

The Medicines Company Reports Second Quarter and First Half 2008 Financial Results and Raises Full Year Top Line Guidance

23 Jul 2008

PARSIPPANY, N.J.--(BUSINESS WIRE)--July 23, 2008--The Medicines Company (NASDAQ: MDCO) today announced its financial results for the second quarter and first half of 2008.

Financial highlights for the second quarter of 2008:

- -- Net revenue increased by 54% to \$86.7 million for the second quarter of 2008 from \$56.4 million for the second quarter of 2007.
 - -- Angiomax(R) (bivalirudin) U.S. sales increased by 53% to \$84.5 million for the second quarter of 2008 from \$55.2 million for the second quarter of 2007.
 - -- Angiomax/Angiox international net revenue in the second quarter of 2008 increased \$1.0 million to \$2.2 million compared to \$1.2 million in the second quarter of 2007.
- -- Net income for the second quarter of 2008 was \$4.1 million, or \$0.08 per share, compared to net income of \$0.8 million, or \$0.02 per share, for the second quarter of 2007.
- $\mbox{ -- }$ Excluding stock-based compensation expense and non-cash income

taxes, the Company reported second quarter of 2008 non-GAAP net income of \$14.5 million, or \$0.28 per share, compared to non-GAAP net income of \$5.1 million, or \$0.10 per share, for the second quarter of 2007.

John Kelley, President and Chief Operating Officer, stated, "We continue to execute our Angiomax strategy to gain market share and further penetrate the PCI market. We look forward to hearing from the FDA on our Cleviprex submission and continue to build our European infrastructure which will lead to multiple revenue sources in the near future."

Financial highlights for the first half of 2008:

- -- Net revenue increased by 35% to \$166.2 million for the first half of 2008 from \$123.0 million for the same period in 2007.
 - -- Angiomax U.S. sales increased by 33% to \$161.4 million

for

the first half of 2008 from \$121.5 million for the first half of 2007.

- -- Angiomax/Angiox international net revenue in the first half of 2008 increased \$3.3 million to \$4.8 million compared to \$1.5 million in the first half of 2007.
- -- Net income for the first half of 2008 was \$8.9 million, or \$0.17 per share, compared to net income of \$3.9 million, or \$0.07 per share, for the first half of 2007.
- $\mbox{ -- }$ Excluding stock-based compensation expense and non-cash income

taxes, the Company reported first half of 2008 non-GAAP net income of \$26.9 million, or \$0.51 per share, compared to non-GAAP net income of \$13.3 million, or \$0.25 per share,

for

the first half of 2007.

The following table provides reconciliations between GAAP and non-GAAP net income for the second quarter (Q2) and first half (1H) of 2008 and 2007. Non-GAAP net income excludes stock-based compensation expense and the non-cash provision for income taxes:

			Non-Cash Provision	
-	Reported GAAP	Compensation	for Income	Net
Income				
(in millions)	Net Income	Expense	Taxes	(1)
Q2 2008	\$4.1	\$ 6.9	\$3.6	
\$14.5				
Q2 2007	\$0.8	\$ 3.7	\$0.6	\$
5.1				
1H 2008	\$8.9	\$11.4	\$6.6	
\$26.9				
1H 2007	\$3.9	\$ 7.2	\$2.2	
\$13.3				

Note: Amounts may not sum due to rounding.

(1) Excluding stock-based compensation expense and the non-cash provision for income taxes

Reconciliations between GAAP and non-GAAP fully diluted earnings per share (EPS) for the second quarter (Q2) and first half (1H) of 2008 and 2007 are provided in the following table:

(non shous)	Reported	FAS 123R Stock- Based Compensation	Non-Cash Provision for	
(per share)	GAAP EPS	Expense	Income Taxes	EPS (1)
Q2 2008 \$0.28	\$0.08	\$0.13	\$0.07	

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Q2 2007	\$0.02	\$0.07	\$0.01	
\$0.10				
1H 2008	\$0.17	\$0.22	\$0.13	
\$0.51				
1н 2007	\$0.07	\$0.14	\$0.04	
\$0.25				

Note: Amounts may not sum due to rounding.

(1)Excluding stock-based compensation expense and the non-cash provision for income taxes

The Company believes that presenting the non-GAAP information contained in the financial tables and in this press release assists investors and others in gaining a better understanding of the Company's core operating results and future prospects, expected growth rates or forecasted guidance, particularly as related to stock-based compensation expense and the non-cash provision for income taxes. Management uses this non-GAAP information, in addition to the GAAP information, as the basis for measuring the Company's core operating performance and comparing such performance to that of prior periods and to the performance of its competitors. Such measures are also used by management in its financial and operating decision-making. Non-GAAP information is not meant to be considered superior to or a substitute for the Company's results of operations prepared in accordance with GAAP. A reconciliation of GAAP results with non-GAAP results may also be found in the attached financial tables.

Revised 2008 Guidance

Based upon results of the first half of 2008, the Company provided revised 2008 guidance as follows:

- -- Full year net revenue of \$335 million to \$355 million, including:
 - -- U.S. net revenue for Angiomax of \$320 million to \$330 million
- -- SG&A expense of \$153 million to \$159 million (GAAP)
 - -- \$135 million to \$140 million excluding stock-based compensation expense
- -- Total stock-based compensation expense of \$22 million to \$24 million

The Company reaffirmed 2008 guidance on other line items as follows:

	Original		Revised
(in millions, except percentages and			
per share amounts)			
Net Sales			
U.S. Angiomax	\$	310-\$320	
\$320-\$330			
International Angiox	\$	10-\$15	
US Cleviprex	\$	5-\$10	
Total	\$	325-\$345	
\$335-\$355			
Cost of revenue		25%	
R&D (GAAP)	\$	79-\$83	

 (w/o 123R)	\$	75-\$79	
SG&A (GAAP) \$153-\$159		146-\$153	
(w/o 123R) \$135-\$140	\$	130-\$135	
Stock Based Comp -123R (1) 22-\$24	\$	20-\$22	\$
Investment Income	\$	6-\$8	
Effective Tax Rate		50%-55%	
Net Income - GAAP	\$	12-\$16	
Non GAAP		41-\$49	
EPS - GAAP	\$0	.22-\$0.30	
EPS - Non GAAP	\$0	.77-\$0.92	

(1) Note that GAAP reporting of R&D and SG&A include stock based compensation expense

There will be a conference call with management today at 8:30 a.m. Eastern Time to discuss second quarter and first half 2008 financial results, guidance and operational developments. The conference call will be available via phone and webcast. The webcast can be accessed at The Medicines Company website at www.themedicinescompany.com (https://www.themedicinescompany.com).

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The dial in information is listed below: Domestic Dial In: 877-419-6590
International Dial In: 719-325-4894
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Replay is available from 11:30 a.m. Eastern Time following the conference call through August 6, 2008. To hear a replay of the call, dial 888-203-1112 (domestic) and 719-457-0820 (international). Passcode for both dial in numbers is 4642411.

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About The Medicines Company: The Medicines Company (NASDAQ: MDCO) is focused on advancing the treatment of critical care patients through the delivery of innovative, cost-effective medicines to the worldwide hospital marketplace. The Company markets Angiomax(R) (bivalirudin) in the United States and other countries for use in patients undergoing coronary angioplasty, a procedure to clear restricted blood flow in arteries around the heart. The Company also has two products in late-stage development, Cleviprex(TM) (clevidipine butyrate) injectable emulsion and cangrelor. The Company's website is www.themedicinescompany.com (https://www.themedicinescompany.com).

This document is intended to assist listeners of The Medicines Company's quarterly results conference call available via webcast at www.themedicinescompany.com (http://www.themedicinescompany.com). In this document and the call, statements about The Medicines Company that are not purely historical, and all other statements that are not purely historical, may be deemed to be forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Without limiting the foregoing, the words "believes," "anticipates" and "expects" and similar expressions, including our 2008 guidance, are intended to identify forwardlooking statements. These forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by these forward-looking statements. Important factors that may cause or contribute to such differences include the extent of the commercial success of Angiomax, whether the Company's products will advance in the clinical trials process on a timely basis or at all, whether the Company will make regulatory submissions for product candidates on a timely basis, whether its regulatory submissions will receive approvals from regulatory agencies on a timely basis or at all, whether physicians, patients and other key decision makers will accept clinical trial results, risks associated with the establishment of international operations, and such other factors as are set forth in the risk factors detailed from time to time in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission including, without limitation, the risk factors detailed in the Company's Quarterly Report on Form 10-Q filed on May 12, 2008, which are incorporated herein by reference. The Company specifically disclaims any obligation to update these forward-looking statements.

The Medicines Company				
Consolidated Statements of	Opera	tions		
(unaudited)				
(in thousands, except per share data) 30,		months ende		
		2008	2007	
Net revenue 56,399	\$	86,731 \$		
Operating expenses:				
Cost of revenue		21,939		
Research and development		19,781		
15,729				
Selling, general and administrative 26,819		38 , 789		
Total operating expenses 57,642		80,509		
<pre>Income (loss) from operations (1,243)</pre>		6,222		
Other income 2,719		1,805		
Income before income taxes 1,476		8 , 027		
Provision for income taxes (659)		(3,971)		
Net income 817	\$	4,056 \$		

	=======		
Basic earnings per common share 0.02	\$	0.08	\$
	======	======	
Shares used in computing basic earnings			
per common share		51,834	
51,638			
Diluted earnings per common share 0.02	\$	0.08	\$
0.02	=======		
Shares used in computing diluted earnings			
per common share		52,441	
52,294			
	======	======	
=========			

The Medicines Company

Consolidated Statement: (unaudited	
(in thousands, except per share data)	
	2008
2007	2008
2007	
Net revenue	\$ 166,159 \$
123,046	
Operating expenses:	
Cost of revenue	41,032
32,874	
Research and development	38,443
35,208	74,139
Selling, general and administrative 53,957	74,139
33,337	
Total operating expenses	153,614
122,039	
Income from operations	12,545
1,007	
Other income	4,186
5,302	4,100
3,332	
Income before income taxes	16,731
6,309	
Provision for income taxes	(7,821)
(2,444)	
Not income	6 0.010 6
Net income	\$ 8,910 \$
3,865	

Basic earnings per common share	\$	0.17	\$
0.07			
	======		
==========			
Shares used in computing basic			
earnings per common share		51,792	
51,578			
	=======	======	
=========			
Diluted earnings per common share	\$	0.17	\$
0.07			
	=======	======	
==========			
Shares used in computing diluted			
earnings per common share		52,361	
52,587			
	======		
==========			

The Medicines Company Condensed Consolidated Balance Sheets (unaudited)

	June 30,	December
31,		
(in thousands)	2008	
2007		
ASSETS		
Cash, cash equivalents and available for		
sales securities	\$ 238,068	
\$222,113		
Accrued interest receivable	1,071	
1,598		
Accounts receivable, net	25,081	
25,584		
Inventory	29,567	
35,468	,	
Prepaid expenses and other current assets	10,949	
7,425	20,313	
7, 120		
Total current assets	304,736	
292,188	304,730	
292,188		
		
Fixed assets, net	4,054	
3,245	1,001	
Intangible assets, net	14,641	
	14,041	
14,929	F 000	
Restricted cash	5,000	
5,000	20 422	
Deferred tax assets	39,433	
46,018		
Other assets	181	
136		

Total assets \$361,516			\$ 368,045	
======		=		
LIABILITIES AND STO Current liabilities 83,620 Stockholders' equity 277,896	OCKHOLDERS'	EQUITY	\$ 68,454 299,591	\$
Total liabilities a equity \$361,516	and stockhol		\$ 368,045	
=======				
The Medicines Company Reconciliation of GAAP (Amounts in thousands, (Unaudited)	except per	share data)	Ended June 3	0,
			008	
	GAAP (1)		Non-Cash	
GAAP	As		Tax	
Adjusted		SFAS123R	Provision	
Net revenue 86,731	\$ 86,731		\$ -	\$
Operating expenses: Cost of revenue 21,720	21,939	(219) (2)	-	
Research and development 18,589	19 , 781	(1,192)(2)	-	
Selling, general and administrative 33,338		(5,451) (2)		
Total operating expenses		(6,862)	-	
Income from operations 13,084	6,222	6 , 862	-	
Other income		-	-	
Income before income taxes 14,889	8,027	6 , 862	-	

Provision for incom taxes (385)	e (3,971)	-	3,586(3)
Net income 14,504	4,056	6,862	3,586	
Basic earnings per common share 0.28			\$ 0.07	\$
======	=======	=======	=======	
Shares used in computing basic earnings per common share 51,834	51,834	51,834	51,834	
	=======	======	=======	
Diluted earnings per common share 0.28	\$ 0.08		\$ 0.07	\$
======				
Shares used in computing diluted earnings per common share 52,441	52,441	52,441	52,441	
=======	=======	======	=======	
(1) GAAP Results (2) Non-cash stock com (3) Non-cash tax provi (4) Non-GAAP Results The Medicines Company Reconciliation of GAAP (Amounts in thousands, (Unaudited)	to non-GAAP	Measures share data)	Ended June 30,	
		2	008	
GAAP	GAAP (1)		Non-Cash	Non-
GAAF	As	CEN C1 22D	Tax Provision	(4) As
Adjusted				
 Net revenue 166,159	\$ 166,159	\$ -	\$ -	\$
Operating expenses:				

Cost of revenue	41,032	(356)	(2)	
Research and development 36,571	38,443	(1,872)	(2)	-
Selling, general and administrative 64,943	74,139		(2) -	
Total operating expenses 142,190	153,614	(11,424)	-	
Income from operations 23,969	12,545	11,424	-	
Other income 4,186	4,186			
Income before income taxes 28,155		11,424	-	
Provision for income taxes (1,219)			6,602	2 (3)
 Net income 26,936	8,910	11,424	6,602	?
Basic earnings per common share 0.52			\$ 0.13	
=======	=======	=======	========	=
Shares used in computing basic earnings per common share 51,792	51,792	51,792	51,792	2
======	=======	=======	========	=
Diluted earnings per common share 0.51			\$ 0.13	
=======	======	=	========	-
Shares used in computing diluted earnings per common share 52,361	52,361	52 , 361	52,361	
	======	======	=======	=

- (1) GAAP Results
- (2) Non-cash stock compensation expense

- (3) Non-cash tax provision
- (4) Non-GAAP Results

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SOURCE: The Medicines Company