Exelixis Signs Co-Development Agreement With Genentech for Small Molecule Oncology Compound

January 3, 2007

New Collaboration Focuses on Novel Compound Targeting MEK

SOUTH SAN FRANCISCO, Calif., Jan. 3 /PRNewswire-FirstCall/ -- Exelixis, Inc. (Nasdaq: EXEL) today announced that it has entered into an agreement with Genentech, Inc. for the worldwide co-development of XL518, a small-molecule inhibitor of MEK. Exelixis submitted an Investigational New Drug application (IND) for XL518 to the U.S. Food and Drug Administration (FDA) on December 20, 2006. MEK, also known as mitogen activated protein kinase (MAPK) kinase, is a key component of the RAS/RAF/MEK/ERK pathway, which is frequently activated in human tumors. Inappropriate activation of the MEK/ERK pathway can promote cell growth in the absence of exogenous growth factors.

Under the terms of the agreement, Exelixis will receive upfront and milestone payments totaling $40 million upon signing of the agreement and with the submission of the IND for XL518 to the FDA. Exelixis is responsible for developing XL518 through the end of Phase I. If Genentech exercises its option to further develop XL518, Exelixis will receive an additional payment and Genentech will be responsible for further development, including all further development costs. Exelixis has the option to co-promote in the United States along with Genentech. Exelixis has a substantial share in the marketing and commercialization costs, as well as an initial equal share in profits in the United States, which will decrease as sales increase. Exelixis will receive royalties on any sales of the product which may be commercialized outside the United States.

"Genentech is a leading innovator of important new cancer therapies, and we believe that this collaboration validates the significant potential of XL518 to be the first in a new class of drugs targeting critical intracellular signaling pathways," said George A. Scangos, Ph.D., president and chief executive officer of Exelixis. "This collaboration also combines our world class drug discovery and development platform with Genentech's proven track record in commercializing novel compounds that positively impact the lives of patients with cancer. This is our second strategic collaboration with Genentech, and we look forward to strengthening our relationship with Genentech on the development of this promising compound."

Exelixis Conference Call and Webcast

Exelixis' management will discuss this collaboration during a conference call beginning at 5:30 a.m. PT / 8:30 a.m. ET today, Wednesday, January 3, 2007. To listen to the discussion, the webcast may be accessed in the Event Calendar page under Investors at www.exelixis.com.

About Exelixis

Exelixis, Inc. is a development-stage biotechnology company dedicated to the discovery and development of novel small molecule therapeutics for the treatment of cancer and other serious diseases. The company is leveraging its fully integrated drug discovery platform to fuel the growth of its development pipeline, which is primarily focused on cancer. Currently, Exelixis' broad product pipeline includes investigational compounds in Phase II and Phase I clinical development for cancer and renal disease. Exelixis has established strategic corporate alliances with major pharmaceutical and biotechnology companies, including GlaxoSmithKline, Bristol-Myers Squibb Company, Genentech, Wyeth Pharmaceuticals and Sankyo. For more information, please visit the company's web site at www.exelixis.com.

Forward Looking Statement

This press release contains forward-looking statements, including, without limitation, all statements related to the clinical and commercial potential of XL518 as well as anticipated payments, costs and profits under the agreement. Words such as "believes," "anticipates," "plans," "expects," "intends," "will," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon Exelixis' current expectations. Forward-looking statements involve risks and uncertainties and past performance is not indicative of future results. Exelixis' actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, the risk that products candidates that appeared promising in early research do not demonstrate safety or efficacy in clinical trials; the ability of the company to advance preclinical compounds into clinical development; the uncertainty of the FDA approval process; and the therapeutic and commercial value of the company's compounds. These and other risk factors are discussed under "Risk Factors" and elsewhere in Exelixis' quarterly report on Form 10-Q for the quarter ended September 30, 2006 and other filings with the Securities and Exchange Commission. Exelixis expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

SOURCE Exelixis, Inc.
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