



## Sale of MetaXen Assets to Exelixis

July 12, 1999

Exelixis Pharmaceuticals, Inc. and MetaXen announced that an agreement has been reached under which Exelixis will acquire the majority of the assets of MetaXen LLC, a subsidiary of UK-based Xenova (London Stock Exchange: XEN; Nasdaq NM: XNVA). Under the terms of the agreement, Exelixis will acquire assets of MetaXen, including the facilities, equipment, and employees. In exchange, Xenova will receive a net cash payment of \$380,000 (£238,000), as well as retain ownership of certain intellectual property developed by MetaXen relating to drug lead optimization, drug profiling and predictive modeling systems.

MetaXen's high quality drug discovery team and lead optimization technologies are complementary additions to the PathFinder™ and TargetFinder™ target identification and validation technologies that have formed the basis for the recent growth and success of Exelixis. This acquisition is the first step in Exelixis' stated strategy to develop its own compounds directed against its proprietary targets. Exelixis will continue to provide technology and targets to its pharmaceutical and agrochemical partners, and will utilize the assets acquired from MetaXen, together with additional capabilities to be added in the near future to undertake its own compound development.

It was also announced today that future development work in respect of the successful PAI-1 (plasminogen activator inhibitor) strategic research and development partnership between MetaXen, Xenova and Lilly will be internalized at Lilly. It is anticipated that the transfer of research work to Lilly will be complete by September 30, 1999. Xenova will retain all milestone payments and future rights and royalties relating to this project. Research into the oncology applications of PAI-1 inhibitors will continue to be carried out by Xenova.

MetaXen's management team and founders, Drs. Michael Ross, CEO and Lutz Giebel, V.P. of R&D, will leave MetaXen, but will continue to advise Xenova until completion of the transfer of PAI-1 related work to Lilly. As part of the transaction, Michael Ross has submitted his resignation to the Xenova Group Board. The minority shareholders of MetaXen will transfer their ownership in MetaXen LLC to Xenova.

George Scangos, Ph.D., President and Chief Executive Officer of Exelixis, said: "I'm extremely pleased that the staff of MetaXen will join Exelixis. This acquisition gives Exelixis a great start toward its strategic goal of compound development in both pharmaceuticals and agrochemicals. The employees of MetaXen have significant expertise in formatting and carrying out compound screening assays, as well as compound optimization. Our PathFinder™ and TargetFinder™ technologies have been extremely productive and as a result, we are generating a continual pipeline of high quality targets in both our sponsored and our proprietary programs. We intend to develop our own compounds directed at our proprietary targets and this acquisition gives us an immediate significant capability. We intend to add additional components complementary to those acquired from MetaXen to our drug development capabilities."

Exelixis Pharmaceuticals, Inc., together with its affiliate, Artemis Pharmaceuticals GmbH, represent the premiere model system genetics biopharmaceutical organization focused on the identification and validation of novel screening targets and proteins for the pharmaceutical, diagnostic, agricultural, and animal health industries. Their PathFinder™ Technology utilizes a systematic genetics approach in model organisms including *Drosophila*, *C. elegans*, zebrafish and mice to identify critical genes in disease and physiological pathways, determine functional relationships and select optimal targets for intervention. Exelixis' drug discovery program includes the areas of CNS, inflammation, metabolic disease, and oncology.