Achillion Reports First Quarter Financial Results and Provides Pipeline Update

NEW HAVEN, Conn., May 15, 2009 (GlobeNewswire via COMTEX News Network) -- Achillion Pharmaceuticals, Inc. (Nasdaq:ACHN), a leader in the discovery and development of small molecule drugs to combat the most challenging infectious diseases, today reported financial results for the three months ended March 31, 2009. For the first quarter of 2009, the Company reported a net loss of $6.7 million, compared to a net loss of $6.0 million in the same quarter last year. Cash and cash equivalents and marketable securities at March 31, 2009 were $27.1 million.

The Company also announced that it has entered discussions with its collaboration partner, Gilead Sciences, Inc. (Nasdaq:GILD), regarding a proposal for restructuring their existing license and collaboration agreement. Achillion has proposed that it continue to develop ACH-1095, also known as GS 9525, with retention of certain rights by Gilead. At the same time, the parties would jointly continue to advance additional compounds also operating by Achillion's proprietary NS4A mechanism of action. Achillion and Gilead have arrived at different opinions on the appropriate further progression of ACH-1095, based on their respective scientific assessments of the therapeutic index for ACH-1095 from various preclinical studies. Gilead indicated that it does not intend to initiate clinical development of GS 9525, while Achillion believes that the compound should be advanced.

"Clinical and preclinical data suggest that drugs such as ACH-1095 may provide important treatment advantages for patients with HCV, and we see significant opportunities for ACH-1095 to advance, ultimately in combination with other direct acting anti-virals," said Michael Kishbauch, President and CEO of Achillion. "Our experienced clinical, regulatory and scientific team looks forward to continued development of ACH-1095 and will request a pre-IND meeting to discuss the compound's development path with the FDA. We understand the compound may no longer fit the particular profile desired by Gilead, given its current strategic priorities.

"We also anticipate the first-in-human clinical dosing of our HCV protease inhibitor, ACH-1625, later this quarter," Kishbauch continued. With its unique pharmacokinetics, suggestive of once daily dosing, good safety profile, and proven mechanism of action, we believe ACH-1625 has potential to become a best-in-class protease inhibitor for HCV infection."

First quarter results

For the first quarter of 2009, the Company reported a net loss of $6.7 million, compared to a net loss of $6.0 million in the first quarter of 2008. Cash and cash equivalents and marketable securities at March 31, 2009 were $27.1 million.

Revenue for the three months ended March 31, 2009 was negative $293,000, compared to revenue of $627,000 in the three months ended March 31, 2008. The negative revenue reflects an excess of amounts billed by Gilead to Achillion under the collaboration, compared to amounts billed by Achillion to Gilead. Under the collaboration, costs are shared equally between the parties. In addition, for the three months ended March 31, 2009, Achillion did not recognize any revenue related to amortization of its up-front, milestone and FTE payments previously received under its collaboration with Gilead, as at this time the program does not have a lead compound upon which it can accurately estimate its future performance obligations.

Research and development expenses were $4.8 million in the first quarter of 2009, compared to $5.0 million for the same period of 2008. Research and development expenses were primarily related to costs incurred from late stage preclinical assessment of the Company's two HCV compounds, and to a lesser extent, from ongoing clinical trials for elvucitabine for HIV.

For the three months ended March 31, 2009, general and administrative expenses totaled $1.6 million, down slightly from $1.7 million for the same period in 2008.

About Achillion

Achillion is an innovative pharmaceutical company dedicated to bringing important new treatments to patients with infectious disease. The company's proven discovery and development teams have advanced multiple product candidates with novel mechanisms of action. Achillion is focused on solutions for the most challenging problems in infectious disease -- hepatitis, resistant bacterial infections and HIV. For more information on Achillion Pharmaceuticals, please visit the company's web site at www.achillion.com or call Achillion at 1-203-624-7000.

Forward-looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of

1995 that are subject to risks, uncertainties and other factors, including statements with respect to Achillion's expectations regarding the timing and duration of clinical trials, the Company's expectations regarding the release of data from ongoing clinical trials, the Company's performance under its collaboration agreement and the Company's ability to raise additional funding. Among the factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: Achillion's ability to restructure its existing collaboration agreement with Gilead Sciences and attract and develop new potential collaboration relationships; unexpected regulatory actions or delays; uncertainties relating to results of clinical trials, including additional data relating to ongoing clinical trials, and Achillion's ability to obtain additional funding required to conduct its research, development and commercialization activities. These and other risks are described in the reports filed by Achillion with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2008.

All forward-looking statements reflect Achillion's expectations only as of the date of this release and should not be relied upon as reflecting Achillion's views, expectations or beliefs at any date subsequent to the date of this release. Achillion anticipates that subsequent events and developments may cause these views, expectations and beliefs to change. However, while Achillion may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so.

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ACHILLION PHARMACEUTICALS INC. (ACHN)

Statements of Operations
(Unaudited, in thousands, except per share amounts)

	Three Months Ended March 31,	
	2009	2008
Revenue	$ (293)	$ 627
Operating expenses:		
Research and development	4,777	4,998
General and administrative	1,603	1,689
Total operating expenses	6,380	6,687
Loss from operations	(6,673)	(6,060)
Other income (expense):		
Interest income	92	291
Interest expense	(183)	(251)
Net loss before tax benefits	(6,764)	(6,020)
Tax benefit	40	22
Net loss	$(6,724)	$(5,998)
Net loss per share - basic and diluted	$ (0.25)	$ (0.38)
Weighted average shares outstanding - basic and diluted	26,399	15,638

Balance Sheets
(Unaudited, in thousands)

	March 31, 2009	Dec. 31, 2008
Cash and cash equivalents and marketable securities	$27,071	$35,357
Working capital	19,352	24,359
Total assets	29,914	38,561
Long-term liabilities	2,489	1,361
Total liabilities	11,199	13,540
Total stockholders' (deficit) equity	18,715	25,021

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