property estate, (iii) that Vertex's new supercomputer cluster is expected to accelerate productivity in Vertex's gene family-based drug discovery research, (iv) that Vertex's access to specialized technologies could enhance and broaden Vertex's drug discovery activities, (v) that Aurora's agreement with Amersham Pharmacia Biotech will allow broader access to GFP technology, (vi) that Vertex's partner, GlaxoSmithKline, intended to file an NDA for GW433908 in 2002, (vii) that Vertex anticipates initiating clinical studies with one or both of VX-702 and VX-850 in the first half of 2002, (viii) that the clinical trial for VX-740 is on track for completion in the first half of 2002, (ix) that Vertex expects to select this year one or two kinase inhibitors to move into clinical development, and (x) Vertex's expected financial and operating results for the remainder of its fiscal year and the full fiscal year. While management makes its best efforts to be accurate in making forward-looking statements, such statements are subject to risks and uncertainties that could cause Vertex's actual results to vary materially. These risks and uncertainties include, among other things, Vertex's inability to successfully integrate Aurora into its existing business, Vertex's inability to further identify, develop and achieve commercial success for new products and technologies, the possibility of delays in the research and development necessary to select drug development candidates and delays in clinical trials, the risk that clinical trials may not result in marketable products, the risk that Vertex may be unable to successfully finance and secure regulatory approval of and market its drug candidates, Vertex's dependence upon pharmaceutical and biotechnology collaborations, the levels and timing of payments under Vertex's collaborative agreements, uncertainties about Vertex's ability to obtain new corporate collaborations and acquire new technologies on satisfactory terms, if at all, development of competing systems, Vertex's ability to protect its proprietary technologies, patent infringement claims, risks of new, changing and competitive technologies and regulation in the U.S. and internationally. Vertex disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Conference Call and Webcast: Third Quarter Financial Results:

Vertex Pharmaceuticals will host a conference call on October 24, 2001 at 5:00 p.m. ET to review financial results and recent developments. This call will be broadcast via the Internet at www.vrtx.com in the investor center.

Agenerase[®] is a registered trademark of the GlaxoSmithKline group of companies.

