



Exelixis Receives \$150 Million Funding Commitment From Deerfield Management

June 5, 2008

SOUTH SAN FRANCISCO, Calif., June 5 /PRNewswire-FirstCall/ -- Exelixis, Inc. (Nasdaq: EXEL) announced today that the company has entered into an agreement with Deerfield Management, a leading healthcare investment organization and significant Exelixis stockholder, to provide Exelixis with up to \$150.0 million in financing through a flexible credit facility. The funds can be drawn at any time over the next 18 months at Exelixis' discretion. Exelixis is under no obligation to draw on the facility and can terminate the facility agreement without penalty at any time. Funds drawn will be repayable five years after signing of the facility agreement and can be repaid in shares of Exelixis common stock, subject to certain restrictions, or cash at any time during the term of the agreement.

"This transaction significantly increases our financial strength and flexibility over the next 18 months, even if we don't draw on the facility," said George A. Scangos, PhD, president and chief executive officer of Exelixis. "We expect that the next few months will provide key insights into our pipeline, the future of our existing collaborations, and potential new collaborations. The Deerfield facility gives us the time to see our way through this period of major pipeline and business milestones and puts us in a position of strength as we advance our various partnering discussions. We are in discussions for a number of transactions, and we want to make sure that we have the ability to work through our options, taking into account the outcome of some of the important milestones that we expect to reach later this year. Our objective is to maximize the long-term value from the development of our pipeline and by having the Deerfield facility in place, we have significantly enhanced our ability to do so."

"The Exelixis discovery platform has been prolific, generating 14 targeted molecules currently in clinical development by either Exelixis or its partners," said William Slattery, partner at Deerfield Management. "To complement its discovery capabilities, Exelixis has now built a top-tier development team that allows the company to independently optimize proof-of-concept studies for these products. Our goal with this financing is to provide a flexible, minimally dilutive form of capital that will allow Exelixis to advance development programs either internally or externally, depending on which strategy maximizes shareholder value."

Under the terms of the agreement, Deerfield has committed \$150.0 million that can be drawn by Exelixis in \$15.0 million increments. Exelixis will pay a quarterly commitment fee at a rate of 2.25% per annum, and amounts drawn will accrue interest until maturity at a rate of 6.75% per annum. Outstanding principal and unpaid interest, if any, are due in June 2013, subject to acceleration in specified circumstances, and may be prepaid in whole or in part at any time, without penalty, at Exelixis' option with shares of common stock, subject to certain restrictions, or in cash. Deerfield will receive a transaction fee of 2.5% and was issued warrants to acquire 1,000,000 shares of Exelixis common stock at an exercise price of \$7.40 per share, representing a 20% premium to the average closing stock price over the last ten business days. In the event that Exelixis draws on the facility agreement, Exelixis would be required to issue warrants to acquire up to an additional 10,000,000 shares of its common stock. Exelixis would issue warrants to acquire 400,000 additional shares at the same exercise price as the initial warrants at the time that each of the first five \$15.0 million increments is drawn. In addition, Exelixis would issue warrants to acquire 800,000 shares with each \$15.0 million draw at an exercise price equal to 20% above the average of the daily volume weighted average stock price for each of the 15 trading days following the day on which Exelixis notifies Deerfield that it is drawing the funds. All warrants can be settled in net shares at Deerfield's option.

"Our deal with Deerfield provides a high level of flexibility and uniquely addresses the challenges that pre-commercial biotech companies face in a challenging capital markets environment," said Frank Karbe, chief financial officer of Exelixis. "Most notably, it provides guaranteed access to capital and a high degree of control as to when and to what degree we draw and repay funds, thereby substantially increasing our ability to manage our cost of capital and minimize dilution."

Conference Call and Webcast

Exelixis management will discuss the Deerfield arrangement during a conference call beginning at 5:00 a.m. PT/8:00 a.m. ET Thursday, June 5. To listen to a webcast of the discussion, visit the Event Calendar page under Investors at <http://www.exelixis.com>. An archive of the webcast will be available until 7:00 a.m. PT/10:00 a.m. ET on July 5, 2008. Access numbers for this replay are 1-888-286-8010 (domestic) and 1-617-801-6888 (international); the replay passcode number is 33494166.

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. Exelixis has established strategic corporate alliances with major pharmaceutical and biotechnology companies, including GlaxoSmithKline, Bristol-Myers Squibb, Genentech, Wyeth Pharmaceuticals and Daiichi-Sankyo. For more information, please visit the company's website at <http://www.exelixis.com>.

Forward-Looking Statements

This press release contains forward-looking statements, including without limitation statements related to our financial strength and flexibility, the development of our pipeline, the future of our existing collaborations, potential new collaborations, future pipeline and business milestones and the impact and future use of the Deerfield facility. Words such as "want," "expect," "can," "will" and similar expressions are intended to identify forward-

looking statements. These forward-looking statements are based upon our current plans, assumptions, beliefs and expectations. Forward-looking statements involve risks and uncertainties. Our 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 our ability to repay amounts drawn under the facility agreement in shares of common stock, the potential failure of our compounds to demonstrate safety and efficacy in clinical testing, our relationship with our partners, our ability to enter into new collaborations, continue existing collaborations and receive milestones and royalties under our collaborative agreements, the timing and level of expenses associated with the growth of proprietary programs and other collaborations, the ability to co-develop and generate revenues under collaborations with our partners, and the therapeutic and commercial value of our compounds. These and other risk factors will be discussed in our Current Report on Form 8-K to be filed in connection with the entry into the Facility Agreement and are discussed under "Risk Factors" and elsewhere in our quarterly report on Form 10-Q for the quarter ended March 28, 2008, and other filings with the Securities and Exchange Commission. We expressly disclaim any duty, obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

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