



Exelixis Announces Transaction to Fund Clinical Development for XL647, XL999 and XL784

June 13, 2005

Exelixis Plans Broad-based Phase II Programs in Second-Half of 2005

SOUTH SAN FRANCISCO, Calif., June 13 /PRNewswire-FirstCall/ -- Exelixis, Inc. (Nasdaq: EXEL) announced that it has entered into a transaction with Symphony Capital Partners, L.P. and its investors to provide up to \$80 million of funding for the further clinical development of XL647, XL999 and XL784. Under the terms of the agreement, Symphony Capital, a private equity fund focused on biopharmaceutical development, has formed Symphony Evolution, Inc., which will be initially capitalized with \$40 million and holds an option to call an additional \$20 million to \$40 million within one year of closing.

Symphony Capital investors, through Symphony Evolution, will provide funding to Exelixis, which, in collaboration with Symphony Evolution, will continue to conduct the clinical trials for the three compounds. Exelixis has granted a license to the intellectual property for the three compounds to Symphony Evolution, but retains the exclusive right, through a purchase option, to acquire Symphony Evolution's equity. If Exelixis chooses not to exercise the purchase option, Symphony Evolution will retain the rights to the compounds. As part of its collaboration with Exelixis, GlaxoSmithKline plc (GSK) has previously agreed to increase the selection milestone payments for compounds that are funded through Symphony Evolution.

"This transaction provides up to \$80 million to fund the clinical development of these very promising compounds on favorable economic terms without significant dilution to our current shareholders," said George A. Scangos, Ph.D., president and chief executive officer of Exelixis. "We have retained exclusive rights to the compounds, obtained attractive funding to enable aggressive, thoughtful clinical development, and have off-loaded the financial risk of compound failure. We are very enthusiastic about these compounds, and we are pleased that the collaboration with Symphony Evolution will enable us to explore their utility in a variety of indications. Although these terms are attractive on their own, the increased selection milestones to which GSK has agreed further reduces the cost of capital if GSK elects any of these compounds."

Dr. Scangos continued, "We have been remarkably productive over the past few years, and are on track to have eight compounds in clinical trials by the end of the year. We believe that conducting extensive Phase II trials is an important aspect of avoiding late-stage product failures. Obviously more extensive programs require significant financial investment, and this transaction is one example of how we intend to finance these programs while minimizing dilution to our investors."

Phase I trials are currently ongoing for XL647 and XL999, and XL784 is expected to re-enter clinical development later this year. The clinical development funds to be provided by Symphony Evolution will be used to conduct broad Phase II clinical programs for XL647 and XL999 in multiple tumor types and patient populations to determine the broadest possible potential for each compound. For XL784, the funds will be used to conduct comprehensive trials in diabetic nephropathy.

Summary Terms of the Transaction

Of the \$80 million in committed funds, \$40 million was drawn upon closing, and an additional \$20 million to \$40 million will be drawn within one year of closing. Exelixis has licensed the intellectual property for XL647, XL999 and XL784 to Symphony Evolution. Exelixis will issue to Symphony Evolution's investors five-year warrants to purchase up to 1.5 million shares of Exelixis common stock at \$8.90 per share. The actual number of underlying shares will be determined by the total amount of capital actually drawn by Symphony Evolution. In exchange, Exelixis has received an exclusive purchase option from Symphony Evolution's investors allowing Exelixis to reacquire the intellectual property by purchasing all of Symphony Evolution's equity. This option is exercisable by Exelixis at any time beginning June 2006 and ending June 2009, and the purchase price is calculated by applying a compounded annual rate of return of 25% to the funded capital, subject to an early exercise premium if the option is exercised before December 2007. Exelixis' decision to exercise the option is entirely discretionary and whether Exelixis exercises it may depend on the outcome of clinical trials and other considerations. The option exercise price may be paid in cash or a combination of cash and up to 33% of the purchase price in Exelixis common stock, at Exelixis' sole discretion. Exelixis also has the option, under certain conditions, to purchase at a premium price the rights for any one of the three compounds separately, while retaining the option to subsequently purchase the equity of Symphony Evolution and reacquire rights to the remaining compounds. Exelixis intends to consolidate the financial results of Symphony Evolution into its financial statements.

Symphony Evolution

Symphony Evolution is required by the agreements to use the cash raised through this transaction exclusively for activities relating to the clinical development of XL784, XL647 and XL999. Exelixis has one of five seats on Symphony Evolution's Board of Directors. This seat will be filled initially by George A. Scangos, Ph.D., president and chief executive officer of Exelixis. Symphony Capital has two seats on the Board. The remaining two Board members are mutually agreed to by both parties. GSK has an observer seat on Symphony Evolution's Board of Directors.

Symphony Evolution has retained RRD International, LLC to serve as the management of Symphony Evolution, and will collaborate with Exelixis to conduct the clinical trials.

GSK Collaboration

XL647, XL999 and XL784 are part of Exelixis' collaboration with GSK. As part of an amendment to the collaboration, announced in January 2005, Exelixis was granted the ability to develop XL647, XL999 and XL784 by making use of third-party financing vehicles, such as Symphony Evolution. GSK retains the option to elect these compounds for further development after proof-of-concept, in which case such compounds will be subject to a premium on proof-of-concept milestone payments.

Conference Call and Webcast

Exelixis' management will discuss this clinical development financing transaction and other business developments during a conference call beginning at 5:30 a.m. PDT / 8:30 a.m. EDT today, Monday, June 13, 2005. To listen to the discussion, please visit the Webcast section under Investor Information on the Exelixis website at <http://www.exelixis.com> or <http://www.vcall.com/CEPage.asp?ID=92376>.

About Exelixis

Exelixis, Inc. is a leading genomics-based drug discovery company dedicated to the discovery and development of novel therapeutics across various disease areas. The company is leveraging its fully integrated gene-to-drug platform to fuel the growth of its proprietary drug pipeline. Exelixis' development pipeline covers cancer and metabolism and is comprised of the following compounds: XL119 (becatocarbin), for which a multinational Phase III clinical trial has been initiated in patients with bile duct tumors; XL784, initially an anticancer compound, which completed a Phase I clinical trial and is being developed as a treatment for renal disease XL647, XL999 and XL880, anticancer compounds currently in Phase I clinical trials; XL820 and XL844 for which IND applications have been filed; and XL184, a potential IND candidate for the treatment of cancer; and multiple compounds in preclinical development for diseases including cancer and various metabolic and cardiovascular disorders. Exelixis has established broad corporate alliances with major pharmaceutical and biotechnology companies including GlaxoSmithKline (GSK) and Bristol-Myers Squibb Company. Pursuant to a product development and commercialization agreement between Exelixis and GSK, GSK has the option, after completion of Phase IIa clinical trials, to elect to develop a certain number of compounds in Exelixis' product pipeline, which may include the compounds identified in this press release (other than XL119), thus potentially triggering milestone payments and royalties from GSK and co-promotion rights by Exelixis. For more information, please visit the company's web site at <http://www.exelixis.com>.

This press release contains forward-looking statements, including without limitation statements regarding clinical development plans for XL784, XL647 and XL999, potential shareholder dilution, future funding and operations of Symphony Evolution and the therapeutic and commercial potential of XL119, XL784, XL647, XL880, XL999, XL820, XL844 and XL184, other compounds in the Exelixis preclinical pipeline and its program in metabolic diseases. Words such as "believes," "anticipates," "plans," "expects," "intends," "will," "slated," "goal" 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, the ability of the company to successfully conduct the clinical trials for XL119, XL647, XL999, XL880, XL820 and XL844; the ability of the company to advance additional 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 our quarterly report on Form 10-Q for the quarter ended March 31, 2005 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.

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SOURCE Exelixis, Inc.

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CO: Exelixis, Inc.; Symphony Capital Partners, L.P.; GlaxoSmithKline plc
ST: California
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SU: CCA FNC

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