Option to Develop Exelixis Compound Exercised By Genentech

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SOUTH SAN FRANCISCO, Calif., March 14, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Exelixis, Inc. (Nasdaq: EXEL) today announced that Genentech, Inc. has exercised its option to further develop and commercialize Exelixis' compound XL518, a selective and potent inhibitor of MEK, which is currently in a phase 1 clinical trial. Under the terms of the collaboration agreement between the parties, Exelixis will continue to be responsible for the phase 1 clinical trial until the point that a maximum tolerated dose (MTD) is determined. After MTD is achieved, Genentech will be responsible for completing the phase 1 clinical trial and subsequent clinical development.

"MEK inhibition is an exciting approach to cancer therapy. The MAP kinase pathway, of which MEK is a member, is one of the most frequently dysregulated pathways in human tumors. Activating mutations of the pathway have been identified in many tumor types, including melanomas, thyroid carcinomas, non-small cell lung cancer and colon cancer. Pathway inhibitors are likely to find broad utility as both single agents and in combination with other targeted agents and chemotherapeutics," said George A. Scangos, PhD, president and chief executive officer of Exelixis. "I am pleased that Genentech shares our interest in the target and the compound. We believe the opt-in by Genentech is recognition of the potential of XL518 and MEK inhibition in the treatment of various tumor types," continued Dr. Scangos.

Under the terms of the collaboration agreement between Exelixis and Genentech, Exelixis received upfront and milestone payments totaling $40.0 million at the time the agreement was signed in January 2007. Selection of the compound and opt-in by Genentech trigger a payment of $3.0 million. Another $7.0 million is due when a phase 2 program is initiated by Genentech. Exelixis has the option to co-promote in the United States and is entitled to receive 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 that may be commercialized outside the United States.

Data from preclinical studies of XL518 were presented in October 2007 at the AACR-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics (Abstract #C209). In vitro analyses indicate that XL518 is a potent and selective non-ATP-competitive inhibitor of MEK1. Inhibition of MEK activity by XL518 prevents phosphorylation and activation of ERK, and oral administration of XL518 results in sustained inhibition of ERK phosphorylation in multiple preclinical tumor models. Notably, MEK inhibition following a single oral dose of XL518 in Colo-205 xenograft tumors is substantially more durable compared to other MEK inhibitors currently in clinical trials, with significantly less MEK inhibition in the brain. XL518 shows dose-dependent tumor growth inhibition and regression at well-tolerated doses in multiple preclinical human tumor xenograft models. These data provided the rationale for initiating the current XL518 phase 1 clinical trial. This trial is currently enrolling patients with advanced solid malignancies in order to define the MTD as well as pharmacokinetic and pharmacodynamic effects of XL518.

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 Company, Genentech, Wyeth Pharmaceuticals and Daiichi-Sankyo. For more information, please visit the company's web site at 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 XL518, the transfer of responsibility for completion of the current phase 1 trial, the initiation of a phase 2 program and payment to Exelixis in connection therewith and Exelixis' potential receipt of a share of profits and royalties under its collaboration with Genentech. Words such as "will," "potential," "likely," "when" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon Exelixis' current plans, assumptions, beliefs and 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 XL518 to demonstrate safety and efficacy in clinical testing and risks related to Exelixis' relationship with Genentech. These and other risk factors are discussed under "Risk Factors" and elsewhere in Exelixis' annual report on Form 10-K for the fiscal year ended December 28, 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.

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