

Exelixis Publishes World's Most Comprehensive Collection of Functional Gene Knockouts in a Multicellular Organism

Donates Drosophila Library to Further Disease Research

SOUTH SAN FRANCISCO, Calif., Feb. 23 /PRNewswire-FirstCall/ -- Scientists at Exelixis, Inc. (Nasdaq: EXEL) today published two landmark articles describing the most complete functional genetic toolkit for studying a multicellular organism. The Exelixis collection includes specific disruptions in a majority of genes in the fruit fly, *Drosophila melanogaster*. This toolkit is one example of how Exelixis has been able to industrialize the use of model system genetics to identify modifiers of important disease pathways. Both papers were published today in the online edition of the March 2004 issue of *Nature Genetics* (www.nature.com/genetics) and will be the cover story in the subsequent print edition.

The collection of fly strains, much of which Exelixis will also make available to not-for-profit institutions, will allow researchers to rapidly create a loss-of-function mutation in virtually any gene within the *Drosophila* genome. Exelixis' ability to rapidly generate and characterize large numbers of mutations in *Drosophila*, *C. elegans*, yeast, mice and zebrafish, among other species, has formed the basis for the company's gene discovery and validation platform. Coupled with Exelixis' powerful drug discovery and development capabilities, these technologies have enabled the company to develop into a leading, integrated biotechnology company. Exelixis has utilized the *Drosophila* collection extensively over the past several years in its work on cancer, inflammation, and metabolic and neurodegenerative disorders. The company believes that by making a large part of the *Drosophila* collection available to not-for-profit institutions, it will achieve three goals: first, the collection will facilitate and accelerate academic research around the world; second, Exelixis has retained sole commercial rights and believes that it is well positioned to exploit the commercial potential of the collection; and finally, Exelixis' biology platform now is extremely broad, so that it is likely that more benefit will accrue to Exelixis' stockholders through the wider access to the collection.

"This is a classic example of doing well by doing good," said George A. Scangos, Ph.D., president and chief executive officer, Exelixis, Inc. "The data and methods reported in *Nature Genetics* represent a fraction of our biological expertise and demonstrate the considerable depth and power of the systems that we have built over the past few years. Over the last several years, our research platform has expanded and been enriched through the integrated utilization of multiple model systems for target validation and drug discovery. While specific *Drosophila* lines remain important tools that we use in our drug research today, we believe that the broad collection should now be made available to others who can further mine its resources. We believe that granting access rights to our functional *Drosophila* library and enabling academic researchers to use this resource is consistent with Exelixis' long-term business strategy and will have dual benefits. We believe that society will benefit through the furtherance of disease research worldwide and that Exelixis will benefit from gaining access to information that may have potential commercial value."

Background on the Papers

In the first paper, titled "P and piggyBac Transposons Display a Complementary Insertion Spectrum in *Drosophila*: Building a Multi-functional Toolkit to Manipulate an Insect Genome," Exelixis scientists illustrate major technology improvements to significantly increase the ability to create loss-of-function alleles in the fruit fly. Using these technologies, the second paper, "Systematic Generation of High-Resolution Deletion Coverage of the *Drosophila melanogaster* Genome," describes the most complete collection of molecularly defined genetic deletions in a multicellular organism publicly available today. Taken together, these papers provide the information and materials necessary to create a loss-of-function, or knockout, for virtually any *Drosophila* gene, which can then be used to identify potential drug targets for human disease.

Donation of the *Drosophila* Collection

Exelixis is in the process of transferring the *Drosophila* stock collection to the Bloomington *Drosophila* Stock Center at Indiana University and at the Department of Cell Biology, MGH Cancer Center, Harvard Medical School. Specific *Drosophila* stocks distributed by the Bloomington Stock Center will be available to the academic community beginning March 2004, while mutants at Harvard will be available after October 1, 2004. For specific instructions on how to order *Drosophila* stocks from Bloomington, please log on to <http://flystocks.bio.indiana.edu>. Distribution information for stocks available from Harvard will be posted when the related web site becomes available.

Exelixis, Inc. is a leading genomics-based drug discovery company dedicated to the discovery and development of novel therapeutics. The company is leveraging its fully integrated gene-to-drug platform to fuel the growth of its proprietary drug pipeline. Exelixis' development pipeline includes: XL119, which is anticipated to enter a Phase 3 clinical trial as a potential treatment for bile duct tumors; XL784, an anticancer compound that has completed a Phase 1 clinical trial; XL647, for which an IND application has been submitted; XL999 and XL844, anticancer compounds that are potential IND candidates; and multiple compounds in preclinical development. Exelixis has established broad corporate alliances with major pharmaceutical and biotechnology companies, including GlaxoSmithKline and Bristol-Myers Squibb Company. After completion of Phase 2a clinical trials, GlaxoSmithKline has the right to elect to develop a certain number of the cancer compounds identified in this release, other than XL119, thus potentially triggering milestone payments and royalties from GlaxoSmithKline and co-promotion by Exelixis. The company has also established agricultural research collaborations with Bayer CropScience, Dow AgroSciences and Renessen LLC. Other partners include Merck & Co., Inc., Schering-Plough Research Institute, Inc., Cytokinetics, Inc., Elan Pharmaceuticals, Inc. and Scios Inc. For more information, please visit the company's web site at www.exelixis.com.

This press release contains forward-looking statements, including without limitation all statements related to plans to donate Exelixis' fly stock collection to the research community, the potential value of that collection and plans to advance its compounds in preclinical and clinical development, including XL119, XL784, XL647, XL999, XL844 and other early-stage compounds, as well as the therapeutic and commercial potential of these compounds. 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, risks related to the ability of Exelixis to initiate the planned Phase 3 clinical trial of XL119 and the risk factors discussed under "Risk Factors" and elsewhere in our annual report on Form 10-K for the year ended December 31, 2003 and other filings with the Securities and Exchange Commission. The company 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 our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

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