Exelixis and GlaxoSmithKline Agree to Successfully Conclude Six-Year Discovery and Development Collaboration

June 27, 2008

Exelixis Generated 10 IND Compounds and Received over $235 Million

SOUTH SAN FRANCISCO, Calif., June 27 /PRNewswire-FirstCall/ -- Exelixis, Inc. (Nasdaq: EXEL) announced today that the company and GlaxoSmithKline, Inc. (NYSE: GSK) will bring their six-year collaboration to a successful conclusion on October 27, 2008, as scheduled. Under the terms of the collaboration, GSK has the right to select up to two of the compounds in the collaboration for further development and commercialization. GSK previously selected XL880 and will be able to choose one additional compound from among XL184, XL281, XL228, XL820, and XL844. Exelixis will have the right to develop and commercialize compounds not selected by GSK, either alone or in collaboration with partners. As a result of the conclusion of the collaboration, Exelixis' exclusivity obligations will be limited to the compounds selected by GSK. Exelixis will have the right to perform additional discovery, development, and commercialization efforts against any collaboration target or compound that does not infringe upon the intellectual property associated with compounds selected by GSK for further development and commercialization.

This collaboration represents a successful alliance that has truly benefited both companies. With the selection of GSK089 (formerly XL880) and potentially one other compound, GSK has been able to strengthen its oncology pipeline. I am enthusiastic about the compounds remaining in the collaboration, and continue to be impressed by Exelixis' quality of science and productivity, said Paolo Poletti, MD, senior vice president of the Oncology Medicines Development Center at GSK.

The GSK collaboration was critical to the development of Exelixis' world- class discovery group and our rapidly expanding clinical development group. Today, we have a pipeline of 11 compounds in clinical development, including XL184, which begins a phase 3 trial this summer, said George A. Scangos, president and chief executive officer of Exelixis. This collaboration has been successful in that both companies have been able to share in the output of our discovery and development efforts and will be able to take forward multiple promising compounds with significant commercial potential in oncology. With the successful completion of the collaboration, we will have clarity regarding the exclusivity obligations under the GSK collaboration and ownership of the compounds in our pipeline.

To date, Exelixis has received approximately $235 million from GSK, which includes $150 million in upfront, milestone, and R&D support payments, and $85 million through a loan facility. Additionally, if GSK selects a second compound for further development, Exelixis will be entitled to receive an additional milestone payment of either $55 million or $27.5 million. The milestone will be due after the selected compound achieves proof-of-concept and will be creditable by GSK against amounts outstanding under the loan facility. Exelixis is eligible for development milestones and royalties on compounds selected for development and commercialization by GSK, which include XL880 and potentially one additional compound if GSK exercises its second development election. Exelixis will pay GSK a low, single-digit royalty on certain Refused Candidates that GSK elected not to choose with its development election which Exelixis thereafter successfully commercializes.

Background on Exelixis-GSK Collaboration

In October 2002, Exelixis and GSK established a broad alliance to discover, develop, and commercialize novel therapeutics in the areas of vascular biology, inflammatory disease, and oncology. Under the agreement, Exelixis was required to deliver to GSK a number of small molecule compounds that met agreed-upon proof-of-concept criteria, and GSK had the option to select up to two of these compounds for further development, and worldwide commercialization.

In January 2005, the GSK agreement was amended to focus on 12 specific programs: XL647, XL999, XL784, XL880, XL820, XL844, XL184, XL281, XL418, XL228 and two earlier-stage programs, from which GSK had the right to make its development elections. Exelixis retains rights to collaboration compounds not selected by GSK, subject to payment to GSK of a low, single-digit royalty on certain Refused Candidates that GSK elects not to choose with its development election which Exelixis thereafter successfully commercializes. Under the amended agreement, GSK may pay selection milestones, additional development-related milestones, and double-digit royalties on product sales with respect to selected compounds. Exelixis has certain co-promotion rights in North America for compounds selected by GSK for further development.

In August 2007, GSK requested to initiate its review of XL880 before the compound reached proof-of-concept in phase 2 trials. Exelixis agreed to this request and submitted the data report to GSK in September 2007. In December 2007, GSK exercised its development option for XL880, triggering a $35 million selection milestone, which offset a milestone payment previously paid by GSK. GSK has the right to select one additional compound for development and commercialization from remaining programs in clinical development (XL184, XL281, XL228, XL820, and XL844) and if its election decision is made for a compound submitted during the development term, Exelixis would be owed a $55 million selection milestone, with the milestone creditable by GSK against outstanding amounts under the loan facility. Exelixis expects to submit the XL184 proof-of-concept package to GSK for its development election in the third quarter of 2008.

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 the timing of a phase 3 clinical trial for XL184; the future development and potential efficacy of Exelixis' compounds; the timing of a potential compound selection and milestone payment by GSK; and the timing for submission of the XL184 proof-of-concept package to GSK. Words such as expect, will 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: the potential failure of Exelixis' compounds to demonstrate safety and efficacy in clinical testing; Exelixis' ability to conduct and complete a phase 3 clinical trial for XL184 at the referenced time; Exelixis' ability to conduct clinical trials sufficient to achieve positive completion; Exelixis' ability to successfully advance and develop additional compounds; the therapeutic and commercial value of Exelixis' compounds; and Exelixis' ability to enter into new collaborations, continue existing collaborations and receive milestones and royalties under Exelixis' collaborative agreements. These and other risk factors are discussed under Risk Factors and elsewhere in Exelixis' quarterly report on Form 10-Q for the quarter ended March 28, 2008, and 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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