

Exelixis Amends Collaboration With GlaxoSmithKline

Amendment Provides Opportunity to Develop Multiple Programs in Parallel

SOUTH SAN FRANCISCO, Calif., Jan. 10 /PRNewswire-FirstCall/ -- Exelixis, Inc. (Nasdaq: EXEL) today announced it has amended the terms of its collaboration with GlaxoSmithKline plc (NYSE: GSK; LSE).

The collaboration between Exelixis and GlaxoSmithKline (GSK) was established in October 2002 to discover and develop novel therapeutics in the areas of vascular biology, inflammatory disease and oncology.

Under the terms of the original agreement, a four-month option period began in October, 2004 for GSK to elect whether or not to expand the collaboration. The amended collaboration does not strictly adhere to either one of the options originally envisioned. The amended collaboration provides accelerated milestone payments to Exelixis and allows third-party development and funding of certain programs so that all compounds discovered under the collaboration can be moved forward aggressively.

"We have filed four Investigational New Drug (IND) applications and generated six development candidates in just over two years by balancing our unique strengths in biology with our exceptional drug discovery expertise to create a discovery and development process that is both productive and efficient," said George A. Scangos, Ph.D., president and chief executive officer of Exelixis. "These compounds are of high quality, meeting the stringent development criteria for GSK's internal programs. The new near-term milestones, together with the flexibility to advance programs using alternative financing vehicles will allow Exelixis to quickly progress multiple compounds through clinical development."

GSK and Exelixis Rights

Under the amended agreement, Exelixis will continue to work on 12 programs (XL784, XL647, XL999, XL880, XL184, XL820, XL844 and 5 earlier stage programs) and GSK retains exclusivity rights to 32 specified targets. Under GSK's election of the modified program, GSK has the right to select from these programs up to two compounds at proof-of-concept (completion of phase 2a clinical development) or three compounds if GSK extends the collaboration. Depending on the timing of GSK's compound selection, GSK will pay proof-of-concept milestones up to approximately \$275 million for three compounds. Exelixis will receive additional development-related milestones and royalties on product sales and has certain co-promotion rights to products in North America. In addition, Exelixis retains rights to all collaboration compounds not encompassed by the 12 programs selected by GSK and may work on any collaboration targets with the exception of the 32 targets subject to GSK's exclusivity.

Accelerated Payments to Exelixis

GSK will provide a new \$30 million milestone to Exelixis upon the filing

of three additional INDs from the compounds XL880, XL184, XL820 and XL844, by the end of 2005, or upon successful completion in 2005 of a phase 1 trial for one of these four compounds. In return for the new \$30 million milestone, GSK will receive a specified reduction in future payments owed to Exelixis. GSK will pay an additional new \$5 million milestone to Exelixis upon achieving specified progress with respect to certain other candidates. Under the amended agreement, GSK will provide research funding of \$47.5 million over the remaining term of the collaboration.

Independent Financing for Collaboration Compounds

In order to provide additional flexibility for all programs under the collaboration to move forward aggressively, the amended collaboration allows Exelixis to develop XL784, XL647 and XL999 outside the collaboration by making use of third-party financing vehicles. GSK retains the option to elect such independently developed 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.

GSK Stock Purchase

As provided in the original agreement, GSK will purchase one million shares of newly issued Exelixis stock at a 25% premium to the market price in 2004 as a result of its modified program election.

Loan Facility

Pursuant to the amended agreement, the parties agreed to amend certain financial covenants. Exelixis drew the remaining \$30 million under the original \$85 million loan facility in December 2004.

Exelixis' management will discuss the amendment to the collaboration during a conference call beginning at 5:00 a.m. U.S. Pacific Standard Time, January 11, 2005. To participate in the conference call, log onto www.exelixis.com and click on the webcast link under the heading "Investor Info" to access the live call. A copy of Exelixis' press releases, including this release, can be found on the company's website at www.exelixis.com under the heading "Press Room."

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 (becatocarlin), for which a Phase 3 clinical trial has been initiated in patients with bile duct tumors; XL784, initially an anticancer compound, which completed a Phase 1 clinical trial and is being developed as a treatment for renal disease; XL647 and XL999, currently in Phase 1 clinical trials; XL880, for which an IND application has been filed;

XL820, XL844 and XL184, potential IND candidates for the treatment of cancer; and multiple compounds in preclinical development for diseases including cancer, lipid disorders, hyperlipidemia and congestive heart failure. Exelixis has established broad corporate alliances with major pharmaceutical and biotechnology companies, including GlaxoSmithKline and Bristol-Myers Squibb Company. The company has established agricultural research collaborations with Bayer CropScience and Dow AgroSciences. For more information, please visit the company's web site at www.exelixis.com.

This press release contains forward-looking statements, including without limitation statements related to Exelixis' ability to enter into new collaborations, continue existing collaborations and receive milestones and royalties derived from future products developed from research efforts under collaborative agreements; the rate of growth, if any, in license and contract revenues; the timing and level of expenses associated with the growth of proprietary programs and the GSK collaboration; and the rate of growth, if any, in license and contract revenues. Words such as "believes," "anticipates," "plans," "expects," "intend," "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 potential failure of Exelixis' product candidates to demonstrate safety and efficacy in clinical testing; the ability of Exelixis to file IND applications and initiate clinical trials at the referenced times; the ability of Exelixis to conduct the Phase 3 clinical trial of XL119 sufficient to achieve FDA approval; the ability to conduct an additional clinical trial of XL784 sufficient to achieve a positive completion; the ability to conduct the Phase I clinical trial of XL647 or XL999 sufficient to achieve a positive completion; the ability of Exelixis to successfully advance and develop additional compounds including XL880, XL820, XL844 and XL184; the ability to develop drug candidates and/or INDs for the G-protein coupled receptor targets or nuclear hormone receptor targets as part of the metabolism program; 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 Exelixis' compounds. These and other risk factors are discussed under "Risk Factors" and elsewhere in Exelixis' quarterly report on Form 10-Q for the quarter ended September 30, 2004, Exelixis' Annual Report on Form 10-K for the year ended December 31, 2003 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.

NOTE: Exelixis and the Exelixis logo are registered U.S. trademarks.
Spectrum Selective Kinase Inhibitor is a trademark of Exelixis, Inc.

SOURCE Exelixis, Inc.

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