



Exelixis and Bristol-Myers Squibb to Co-Develop XL139, an Inhibitor of the Hedgehog Pathway

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- Exelixis will receive \$20 million milestone payment and will share U.S. profits 50/50 -

SOUTH SAN FRANCISCO, Calif., Jan. 22 /PRNewswire-FirstCall/ -- Exelixis, Inc. (Nasdaq: EXEL) today announced that Bristol-Myers Squibb Company (NYSE: BMY) has exercised its option to develop and commercialize Exelixis' compound XL139. Under the terms of the collaboration agreement between the two companies, which became effective in January 2007, the selection of XL139 by Bristol-Myers Squibb entitles Exelixis to a milestone payment of \$20 million. In addition, Exelixis has exercised its option under the collaboration agreement to co-develop and co-commercialize XL139 in the United States. Following the transfer of the XL139 development program, which is expected to occur promptly, Bristol-Myers Squibb will lead all global activities. The parties will co-develop and co-commercialize XL139 in the U.S. and share those profits 50/50. Exelixis will be entitled to receive double-digit royalties on product sales outside of the U.S.

XL139 is a small molecule inhibitor of the hedgehog pathway. Hedgehog signaling is deregulated in a variety of cancers and the pathway is a promising target for novel cancer therapies.

"I am pleased that Bristol-Myers Squibb shares our enthusiasm for the potential of hedgehog pathway modulators and of XL139 in particular. This is an exciting pathway with therapeutic potential for a number of solid tumor types," said George A. Scangos, Ph.D., president and chief executive officer of Exelixis. "Bristol-Myers Squibb has substantial expertise in commercializing innovative cancer therapies, and we are excited to have another opportunity to work with and learn from our Bristol-Myers Squibb colleagues. We expect that Bristol-Myers Squibb's resources will help speed the development of this novel compound designed to inhibit an important cancer-related pathway. This will enable us to deploy our internal resources on our proprietary assets."

Dr. Scangos added, "We are executing a partnership strategy that is designed to provide near- and long-term opportunities for value creation. The selection of XL139 exemplifies what we intend to achieve with this strategy: Bristol-Myers Squibb's expertise and capabilities will enhance the development of the compound. The \$20 milestone payment adds to our financial resources to support our key proprietary programs. And, the 50/50 profit share in the U.S. on XL139 provides the potential for substantial long-term revenues. We have worked with Bristol-Myers Squibb for a number of years, and the selection of this compound is another indication of the success of this collaboration."

Under the terms of the companies' collaboration agreement, Exelixis deploys its drug discovery platform and is fully responsible for the identification and preclinical development of small molecule drug candidates directed against mutually selected targets. Bristol-Myers Squibb has the right to select up to three IND candidates against three different targets. Following selection by Bristol-Myers Squibb, Bristol-Myers Squibb will lead all global activities, although the parties will co-develop and co-commercialize the programs in the United States. Bristol-Myers Squibb made an upfront payment of \$60 million in cash to Exelixis in January 2007, when the collaboration became effective. The terms of the agreement provide for Exelixis to receive \$20 million for each of up to three different drug candidates selected by Bristol-Myers Squibb at IND. For each candidate selected by Bristol-Myers Squibb, the parties plan to share equally development costs, commercial profits and co-promotion responsibilities in the United States, and Exelixis will receive royalties on product sales outside of the United States. For each candidate selected by Bristol-Myers Squibb, Exelixis has the right to opt in to the co-development or co-promotion in the United States. If Exelixis does not opt in, Exelixis will receive milestones and royalties in lieu of a U.S. profit share.

About XL139

XL139 is a small molecule inhibitor of the hedgehog signaling pathway. Hedgehog plays a critical role in regulating cell growth, proliferation and differentiation in normal development. The pathway is deregulated in basal cell carcinoma, medulloblastoma, glioblastoma, multiple myeloma and pancreatic and a variety of other cancers. Inappropriate activation of hedgehog can result from activating mutations, loss of repressors or overexpression of factors that stimulate the pathway. Signaling through hedgehog also has been shown to stimulate production of angiogenic and survival factors, both in tumor cells and in the surrounding stromal tissue. In addition, recent data suggest that hedgehog signaling may play a key role in cancer stem cell (CSC) proliferation and the resistance of CSCs to chemotherapeutics and radiotherapy.

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 2 and phase 1 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 Daiichi-Sankyo. For more information, please visit the company's web site at <http://www.exelixis.com>.

Forward-Looking Statements

This press release contains forward-looking statements, including, without limitation, statements related to the future development and potential efficacy of XL139, Exelixis' potential receipt of milestone payments and royalties under its collaboration with Bristol-Myers Squibb, related costs and

payments under the collaboration, potential long-term revenues and the transfer of the XL139 development program. Words such as "expect," "will," "potential," "intend," "plan" 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. 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, risks related to the potential failure of XL139 to demonstrate safety and efficacy in clinical testing and risks related to Exelixis' relationship with Bristol-Myers Squibb. 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, 2007 and Exelixis' other filings with the Securities and Exchange Commission. Exelixis expressly disclaims any duty, obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Exelixis' 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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