

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

SCHEDULE TO

**Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934**

EXELIXIS, INC.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

COMMON STOCK, \$0.001 PAR VALUE
(Title of Class of Securities)

30161Q104
(CUSIP Number of Class of Securities)

**George A. Scangos
Chief Executive Officer
Exelixis, Inc.
249 East Grand Ave.
P.O. Box 511
South San Francisco, CA 94083-0511
(650) 837-7000**

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Person)

Copies to:

**James B. Bucher, Esq.
Vice President, Corporate Legal Affairs and Secretary
Exelixis, Inc.
249 East Grand Ave.
P.O. Box 511
South San Francisco, CA 94083-0511**

**Suzanne Sawochka Hooper, Esq.
Cooley Godward Kronish LLP
Five Palo Alto Square
3000 El Camino Real
Palo Alto, CA 94306-2155**

Calculation of Filing Fee

Transaction Valuation*
\$23,478,623

Amount of Filing Fee**
\$1,311

* Estimated solely for purposes of calculating the amount of the filing fee. The calculation of the transaction valuation assumes that all options to purchase the issuer's Common Stock that are eligible for exchange will be exchanged for replacement option grants and cancelled pursuant to this offer. These option grants cover 11,915,663 shares of the issuer's Common Stock and have a value of \$23,478,623, calculated using the Black-Scholes-Merton option-pricing model, as of June 30, 2009.

** The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$55.80 per million of the aggregate amount of the transaction value. The transaction valuation set forth above was calculated for the sole purpose of determining the filing fee, and should not be used for any other purpose.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A
Form or Registration Number: N/A

Filing Party: N/A
Date Filed: N/A

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

ITEM 1. SUMMARY TERM SHEET.

The information set forth in the Offer to Exchange Outstanding Options to Purchase Common Stock, filed as Exhibit (a)(1)(A) hereto (the “*Offer to Exchange*”), under the section entitled *Summary Term Sheet*, is incorporated into this Item 1 by reference.

ITEM 2. SUBJECT COMPANY INFORMATION.

- (a) **Name and Address.** The name of the issuer is Exelixis, Inc., a Delaware corporation (“*Exelixis*”), the address of its principal executive office is 249 East Grand Avenue, P.O. Box 511, South San Francisco, California, 94083-0511 and the telephone number of its principal executive office is (650) 837-7000. The information set forth in the Offer to Exchange under Section 16—*Information About Us* is incorporated into this Item 2(a) by reference.
- (b) **Securities.** This Tender Offer Statement on Schedule TO relates to the Offer to Exchange, pursuant to which Exelixis is offering certain option holders the opportunity to exchange outstanding options to purchase shares of Exelixis common stock, par value \$0.001 per share, that were originally granted under Exelixis’ 1997 Equity Incentive Plan (the “*1997 Plan*”), Agritope, Inc. 1997 Stock Award Plan (the “*Agritope Plan*”) and 2000 Equity Incentive Plan (the “*2000 Plan*”) that were granted before January 7, 2008 with an exercise price equal to or greater than \$7.13 per share, for a reduced number of options to purchase shares of Exelixis common stock to be granted under the 2000 Plan. As of June 30, 2009, options to purchase approximately 11,915,663 shares of Exelixis common stock were eligible for exchange in the Offer (as defined in the Offer to Exchange). Exelixis is making the Offer upon the terms and subject to the conditions described in the Offer to Exchange. The information set forth in the Offer to Exchange under the section entitled *Summary Term Sheet* and under Section 1—*Number of Options; Expiration Date* is incorporated into this Item 2(b) by reference.
- (c) **Trading Market and Price.** The information set forth in the Offer to Exchange under Section 7—*Price Range of Common Stock* is incorporated into this Item 2(c) by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

- (a) **Name and Address.** The filing person is the subject company, Exelixis, Inc. The information set forth under Item 2(a) above is incorporated into this Item 3(a) by reference. The information set forth in the Offer to Exchange under Schedule A—*Information About our Directors and Executive Officers* is incorporated into this Item 3(a) by reference.

ITEM 4. TERMS OF THE TRANSACTION.

- (a) **Material Terms.** The information set forth in the Offer to Exchange under the sections entitled *Summary Term Sheet, Offer to Exchange Outstanding Options to Purchase Common Stock, Section 1—Number of Options; Expiration Date, Section 3—Procedures, Section 4—Change in Election, Section 5—Acceptance of Eligible Option Grants for Exchange and Cancellation and Issuance of Replacement Options, Section 6—Conditions of the Offer, Section 8—Exchange Ratios, Section 9—Source and Amount of Consideration; Terms of Replacement Options, Section 11—Status of Eligible Option Grants Acquired by Us in the Exchange, Section 12—Legal Matters; Regulatory Approvals, Section 13—Material U.S. Federal Income Tax Consequences, and Section 14—Extension of the Offer; Termination; Amendment, and the section entitled Stock Option Exchange Questions and Answers* is incorporated into this Item 4(a) by reference.
- (b) **Purchases.** Members of Exelixis’ Board of Directors, its Named Executive Officers (as defined in the Offer to Exchange), its consultants and its employees with a tax residence outside of the United States as of the date the Replacement Options are granted will not be eligible to participate in the Offer. The information set forth in the Offer to Exchange under Section 10—*Interests of Directors and Executive Officers; Transactions and Arrangements Involving the Eligible Option Grants* is incorporated into this Item 4(b) by reference.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

- (e) **Agreements Involving the Subject Company's Securities.** The information set forth in the Offer to Exchange under Section 1—*Number of Options; Expiration Date*, Section 9—*Source and Amount of Consideration; Terms of Replacement Options* and Section 10—*Interests of Directors and Executive Officers; Transactions and Arrangements Involving the Eligible Option Grants* is incorporated into this Item 5(e) by reference.

Symphony Evolution

In June 2005, Exelixis entered into a series of related agreements with Symphony Evolution Holdings LLC ("**Holdings**") and Symphony Evolution, Inc. ("**SEI**"), a wholly owned subsidiary of Holdings, providing for the financing of the clinical development of three Exelixis product candidates. In connection with the agreements, Exelixis issued to Holdings two five-year warrants to purchase an aggregate of 1.5 million shares of Exelixis common stock at \$8.90 per share, and a third five-year warrant to purchase 0.5 million shares of Exelixis common stock at \$6.05 per share.

Deerfield

In June 2008, Exelixis entered into a facility agreement with Deerfield Private Design Fund, L.P., Deerfield Private Design International, L.P., Deerfield Partners, L.P. and Deerfield International Limited (the "**Deerfield Entities**") pursuant to which the Deerfield Entities agreed to loan to Exelixis up to \$150.0 million, which may be drawn down in \$15.0 million increments at any time until December 2009. The outstanding principal and interest of 6.75% per annum compounded annually under the loan, if any, is due by June 4, 2013, and, at Exelixis' option, can be repaid at any time with shares of its common stock or in cash. Pursuant to the facility agreement, Exelixis paid the Deerfield Entities a one time transaction fee of 2.5% of the loan facility, and is obligated to pay an annual commitment fee of 2.25% of the loan facility, payable quarterly. Exelixis also issued warrants to the Deerfield Entities to purchase an aggregate of 1,000,000 shares of Exelixis common stock at an exercise price of \$7.40 per share. If Exelixis draws down under the facility agreement, Exelixis would be required to issue to the Deerfield Entities additional warrants to purchase shares of Exelixis common stock. Exelixis also entered into a registration rights agreement with the Deerfield Entities pursuant to which Exelixis agreed to register certain shares of its common stock issuable upon exercise of the warrants and that it may in the future issue pursuant to the facility agreement and to include, at Exelixis' expense, shares of common stock issued or issuable to the Deerfield Entities, in a registration of Exelixis securities for Exelixis' account or for the account of others.

Fourth Amended and Restated Registration Rights Agreement

In February 1999, Exelixis entered into a registration rights agreement with certain of its stockholders pursuant to which Exelixis agreed to register certain shares of its common stock. These registration rights require that if Exelixis proposes to register any of its securities, either for its own account or for the account of others, the stockholders who are party to the agreement are entitled to notice of the registration and are entitled to include, at Exelixis' expense, their shares of common stock in the registration and any related underwriting, provided that the underwriters may limit the number of shares to be included in the registration and in some cases exclude these shares entirely. In addition, the stockholders who are party to the agreement may require Exelixis, at its expense and subject to certain limitations, to file a registration statement with respect to such stockholders' shares of Exelixis common stock.

GlaxoSmithKline

In October 2002, Exelixis established a collaboration with SmithKlineBeecham Corporation d/b/a GlaxoSmithKline ("**GSK**") involving a series of agreements, which included the purchase by GSK of a total of 3,000,000 shares of Exelixis common stock. Additionally, pursuant to the terms of a loan and security agreement, Exelixis received a total of \$85.0 million in loans from GSK, which bears interest at a rate of 4.0% per annum and is secured by certain intellectual property, technology and equipment created or utilized pursuant to the collaboration. Principal and accrued interest under the loan becomes due in three annual installments, beginning on October 27, 2009. Repayment of all or any of the amounts advanced

to Exelixis under the loan and security agreement may, at Exelixis' election, be in the form of Exelixis common stock at fair market value, subject to certain conditions. As of March 31, 2009, the aggregate principal and interest outstanding under our GSK loan was \$103.1 million.

The 2000 Plan, filed as Exhibit (d)(1); the forms of Stock Option Agreement pursuant to the 2000 Plan, filed as Exhibits (d)(2) and (d)(3); the 1994 Employee, Director and Consultant Stock Plan, filed as Exhibit (d)(4); the 1997 Plan, filed as Exhibit (d)(5); the 2000 Non-Employee Directors' Stock Option Plan (the "**2000 NEDSOP**"), filed as Exhibit (d)(6); the form of Stock Option Agreement pursuant to the 2000 NEDSOP, filed as Exhibit (d)(7); the 2000 Employee Stock Purchase Plan, filed as Exhibit (d)(8); the Agritope Plan, filed as Exhibit (d)(9); the form of Warrant, dated June 9, 2005, to purchase 750,000 shares of Exelixis common stock in favor of Holdings, filed as Exhibit (d)(10); the form of Warrant, dated June 13, 2006, to purchase 750,000 shares of Exelixis common stock in favor of Holdings, filed as Exhibit (d)(11); the form of Warrant, dated June 10, 2009, to purchase 500,000 shares of Exelixis common stock in favor of Holdings, filed as Exhibit (d)(12); the Warrant Purchase Agreement, dated June 9, 2005, between Exelixis and Holdings, filed as Exhibit (d)(13); the form Warrant to Purchase Common Stock of Exelixis issued or issuable to the Deerfield Entities, filed as Exhibit (d)(14); the Fourth Amended and Restated Registration Rights Agreement, dated February 26, 1999, among Exelixis and certain Stockholders of Exelixis, filed as Exhibit (d)(15); the Registration Rights Agreement, dated June 9, 2005, between Exelixis and Holdings, filed as Exhibit (d)(16); the Registration Rights Agreement between Exelixis and the Deerfield Entities dated June 4, 2008, filed as Exhibit (d)(17); the Stock Purchase and Stock Issuance Agreement, dated as of October 28, 2002, by and between GSK and Exelixis (the "**GSK Purchase Agreement**"), filed as Exhibit (d)(18); the First Amendment to the GSK Purchase Agreement, dated as of January 10, 2005, filed as Exhibit (d)(19); the Loan and Security Agreement, dated as of October 28, 2002, by and between GSK and Exelixis (the "**GSK Loan Agreement**"), filed as Exhibit (d)(20); the Second Amendment to the GSK Loan Agreement, dated as of September 20, 2004, filed as Exhibit (d)(21); the Third Amendment to the GSK Loan Agreement, dated as of January 10, 2005, filed as Exhibit (d)(22); the Purchase Option Agreement, dated June 9, 2005, among Exelixis, Holdings and SEI (the "**SEI Option Agreement**"), filed as Exhibit (d)(23); Amendment No. 1, dated December 14, 2006, to the SEI Option Agreement, filed as Exhibit (d)(24); the Facility Agreement between Exelixis and the Deerfield Entities dated June 4, 2008, filed as Exhibit (d)(25); and the Fourth Amendment to the GSK Loan Agreement, dated as of July 10, 2008, filed as Exhibit (d)(26); are incorporated into this Item 5(e) by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

- (a) **Purposes.** The information set forth in the Offer to Exchange under Section 2—*Purpose of the Offer* is incorporated into this Item 6(a) by reference.
- (b) **Use of Securities Acquired.** The information set forth in the Offer to Exchange under Section 5—*Acceptance of Eligible Option Grants for Exchange and Cancellation and Issuance of Replacement Options* and Section 11—*Status of Eligible Option Grants Acquired by Us in the Exchange* is incorporated into this Item 6(b) by reference.
- (c) **Plans.** The information set forth in the Offer to Exchange under Section 2—*Purpose of the Offer*, Section 16—*Information About Us* and Section 17—*Additional Information* is incorporated into this Item 6(c) by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

- (a) **Source of Funds.** The information set forth in the Offer to Exchange under Section 1—*Number of Options; Expiration Date*, Section 9—*Source and Amount of Consideration; Terms of Replacement Options* and Section 15—*Fees and Expenses* is incorporated into this Item 7(a) by reference.
- (b) **Conditions.** The information set forth in the Offer to Exchange under Section 6—*Conditions of the Offer* is incorporated into this Item 7(b) by reference.
- (d) **Borrowed Funds.** Not applicable.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

- (a) **Securities Ownership.** The information set forth in the Offer to Exchange under Section 10—*Interests of Directors and Executive Officers; Transactions and Arrangements Involving the Eligible Option Grants* is incorporated into this Item 8(a) by reference.
- (b) **Securities Transactions.** The information set forth in the Offer to Exchange under Section 10—*Interests of Directors and Executive Officers; Transactions and Arrangements Involving the Eligible Option Grants* is incorporated into this Item 8(b) by reference.

ITEM 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

- (a) **Solicitations or Recommendations.** The information set forth in the Offer to Exchange in the section entitled *Offer to Exchange Outstanding Options to Purchase Common Stock—Important* and Section 15—*Fees and Expenses* is incorporated into this Item 9(a) by reference.

ITEM 10. FINANCIAL STATEMENTS.

- (a) **Financial Information.** The information set forth in Item 8—*Financial Statements and Supplementary Data* of Exelixis' Annual Report on Form 10-K for its fiscal year ended January 2, 2009, filed with the Securities and Exchange Commission (the "SEC") on March 10, 2009 and the information set forth in Item 1—*Financial Statements* of Exelixis' Quarterly Report on Form 10-Q for its fiscal quarter ended April 3, 2009, filed with the SEC on May 7, 2009, is incorporated into this Item 10(a) by reference. The information set forth in the Offer to Exchange under Section 16—*Information About Us* and Section 17—*Additional Information* is incorporated into this Item 10(a) by reference. Exelixis' Annual Report on Form 10-K and Quarterly Report on Form 10-Q can also be accessed electronically on the SEC's website at <http://www.sec.gov>.
- (b) **Pro Forma Information.** Not applicable.

ITEM 11. ADDITIONAL INFORMATION.

- (a) **Agreements, Regulatory Requirements and Legal Proceedings.**
 - (1) The information set forth in the Offer to Exchange under Section 10—*Interests of Directors and Executive Officers; Transactions and Arrangements Involving the Eligible Option Grants* is incorporated into this Item 11(a)(1) by reference.
 - (2) The information set forth in the Offer to Exchange under Section 12—*Legal Matters; Regulatory Approvals* is incorporated into this Item 11(a)(2) by reference.
 - (3) Not applicable.
 - (4) Not applicable.
 - (5) Not applicable.
- (b) **Other Material Information.** Not applicable.

ITEM 12. EXHIBITS.

<u>Exhibit Number</u>	<u>Description</u>
(a)(1)(A)	Offer to Exchange Outstanding Options to Purchase Common Stock, dated July 7, 2009.
(a)(1)(B)	Stock Option Exchange Frequently Asked Questions.
(a)(1)(C)	Option Exchange Website Screenshots.
(a)(1)(D)	Form of Option Exchange Program Decision Modeler.
(a)(1)(E)	Form of Confirmation E-Mail.
(a)(1)(F)	Form of E-Mail Announcement from George Scangos.
(a)(1)(G)	Form of E-Mail Announcement from Option Exchange Administrator.
(a)(1)(H)	Form of Reminder E-Mail.
(a)(1)(I)	Stock Option Exchange Program Informational Presentation.
(a)(1)(J)	Annual Report on Form 10-K for the fiscal year ended January 2, 2009 filed with the SEC on March 10, 2009 and incorporated herein by reference.
(a)(1)(K)	Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2009, filed with the SEC on May 7, 2009 and incorporated herein by reference.
(b)	Not applicable.
(d)(1)	Exelixis, Inc. 2000 Equity Incentive Plan, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2007 and incorporated herein by reference.
(d)(2)	Form of Stock Option Agreement under the Exelixis, Inc. 2000 Equity Incentive Plan (early exercise permitted), filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004 and incorporated herein by reference.
(d)(3)	Form of Stock Option Agreement under the Exelixis, Inc. 2000 Equity Incentive Plan (early exercise may be restricted), filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004 and incorporated herein by reference.
(d)(4)	1994 Employee, Director and Consultant Stock Plan, filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on February 7, 2000, as amended, and incorporated herein by reference.
(d)(5)	1997 Equity Incentive Plan, filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on February 7, 2000, as amended, and incorporated herein by reference.
(d)(6)	2000 Non-Employee Directors' Stock Option Plan, filed as an Exhibit to Exelixis' Annual Report on Form 10-K for the fiscal year ended December 28, 2007 and incorporated herein by reference.
(d)(7)	Form of Stock Option Agreement under the 2000 Non-Employee Directors' Stock Option Plan, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004 and incorporated herein by reference.
(d)(8)	2000 Employee Stock Purchase Plan, filed as an Appendix to Exelixis' Definitive Proxy Statement on Schedule 14A filed with the SEC on April 13, 2009 and incorporated herein by reference.
(d)(9)	Agritope, Inc. 1997 Stock Award Plan, filed as an Exhibit to Exelixis' Registration Statement on Form S-8 filed with the SEC on December 21, 2000 and incorporated herein by reference.
(d)(10)	Form of Warrant, dated June 9, 2005, to purchase 750,000 shares of Exelixis, Inc. common stock in favor of Symphony Evolution Holdings LLC, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 and incorporated herein by reference.
(d)(11)	Form of Warrant, dated June 13, 2006, to purchase 750,000 shares of Exelixis, Inc. common stock in favor of Symphony Evolution Holdings LLC, filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on June 15, 2006 and incorporated herein by reference.
(d)(12)	Form of Warrant, dated June 10, 2009, to purchase 500,000 shares of Exelixis, Inc. common stock in favor of Symphony Evolution Holdings LLC.
(d)(13)	Warrant Purchase Agreement, dated June 9, 2005, between Exelixis, Inc. and Symphony Evolution Holdings LLC, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 and incorporated herein by reference.
(d)(14)	Form Warrant to Purchase Exelixis, Inc. common stock issued or issuable to Deerfield Private Design Fund, L.P., Deerfield Private Design International, L.P., Deerfield Partners, L.P. and Deerfield International Limited, filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on June 9, 2008 and incorporated herein by reference.

- (d)(15) Fourth Amended and Restated Registration Rights Agreement, dated February 26, 1999, among Exelixis, Inc. and certain Stockholders of Exelixis, Inc., filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on February 7, 2000, as amended, and incorporated herein by reference.
- (d)(16) Registration Rights Agreement, dated June 9, 2005, between Exelixis, Inc. and Symphony Evolution Holdings LLC, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 and incorporated herein by reference.
- (d)(17) Registration Rights Agreement between Exelixis, Inc. and Deerfield Private Design Fund, L.P., Deerfield Private Design International, L.P., Deerfield Partners, L.P. and Deerfield International Limited dated June 4, 2008, filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on June 9, 2008 and incorporated herein by reference.
- (d)(18) Stock Purchase and Stock Issuance Agreement, dated as of October 28, 2002, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2002 and incorporated herein by reference.
- (d)(19) First Amendment to the Stock Purchase and Stock Issuance Agreement, dated as of January 10, 2005, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and incorporated herein by reference.
- (d)(20) Loan and Security Agreement, dated as of October 28, 2002, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2002 and incorporated herein by reference.
- (d)(21) Second Amendment to the Loan and Security Agreement, dated as of September 20, 2004, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on September 23, 2004 and incorporated herein by reference.
- (d)(22) Third Amendment to the Loan and Security Agreement, dated as of January 10, 2005, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and incorporated herein by reference.
- (d)(23) Purchase Option Agreement, dated June 9, 2005, among Exelixis, Inc., Symphony Evolution Holdings LLC and Symphony Evolution, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 and incorporated herein by reference.
- (d)(24) Amendment No. 1, dated December 14, 2006, to the Purchase Option Agreement, dated June 9, 2005, among Exelixis, Inc., Symphony Evolution Holdings, LLC and Symphony Evolution, Inc., filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on December 18, 2006 and incorporated herein by reference.
- (d)(25) Facility Agreement between Exelixis, Inc. and Deerfield Private Design Fund, L.P., Deerfield Private Design International, L.P., Deerfield Partners, L.P. and Deerfield International Limited dated June 4, 2008, filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on July 7, 2008, as amended, and incorporated herein by reference.
- (d)(26) Fourth Amendment to the Loan and Security Agreement, dated as of July 10, 2008, by and between SmithKlineBeecham Corporation d/b/a GlaxoSmithKline and Exelixis, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2008 and incorporated herein by reference.
- (g) Not applicable.
- (h) Not applicable.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: July 7, 2009

EXELIXIS, INC.

By: /s/ James B. Bucher
James B. Bucher
Vice President, Corporate Legal Affairs and Secretary

INDEX OF EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
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(a)(1)(B)	Stock Option Exchange Frequently Asked Questions.
(a)(1)(C)	Option Exchange Website Screenshots.
(a)(1)(D)	Form of Option Exchange Program Decision Modeler.
(a)(1)(E)	Form of Confirmation E-Mail.
(a)(1)(F)	Form of E-Mail Announcement from George Scangos.
(a)(1)(G)	Form of E-Mail Announcement from Option Exchange Administrator.
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(a)(1)(K)	Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2009, filed with the SEC on May 7, 2009 and incorporated herein by reference.
(b)	Not applicable.
(d)(1)	Exelixis, Inc. 2000 Equity Incentive Plan, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2007 and incorporated herein by reference.
(d)(2)	Form of Stock Option Agreement under the Exelixis, Inc. 2000 Equity Incentive Plan (early exercise permitted), filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004 and incorporated herein by reference.
(d)(3)	Form of Stock Option Agreement under the Exelixis, Inc. 2000 Equity Incentive Plan (early exercise may be restricted), filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004 and incorporated herein by reference.
(d)(4)	1994 Employee, Director and Consultant Stock Plan, filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on February 7, 2000, as amended, and incorporated herein by reference.
(d)(5)	1997 Equity Incentive Plan, filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on February 7, 2000, as amended, and incorporated herein by reference.
(d)(6)	2000 Non-Employee Directors' Stock Option Plan, filed as an Exhibit to Exelixis' Annual Report on Form 10-K for the fiscal year ended December 28, 2007 and incorporated herein by reference.
(d)(7)	Form of Stock Option Agreement under the 2000 Non-Employee Directors' Stock Option Plan, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2004 and incorporated herein by reference.
(d)(8)	2000 Employee Stock Purchase Plan, filed as an Appendix to Exelixis' Definitive Proxy Statement on Schedule 14A filed with the SEC on April 13, 2009 and incorporated herein by reference.
(d)(9)	Agritope, Inc. 1997 Stock Award Plan, filed as an Exhibit to Exelixis' Registration Statement on Form S-8 filed with the SEC on December 21, 2000 and incorporated herein by reference.
(d)(10)	Form of Warrant, dated June 9, 2005, to purchase 750,000 shares of Exelixis, Inc. common stock in favor of Symphony Evolution Holdings LLC, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 and incorporated herein by reference.
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- (d)(15) Fourth Amended and Restated Registration Rights Agreement, dated February 26, 1999, among Exelixis, Inc. and certain Stockholders of Exelixis, Inc., filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on February 7, 2000, as amended, and incorporated herein by reference.
- (d)(16) Registration Rights Agreement, dated June 9, 2005, between Exelixis, Inc. and Symphony Evolution Holdings LLC, filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 and incorporated herein by reference.
- (d)(17) Registration Rights Agreement between Exelixis, Inc. and Deerfield Private Design Fund, L.P., Deerfield Private Design International, L.P., Deerfield Partners, L.P. and Deerfield International Limited dated June 4, 2008, filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on June 9, 2008 and incorporated herein by reference.
- (d)(18) Stock Purchase and Stock Issuance Agreement, dated as of October 28, 2002, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2002 and incorporated herein by reference.
- (d)(19) First Amendment to the Stock Purchase and Stock Issuance Agreement, dated as of January 10, 2005, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and incorporated herein by reference.
- (d)(20) Loan and Security Agreement, dated as of October 28, 2002, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2002 and incorporated herein by reference.
- (d)(21) Second Amendment to the Loan and Security Agreement, dated as of September 20, 2004, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on September 23, 2004 and incorporated herein by reference.
- (d)(22) Third Amendment to the Loan and Security Agreement, dated as of January 10, 2005, by and between SmithKlineBeecham Corporation and Exelixis, Inc., filed as an Exhibit to Exelixis' Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and incorporated herein by reference.
- (d)(23) Purchase Option Agreement, dated June 9, 2005, among Exelixis, Inc., Symphony Evolution Holdings LLC and Symphony Evolution, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 and incorporated herein by reference.
- (d)(24) Amendment No. 1, dated December 14, 2006, to the Purchase Option Agreement, dated June 9, 2005, among Exelixis, Inc., Symphony Evolution Holdings, LLC and Symphony Evolution, Inc., filed as an Exhibit to Exelixis' Current Report on Form 8-K, as filed with the SEC on December 18, 2006 and incorporated herein by reference.
- (d)(25) Facility Agreement between Exelixis, Inc. and Deerfield Private Design Fund, L.P., Deerfield Private Design International, L.P., Deerfield Partners, L.P. and Deerfield International Limited dated June 4, 2008, filed as an Exhibit to Exelixis' Registration Statement on Form S-1, filed with the SEC on July 7, 2008, as amended, and incorporated herein by reference.
- (d)(26) Fourth Amendment to the Loan and Security Agreement, dated as of July 10, 2008, by and between SmithKlineBeecham Corporation d/b/a GlaxoSmithKline and Exelixis, Inc., filed as an Exhibit to Exelixis' Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2008 and incorporated herein by reference.
- (g) Not applicable.
- (h) Not applicable.

EXELIXIS, INC.
249 EAST GRAND AVENUE
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SOUTH SAN FRANCISCO, CALIFORNIA 94083-0511
(650) 837-7000

OFFER TO EXCHANGE
OUTSTANDING OPTIONS
TO PURCHASE COMMON STOCK

July 7, 2009

SUMMARY TERM SHEET

The following is a summary of the material terms of the offer to exchange outstanding options to purchase common stock. We urge you to read carefully the remainder of this Offer To Exchange Outstanding Options To Purchase Common Stock and the other Offer Documents, including the attachments that follow, and the Schedule TO, because the information in this summary is not complete and additional important information is contained in the remainder of the Offer Documents and the Schedule TO filed with the SEC in connection with the Offer. We have included cross-references to the relevant sections of the Offer Documents where you can find a more complete description of the topics discussed in this summary. **Capitalized terms are defined in the Glossary beginning on page 9.**

- **Offer.** Pursuant to the Offer Documents and the e-mail and web documentation available on the option exchange website maintained by Mellon, we are offering Eligible Employees the opportunity to exchange Eligible Option Grants for Replacement Options to purchase a reduced number of shares of our common stock. Eligible Option Grants are outstanding stock options under the Company Option Plans that were granted before January 7, 2008 with an exercise price equal to or greater than \$7.13 per share. (See Section 1)
- **Eligible Employees.** The Offer will be open to all persons who, as of the Commencement Date, are employed by us or our Subsidiaries and excludes members of our Board of Directors, our Named Executive Officers, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted, each of whom will not be eligible to participate in the Offer.
- **Voluntary Participation; Exchange.** Your participation in the Offer is voluntary. You may exchange one or more of your Eligible Option Grants for Replacement Options. However, you may not exchange part of any particular Eligible Option Grant and keep the balance; you must exchange the entire unexercised portion of each Eligible Option Grant that you tender in response to the Offer. An Eligible Option Grant that has been separated into a partial incentive stock option and a partial nonstatutory stock option is still considered to be a single option, and cannot be separated for purposes of the Offer.
- **Exchange Ratios.** We have established three exchange ratios for Eligible Option Grants depending on their exercise prices. In general, the exchange ratios selected for the Offer were intended to result in the issuance of Replacement Options that, in the aggregate, have a fair value estimated to be approximately less than or equal to the fair value of the Eligible Option Grants surrendered in the exchange as calculated using the Black-Scholes-Merton option-pricing model. The following table sets forth the three exchange ratios and the range of exercise prices of Eligible Option Grants applicable to each exchange ratio:

<u>Exercise Price Range</u>	<u>Exchange Ratio: Stock Option Shares per Replacement Option Shares</u>
\$7.13-\$12.00	1.25 to 1
\$12.01-\$18.96	4 to 1
\$18.97-\$45.00	90 to 1

We will not issue any Replacement Options covering a fractional share in the exchange. The total number shares subject to the Replacement Option you will receive with respect to a surrendered Eligible Option Grant will be determined by applying the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant and rounding to the nearest whole share (with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share).

Replacement Options. All Replacement Options issued in the exchange will be completely unvested at the time they are granted and will become vested on the basis of an Eligible Employee's continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. If your Eligible Option Grant is partially vested on the Commencement Date and you elect to participate in the Offer, you will receive two separate Replacement Options in exchange for that Eligible Option Grant. One Replacement Option will correspond to the fully vested portion of the Eligible Option Grant and shall be 100% vested on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested portion of the Eligible Option Grant and shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments (please see Section 9 for additional information regarding the vesting of the Replacement Options). The term of each Replacement Option shall equal the weighted average remaining term of all Eligible Option Grants surrendered in the Offer. We expect to grant the Replacement Options on the first business day after the Expiration Date. **If you exchange Eligible Option Grants for Replacement Options and your employment with us or one of our Subsidiaries terminates for any reason before the Replacement Options are vested in full, then you will forfeit that portion of any Replacement Options received that remains unvested at the time your employment with us or one of our Subsidiaries terminates.** Under the terms of the 2000 Plan, all stock awards, including Replacement Options, held by persons whose service with us has not terminated generally fully vest in the event that such stock awards are not assumed or replaced in certain change-in-control transactions. Certain stock awards, including certain Eligible Options and certain Replacement Options may be subject to other agreements providing for vesting acceleration in certain circumstances.

- **Other Terms and Conditions of Replacement Options.** Each Replacement Option represents a right to acquire a specific number of shares of our common stock at a fixed exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. Replacement Options will be granted pursuant to the 2000 Plan and will be nonstatutory stock options, even if the Eligible Option Grants surrendered in the Offer were incentive stock options. Please see Section 13 for a discussion of the difference in tax treatment between an incentive stock option and nonstatutory stock option. All other terms and conditions of the Replacement Options will be substantially the same as those that apply generally to stock options granted under the 2000 Plan.
- **Timing.** We commenced the Offer on July 7, 2009. The Expiration Date of the Offer is currently August 4, 2009, but we may extend the expiration of the Offer to a later date.
- **Eligibility.** If for any reason you are not employed by us or any of our Subsidiaries on the Commencement Date, you will not be eligible to participate in the Offer. If you are not employed by us or one of our Subsidiaries on the Expiration Date, your tender of your stock options will not be accepted. If the Expiration Date and the grant date of the Replacement Options are different and you are an employee (including an employee on a leave of absence) of Exelixis or one of our Subsidiaries as of the Expiration Date but are not employed continuously (including on a leave of absence) by us or one of our Subsidiaries through the date the Replacement Options are granted, then you are not eligible to receive the Replacement Options and any Eligible Option Grants tendered for exchange will not be reinstated. Options held by our Named Executive Officers, members of our Board of Directors, as well as those held by our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted may not be exchanged in the Offer.
- **Election.** To make your election to accept the Offer, you must properly make your election to exchange options electronically via Mellon using the login information provided to you by email before 8:00 p.m., U.S. Eastern Time, on the Expiration Date in accordance with the procedures described in the Offer Documents. You may change or withdraw your election at any time prior to 8:00 p.m., U.S. Eastern Time, on the Expiration Date by following similar procedures. You may not withdraw or change your election after the stated time on the Expiration Date. (See Sections 3 and 4)
- **Conditions to the Offer.** The Offer is subject to a number of conditions. If any of the conditions to which the Offer is subject occurs, we may terminate or amend the Offer, or we may postpone or forego our acceptance of any Eligible Option Grants for exchange. (See Section 6)
- **Trading Price for Our Common Stock.** Shares of our common stock are traded on Nasdaq under the symbol “EXEL.” We recommend that you obtain current market quotations for our common stock before deciding whether to elect to exchange your Eligible Option Grants. (See Section 7)

- **Tax Consequences.** The exchange of Eligible Option Grants for Replacement Options pursuant to the Offer should be treated as a non-taxable exchange and neither we nor any of our employees should recognize any income for U.S. federal income tax purposes upon the surrender of Eligible Option Grants and the grant of Replacement Options. You should carefully read the tax information provided in Section 13 and consult your personal tax advisor for information regarding your specific situation.
- **Amendment and Termination.** As long as we comply with applicable laws, we may amend or terminate the Offer in any way. We will notify you if we amend or terminate the Offer. We may be required to extend the Offer in the event we materially change the terms of the Offer. (See Section 14)

OFFER TO EXCHANGE OUTSTANDING OPTIONS
TO PURCHASE COMMON STOCK

THE OFFER EXPIRES AT 8:00 P.M., U.S. EASTERN TIME,
ON AUGUST 4, 2009, UNLESS WE EXTEND THE EXPIRATION OF THE OFFER TO
A LATER DATE.

We are offering Eligible Employees the opportunity to exchange outstanding options to purchase shares of our common stock that were granted before January 7, 2008 and have an exercise price that is equal to or greater than \$7.13 per share for Replacement Options to purchase a reduced number of shares of our common stock at a fixed exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Options are granted. We expect to grant the Replacement Options on the first business day after the Expiration Date. The Replacement Options will be granted pursuant to our 2000 Equity Incentive Plan. If you are an Eligible Employee and wish to accept the Offer, you must make your election through the website maintained by Mellon at <https://www.corp-action.net/exelixis/> using the instructions sent to each employee by email, agreeing to exchange one or more of your Eligible Option Grants for Replacement Options and specifying the Eligible Option Grants to be exchanged. The Offer is currently expected to expire at 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless we extend the expiration of the Offer to a later date. **If you are not able to access the website or have difficulties logging in, please contact Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.** If you do not electronically accept the Offer by 8:00 p.m., U.S. Eastern Time on the Expiration Date, you will be deemed to have rejected this Offer. Capitalized terms are defined in the Glossary beginning on page 9.

The Offer will be open to all persons who as of the commencement of the Offer are employed by us or our Subsidiaries. However, members of our Board of Directors, our Named Executive Officers, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted will not be eligible to participate in the Offer.

The exchange ratios of shares subject to cancelled Eligible Option Grants to shares subject to Replacement Options issued range from 1.25-to-1 to 90-to-1. In general, the exchange ratios selected for the Offer were intended to result in the issuance of Replacement Options that, in the aggregate, have a fair value estimated to be approximately less than or equal to the fair value of the Eligible Option Grants surrendered in the exchange as calculated using the Black-Scholes-Merton option-pricing model.

If you are an Eligible Employee, you may exchange one or more of your outstanding Eligible Option Grants for Replacement Options. However, you cannot exchange part of any particular Eligible Option Grant and keep the balance; you must exchange the entire unexercised portion of each Eligible Option Grant that you tender in response to the Offer. An Eligible Option Grant that has been separated into a partial incentive stock option and a partial nonstatutory stock option is still considered to be a single option, and cannot be separated for

purposes of the Offer. When you access Mellon's website to view your Eligible Option Grants, any Eligible Option Grants that were previously separated into a partial incentive stock option and a partial nonstatutory stock option will be listed as one single Eligible Option Grant. Your election to exchange one or more of your outstanding Eligible Option Grants for Replacement Options is entirely voluntary and may not be withdrawn or changed after the time the Offer expires on the Expiration Date.

Each Replacement Option issued in the exchange will represent a right to acquire a specific number of shares of our common stock, calculated based on the exchange ratio applicable to the Eligible Option Grant that it replaces, at a fixed exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. We expect to grant the Replacement Options on the first business day after the Expiration Date. The term of each Replacement Option shall equal the weighted average remaining term of all Eligible Option Grants surrendered by Eligible Employees in the Offer. The Replacement Options issued in the exchange will be completely unvested when granted and become vested on the basis of the Eligible Employee's continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. If an Eligible Option Grant surrendered in the Offer is partially vested on the Commencement Date, two separate Replacement Options will be granted in exchange for that Eligible Option Grant. One Replacement Option will correspond to the fully vested portion of the Eligible Option Grant and shall be 100% vested on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested portion of the Eligible Option Grant and shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments (please see Section 9 for additional information regarding the vesting of the Replacement Options).

IF YOU EXCHANGE ONE OR MORE ELIGIBLE OPTION GRANTS FOR REPLACEMENT OPTIONS AND YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES FOR ANY REASON BEFORE THE REPLACEMENT OPTIONS ARE VESTED IN FULL, THEN YOU WILL FORFEIT THAT PORTION OF ANY REPLACEMENT OPTIONS THAT REMAIN UNVESTED AT THE TIME YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES.

We will not issue any Replacement Options covering a fractional share in exchange for Eligible Option Grants. The total number of shares subject to the Replacement Option you will receive with respect to a surrendered Eligible Option Grant will be determined by applying the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant and rounding to the nearest whole share (with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share).

We are making the Offer upon the terms, and subject to the conditions, described in the Offer Documents. Without limiting the preceding sentence, the Offer is subject to conditions that we describe in Section 6 of the Offer Documents.

ALTHOUGH OUR BOARD OF DIRECTORS HAS APPROVED THE OFFER, NEITHER WE NOR OUR BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTION GRANTS FOR EXCHANGE. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTION GRANTS.

Shares of our common stock are quoted on The NASDAQ Global Select Market under the symbol "EXEL." On June 30, 2009, the closing sales price of our common stock as reported on Nasdaq was \$4.87. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to exchange your Eligible Option Grants.

A listing of all of your Eligible Option Grants can be obtained by accessing your account through the option exchange website maintained by Mellon at <https://www.corp-action.net/exelixis/>. If you are unable to access your account, you may contact Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.

If you have any questions regarding the Offer, please consult the Offer Documents, the Schedule TO and the email and web documentation available on the option exchange website maintained by Mellon. If these documents do not answer your questions, or if you need assistance completing the related documentation, please contact the Exelixis Option Exchange Administrator at 650-837-7311 or optionexchange@exelixis.com.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, NOR HAS THE SEC PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

YOU SHOULD CAREFULLY READ THE TAX INFORMATION PROVIDED IN SECTION 13 AND CONSULT YOUR PERSONAL TAX ADVISOR FOR INFORMATION REGARDING YOUR SPECIFIC SITUATION.

IMPORTANT

Your election to exchange one or more of your Eligible Option Grants is voluntary. *If you decide to participate in the Offer, you must properly elect to participate on the option exchange website maintained by Mellon before 8:00 p.m., U.S. Eastern Time, on the Expiration Date (currently August 4, 2009), or on a later date if we extend the expiration of the Offer to a later date.* If you do not elect to participate by the stated time on the Expiration Date, you will be deemed to have rejected the Offer. No late submissions will be accepted.

Our Board of Directors recognizes that the decision to accept or reject the Offer is an individual one that should be based on a variety of factors. The information about the Offer is limited to the Offer Documents. You should carefully read the tax information provided in Section 13 and consult your personal tax advisor for information regarding your specific situation.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTION GRANTS PURSUANT TO THE OFFER. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THE OFFER DOCUMENTS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

GLOSSARY

2000 Plan means our 2000 Equity Incentive Plan. All Replacement Options will be issued under the 2000 Plan.

Commencement Date means the date that we first provide to Eligible Employees the opportunity to participate in the Offer and the means to exchange Eligible Option Grants, which shall be July 7, 2009.

Company Option Plans means our 1997 Equity Incentive Plan, Agritope, Inc. 1997 Stock Award Plan and 2000 Plan.

Board of Directors means the Board of Directors of Exelixis.

Eligible Employees means all persons who as of the commencement of the Offer are employed by us or our Subsidiaries, excluding members of our Board of Directors, our Named Executive Officers, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted.

Eligible Option Grants means all outstanding stock options that were granted under our Company Option Plans held by Eligible Employees that were granted before January 7, 2008 and that have an exercise price that is equal to or greater than \$7.13 per share.

As used in these materials, **employed** and **employment** does not include service as a member of our Board of Directors or as a consultant for us.

Exelixis means Exelixis, Inc.

Expiration Date means the time that the Offer will expire, which is currently set to be at 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless we extend the expiration of the Offer to a later date.

Fair Market Value means the closing sales price of our common stock as quoted on Nasdaq on the date of determination (or, if no closing sales price was reported on that date, on the last trading date such closing sales price was reported).

Mellon means BNY Mellon Shareowner Services.

Named Executive Officers means our executive officers named in the Summary Compensation Table in our proxy statement for our 2009 annual meeting of stockholders.

Nasdaq means The NASDAQ Global Select Market.

Offer means this offer to exchange Eligible Option Grants for Replacement Options.

Offer Documents means this Offer To Exchange Outstanding Options To Purchase Common Stock, the Summary Term Sheet, the related cover letter, the Glossary and the Questions and Answers (as they each may be amended from time to time).

Replacement Options means options issued pursuant to the Offer in exchange for the Eligible Option Grants.

SEC means the U.S. Securities and Exchange Commission.

Schedule TO means the Tender Offer Statement filed by us with the SEC in connection with the Offer.

Subsidiary or Subsidiaries means the following subsidiaries of Exelixis: Exelixis Plant Sciences, Inc. and X-Ceptor Therapeutics, Inc.

1. NUMBER OF OPTIONS; EXPIRATION DATE.

We are offering Eligible Employees who, as of the Commencement Date, are employed by us or one of our Subsidiaries, the opportunity to exchange their Eligible Option Grants for Replacement Options to purchase a reduced number of shares of our common stock. However, members of our Board of Directors, our Named Executive Officers, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted will not be eligible to participate in the Offer.

Eligible Option Grants are all outstanding options to purchase shares of our common stock that were granted under our Company Option Plans and are held by Eligible Employees that were granted before January 7, 2008 and that have an exercise price that is equal to or greater than \$7.13 per share

As of June 30, 2009, approximately 24,131,735 shares of our common stock were covered by options outstanding under the Company Option Plans, of which 11,915,663 shares were covered by Eligible Option Grants.

Your participation in the Offer is voluntary. You may exchange one or more of your Eligible Option Grants. However, you may not exchange part of any particular Eligible Option Grant and keep the balance; you must exchange the entire unexercised portion of each Eligible Option Grant that you tender in response to the Offer. An Eligible Option Grant that has been separated into a partial incentive stock option and a partial nonstatutory stock option is still considered to be a single option, and cannot be separated for purposes of the Offer. When you access Mellon's website to view your Eligible Option Grants, any Eligible Option Grants that were previously separated into a partial incentive stock option and a partial nonstatutory stock option will be listed as one single Eligible Option Grant. The Offer is subject to the terms and conditions described in the Offer Documents. We will only accept for exchange Eligible Option Grants that are properly tendered and not validly withdrawn in accordance with Section 4 before the Offer expires on the Expiration Date.

The exchange ratios of shares subject to cancelled Eligible Option Grants to shares subject to Replacement Options issued range from 1.25-to-1 to 90-to-1. In general, the exchange ratios selected for the Offer were intended to result in the issuance of Replacement Options that, in the aggregate, have a fair value estimated to be approximately less than or equal to the fair value of the Eligible Option Grants surrendered in the exchange as calculated using the Black-Scholes-Merton option-pricing model. We will not issue any Replacement Options covering a fractional share in exchange for Eligible Option Grants. The total number shares subject to the Replacement Option you will receive with respect to a surrendered Eligible Option Grant will be determined by applying the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant and rounding to the nearest whole share (with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share).

Each Replacement Option issued in the exchange will represent a right to acquire a specific number of shares of our common stock, calculated based on the exchange ratio applicable to the Eligible Option Grant that it replaces, at a fixed exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. We expect to grant the Replacement Options on the first business day after the Expiration Date. The term of each Replacement Option shall equal the weighted average remaining term of all Eligible Option Grants surrendered in the Offer. The Replacement Options issued in the exchange will be completely unvested when granted and become vested on the basis of the Eligible Employee's continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. If an Eligible Option Grant surrendered in the Offer is partially vested on the Commencement Date, two separate Replacement Options will be granted in exchange for that Eligible Option Grant. One Replacement Option will correspond to the fully vested options and will vest on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested options and will vest over three years from the date of grant (please see Section 9 for additional information regarding the vesting of the Replacement Options).

All Replacement Options will be granted under the 2000 Plan regardless of which Company Option Plan under which your Eligible Option Grant was originally granted.

PARTICIPATION IN THE OFFER DOES NOT CONFER UPON YOU THE RIGHT TO REMAIN EMPLOYED BY US OR ANY OF OUR SUBSIDIARIES. YOUR EMPLOYMENT IS "AT-WILL" AND MAY BE TERMINATED BY US OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE EXPIRATION DATE (OR THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, IF DIFFERENT), FOR ANY REASON, WITH OR WITHOUT CAUSE.

IF YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES AFTER YOU TENDER YOUR OPTIONS BUT PRIOR TO THE EXPIRATION DATE, YOU WILL NOT BE ELIGIBLE TO PARTICIPATE IN THE OFFER. IF THE EXPIRATION DATE AND THE GRANT DATE ARE DIFFERENT AND YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES FOLLOWING THE EXPIRATION DATE AND PRIOR TO THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, YOU WILL NOT RECEIVE ANY REPLACEMENT OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR ELIGIBLE OPTION GRANTS THAT HAVE BEEN EXCHANGED AND THE EXCHANGED ELIGIBLE OPTION GRANTS WILL NOT BE REINSTATED. IF THE OPTIONS THAT YOU TENDERED FOR EXCHANGE WERE NOT GRANTED BEFORE JANUARY 7, 2008 OR HAVE AN EXERCISE PRICE THAT IS LESS THAN \$7.13 PER SHARE, THEY ARE NOT ELIGIBLE TO BE EXCHANGED IN THE OFFER. ADDITIONALLY, IF YOU ARE A MEMBER OF OUR BOARD OF DIRECTORS, A NAMED EXECUTIVE OFFICER, A CONSULTANT OR IF YOU HAVE A TAX RESIDENCE OUTSIDE OF THE UNITED STATES, YOU ARE NOT ELIGIBLE TO PARTICIPATE IN THE OFFER.

IF YOU EXCHANGE ELIGIBLE OPTION GRANTS FOR REPLACEMENT OPTIONS AND YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES FOR ANY REASON BEFORE THE REPLACEMENT OPTIONS ARE VESTED IN FULL, THEN YOU WILL FORFEIT THAT PORTION OF ANY REPLACEMENT OPTIONS RECEIVED THAT REMAINS UNVESTED AT THE TIME YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES.

The Expiration Date of the Offer means 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless we, in our discretion, extend the expiration of the Offer to a later date. If we extend the expiration of the Offer, the term Expiration Date will refer to the latest time and date at which the Offer expires. See Section 14 for a description of our rights to extend, delay, terminate and amend the Offer.

We will publish a notice if we decide to amend the Offer and take any of the following actions:

- increase or decrease what we will give you in exchange for your Eligible Option Grants;
- increase or decrease the number of Eligible Option Grants that can be exchanged in the Offer; or
- extend or terminate the Offer.

If the Offer is scheduled to expire within ten business days from the date we notify you of such an amendment, we also intend to extend the Offer for a period of ten business days after the date the notice is published. A business day means any day other than a Saturday, Sunday or U.S. federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight U.S. Eastern Time.

2. PURPOSE OF THE OFFER.

Historically, we have regularly granted stock options to virtually all of our employees. When the Compensation Committee of our Board of Directors approves the grant of a stock option, it establishes the exercise price that the employee must pay to purchase shares of common stock when the option is exercised. The exercise price per share is typically equal to or greater than the closing sales price of a share of our common stock on the date the option is granted. Thus, an employee generally receives economic value only if he or she exercises an option and later sells the purchased shares at a price that exceeds the option's exercise price.

Like many other life science companies, our stock price has been significantly affected by the economic downturn and deterioration of the capital markets. We have continued to focus on our business strategy to leverage our biological expertise and integrated drug discovery capabilities to generate a pipeline of diverse development compounds with first-in-class or best-in-class potential that fulfill unmet medical needs in the treatment of cancer and potentially other serious diseases. We believe that this strategy, if successful, will lead to increased stockholder

value. We have refined our strategy to reflect the prolonged economic downturn and the deterioration of the capital markets. In particular, we are focused on ensuring that our expenses are in line with our cash resources, with the goal of being able to operate independently of the capital markets for a substantial period of time. Our strategy is centered around three principal elements:

- Focus development—While we have historically pursued an approach to drug discovery intended to generate a significant number of development candidates to fill our pipeline, for the foreseeable future we intend to direct our discovery efforts more towards generating development candidates under existing and future discovery collaborations with third parties. Our objective is to fund a significant portion of our discovery costs by entering into such collaborations. We are also focusing our later stage clinical development efforts on a limited number of programs. We believe that the most attractive compounds to develop ourselves or to co-develop with a partner have a lower-cost, lower-risk route to the market, usually for a niche indication, with the possibility of substantially expanding the market into major indications. Our most advanced clinical asset, XL184, which we are co-developing with Bristol-Myers Squibb, represents such a compound. We expect particularly to focus our later stage development efforts on XL184, which is being studied in a variety of tumor types, with the goal of rapidly commercializing the compound.
- Partner compounds—We are seeking new collaborations with leading pharmaceutical and biotechnology companies for the development and ultimate commercialization of some of our preclinical and clinical assets, particularly those drug candidates for which we believe that the capabilities and bandwidth of a partner can accelerate development and help to fully realize their therapeutic and commercial potential. Collaborations also provide us with a means of shifting a portion or all of the development costs related to such drug candidates. Consistent with this element of our strategy, in December 2008 we entered into a worldwide collaboration with Bristol-Myers Squibb on two of our cancer programs: one associated with XL184 and the other associated with XL281, and in May 2009 we entered into a license agreement for XL147 and XL765 and launched a broad collaboration with Sanofi-aventis for the discovery of PI3K inhibitors. We expect that over the next several years an increasingly greater portion of our development expenses will be funded by our partners.
- Control costs—We are committed to managing our costs. In November 2008, we implemented a restructuring that resulted in the reduction of approximately 10% of our workforce. In addition, our Board approved employee bonuses and option grants for 2008 in amounts less than target and did not adjust base salaries or target bonus levels for any of our employees, including our Named Executive Officers, for 2009. We will continue to analyze our expenses to ensure that they are not disproportionate to our cash resources. We will also continue to be selective with respect to funding our clinical development programs. We have also established definitive “go/no-go” criteria with respect to our development

programs to ensure that we commit our resources only to those programs with the greatest commercial and therapeutic potential. To control costs, we may decide in the future to pursue collaborations for the development of drug candidates that we had initially determined to develop ourselves. We also retain the right to opt-out of the development of certain drug candidates that we are currently co-developing with partners.

The measures described above have only had a limited impact on the price of our stock to date. Consequently, many of our optionholders hold options with exercise prices significantly higher than the current market price of our common stock.

As of June 30, 2009, Eligible Employees held options for an aggregate of approximately 11,915,663 shares with exercise prices equal or greater than \$7.13 per share. On June 30, 2009, the closing sales price of our common stock as reported by Nasdaq was \$4.87. We believe that to enhance long-term stockholder value we need to maintain competitive employee compensation and incentive programs and that an equity stake in our success is a critical component of these programs. Options that are substantially underwater are no longer effective as performance and retention incentives. We believe the Offer will provide us with a renewed opportunity to give Eligible Employees an economic stake in our future growth and success.

In addition, many of the Eligible Option Grants have been underwater for an extended period of time and, therefore, have not been exercised by our employees. As a result, there are a significant number of options that we believe are not serving their intended purpose of incentivizing employees. Assuming that 100% of Eligible Employees participate in the Offer and surrender all of their Eligible Option Grants for exchange, Eligible Option Grants covering an aggregate of approximately 11,915,663 shares of our common stock as of June 30, 2009 would be surrendered and cancelled, while approximately 8,638,390 shares of our common stock subject to Replacement Options would be issued, resulting in a net reduction of approximately 3,277,273 shares of our common stock subject to outstanding stock options. The shares subject to the Eligible Option Grants surrendered under the Offer will not be returned to the share reserve of the 2000 Plan.

We regularly evaluate various strategic and business development opportunities, including licensing agreements, marketing arrangements, joint ventures, acquisitions and dispositions. We intend to continue to selectively pursue collaborations that would allow us to develop and ultimately commercialize our preclinical and clinical assets. We intend to continue to review the prospects of our product candidates to determine whether any of the programs should be modified, restructured or otherwise discontinued. Subject to the foregoing, and except as otherwise disclosed in the Offer Documents or in our filings with the SEC, we presently have no plans, proposals or negotiations that relate to or would result in:

- (a) any extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- (b) any purchase, sale or transfer of a material amount of our assets or the assets of any of our subsidiaries;

- (c) any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- (d) any change in our management, including a change to the material terms of employment of any executive officer;
- (e) any change in our present Board of Directors, including a change in the number or term of directors (although as part of our Nominating and Corporate Governance Committee's goal to maintain a strong board of directors with experience and expertise in corporate governance, we may identify and appoint one or more additional members to the Board as and when appropriate);
- (f) any other material change in our corporate structure or business;
- (g) our common stock being delisted from a national securities exchange or not being authorized for quotation in an automated quotation system operated by a national securities association;
- (h) our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934;
- (i) the suspension of our obligation to file reports pursuant to Section 15(d) of the Securities Exchange Act of 1934;
- (j) the acquisition by any person of our securities or the disposition of our securities; or
- (k) any change in our Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws, or any actions which may impede the acquisition of control of us by any person.

Neither we nor our Board of Directors makes any recommendation as to whether you should exchange your Eligible Option Grants, nor have we authorized any person to make any such recommendation. You are urged to evaluate carefully all of the information in the Offer Documents and to consult your own legal and investment advisors. You should also carefully read the tax information provided in Section 13 and consult your personal tax advisor for information regarding your specific situation. You must make your own decision whether to exchange your Eligible Option Grants.

3. PROCEDURES.

Making Your Election. To make your election to accept or reject the Offer, you must do so through the option exchange website maintained by Mellon before 8:00 p.m., U.S. Eastern Time, on the Expiration Date. A listing of all of your Eligible Option Grants can be obtained by accessing your account through the option exchange website maintained by Mellon. **If you are unable to access your account, you may contact Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.**

You do not need to return your stock option agreements for your Eligible Option Grants to effectively elect to accept the Offer as they will be automatically cancelled if we accept your Eligible Option Grants for exchange. You will be required to return your stock option agreements only upon our request.

The election to participate via the website maintained by Mellon is at the sole risk of the option holder. ***No late submissions will be accepted and submissions by means other than the website will NOT be accepted.***

Determination of Validity; Rejection of Eligible Option Grants; Waiver of Defects; No Obligation to Give Notice of Defects. We will determine, in our discretion, all questions as to the number of shares subject to Eligible Option Grants and the validity, form, eligibility (including time of receipt) and acceptance of elections. Neither we nor any other person is obligated to give notice of any defects or irregularities in any election or otherwise in the exchange of any Eligible Option Grants, and no one will be liable for failing to give such notice. Our determination of these matters will be final and binding on all parties. We may reject any or all elections or Eligible Option Grants that are exchanged to the extent that we determine they were not properly executed or submitted or to the extent that we determine it is unlawful to accept the Eligible Option Grants that are exchanged. We may waive any of the conditions of the Offer or any defect or irregularity in any election with respect to any particular Eligible Option Grants or any particular option holder. No Eligible Option Grant will be accepted for exchange until all defects or irregularities in it have been cured by the option holder exchanging the Eligible Option Grant, or waived by us, prior to the Expiration Date.

Our Acceptance Constitutes an Agreement. If you elect to exchange your Eligible Option Grants and you exchange your Eligible Option Grants according to the procedures described above, you will have accepted the Offer. Our acceptance of Eligible Option Grants that are properly tendered will form a binding agreement between us and you on the terms and subject to the conditions of the Offer. To the extent you have not previously accepted online an Eligible Option Grant, choosing to participate in the Offer and submitting your Election Form will be deemed to be acceptance of the Eligible Option Grant.

Subject to our rights to extend, terminate and amend the Offer, we currently expect that we will accept on or promptly after the Expiration Date of the Offer all Eligible Option Grants that are properly submitted to be exchanged and have not been validly withdrawn.

4. CHANGE IN ELECTION.

You may only change your election by following the procedures described in this Section 4. You may change your election at any time beginning on the Commencement Date and ending at 8:00 p.m., U.S. Eastern Time, on the Expiration Date.

To change your election, you must submit a "Change of Election" via the option exchange website maintained by Mellon, before 8:00 p.m., U.S. Eastern Time, on the Expiration Date. If you are unable to access or are having difficulties navigating this website, please contact Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States. The last election submitted by you as described above prior to

8:00 p.m., U.S. Eastern Time, on the Expiration Date will be treated as your final election with respect to the Offer. After you change your election, you will receive a new email confirmation that will confirm the changes made to your election to exchange or not exchange your Eligible Option Grants.

The delivery of elections is at the sole risk of the option holder. No late submissions will be accepted.

5. ACCEPTANCE OF ELIGIBLE OPTION GRANTS FOR EXCHANGE AND CANCELLATION AND ISSUANCE OF REPLACEMENT OPTIONS.

On the terms and subject to the conditions of the Offer, we currently expect that on or promptly after the Expiration Date, we will accept for exchange and cancel all Eligible Option Grants properly tendered and not validly withdrawn before the Expiration Date in accordance with the Offer. We expect to grant the Replacement Options on the first business day after the Expiration Date.

The exchange ratios of shares subject to Eligible Option Grants cancelled to shares subject to Replacement Options to be issued range from 1.25-to-1 to 90-to-1. In general, the exchange ratios selected for the Offer were intended to result in the issuance of Replacement Options that, in the aggregate, have a fair value estimated to be approximately less than or equal to the fair value of the Eligible Option Grants surrendered in the exchange as calculated using the Black-Scholes-Merton option-pricing model.

We will not issue any Replacement Options covering a fractional share in exchange for Eligible Option Grants. The total number shares subject to the Replacement Option you will receive with respect to a surrendered Eligible Option Grant will be determined by applying the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant and rounding to the nearest whole share (with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share).

A listing of all of your Eligible Option Grants can be obtained by accessing your account at the option exchange website maintained by Mellon. If you are unable to access your account, you may contact Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.

If you are an employee (including an employee on a leave of absence) of Exelixis or one of our Subsidiaries as of the Commencement Date but your employment by us or one of our Subsidiaries terminates prior to the Expiration Date, then you are not eligible to participate in the Offer and your tender of your stock options will not be accepted. If the Expiration Date and the grant date are different and you are an employee (including an employee on a leave of absence) of Exelixis or one of our Subsidiaries as of the Expiration Date but are not employed (including on a leave of absence) continuously by us or one of our Subsidiaries through the date the Replacement Options are granted, then you are not eligible to receive the Replacement Options and any Eligible Option Grants tendered for exchange will not be reinstated.

If you tender your Eligible Option Grants and they are cancelled in the Offer and, on the date Replacement Options are granted, you are on a leave of absence protected by statute, then you will be entitled to receive a Replacement Option on the date Replacement Options are granted. If, however, on the date Replacement Options are granted you are on a leave that is **not** protected by statute, then the Replacement Options will be issued on the date, if any, that you return to regular employment with us or one of our Subsidiaries.

We will notify you as promptly as practicable after the Expiration Date if we reject your election to exchange your Eligible Option Grants. After you submit an election you will receive an email confirmation that will confirm your election and state where you can find information regarding the number of Replacement Options that we will grant to you.

6. CONDITIONS OF THE OFFER.

We will not be required to accept any Eligible Option Grants that you elect to exchange, and we may terminate or amend the Offer, or postpone our acceptance and cancellation of any Eligible Option Grants that you elect to exchange, in each case at any time on or prior to the Expiration Date, if we determine that any event has occurred and, in our reasonable judgment, such event makes it inadvisable for us to proceed with the Offer or to accept and cancel Eligible Option Grants that you elect to exchange, including, without limitation:

- any change or changes in the applicable accounting or tax rules that cause the Offer to subject us to adverse accounting or tax treatment;
- any action or proceeding by any government agency, authority or tribunal or any other person, domestic or foreign, is threatened or pending before any court, authority, agency or tribunal that directly or indirectly challenges the making of the exchange, the acquisition of some or all of the Eligible Option Grants, the issuance of Replacement Options, or otherwise relates to the Offer or that, in our reasonable judgment, could materially and adversely affect our business, condition (financial or otherwise), income, operations or prospects or materially impair the benefits we believe we will receive from the Offer;
- any action is threatened, pending or taken, or any approval is withheld, by any court or any authority, agency, tribunal or any person that, in our reasonable judgment, would or might directly or indirectly:
 - (a) make it illegal for us to accept some or all of the Eligible Option Grants or to issue some or all of the Replacement Options or otherwise restrict or prohibit consummation of the Offer or otherwise relates to the Offer;
 - (b) delay or restrict our ability, or render us unable, to accept the Eligible Option Grants for exchange and cancellation or to issue Replacement Options for some or all of the exchanged Eligible Option Grants;
 - (c) materially impair the benefits we believe we will receive from the exchange; or

- (d) materially and adversely affect our business, condition (financial or other), income, operations or prospects.
- there is:
 - (a) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market; or
 - (b) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory.
- another person publicly makes or proposes a tender or exchange offer for some or all of our common stock, or an offer to merge with or acquire us, or we learn that:
 - (a) any person, entity or group, within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, has acquired or proposes to acquire beneficial ownership of more than 5% of the outstanding shares of our common stock, or any new group shall have been formed that beneficially owns more than 5% of the outstanding shares of our common stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before the Expiration Date;
 - (b) any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before the Expiration Date has acquired or proposed to acquire beneficial ownership of an additional 1% or more of the outstanding shares of our common stock; or
 - (c) any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or made a public announcement that it intends to acquire us or any of our assets or securities.
- any change or changes occur in our business, condition (financial or other), assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to us.

The conditions to the Offer are for our benefit. We may assert them in our discretion before the Expiration Date and we may, in our discretion, waive them at any time and from time to time, whether or not we waive any other condition to the Offer.

Our failure to exercise any of these rights is not a waiver of any of these rights. The waiver of any of these rights with respect to particular facts and circumstances is not a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described in this Section 6 will be final and binding upon everyone.

Also, if your employment with us or one of our Subsidiaries terminates, whether voluntarily, involuntarily or for any other reason (including death), before your Replacement

Options are granted, you will not receive any Restricted Stock Grants or have a right to any Eligible Option Grants that were previously cancelled. If your employment with us or one of our Subsidiaries is terminated as part of any announced reduction in force, you will fall within this category. THEREFORE, IF THE EXPIRATION DATE AND THE GRANT DATE OF THE REPLACEMENT OPTIONS ARE DIFFERENT AND YOU ARE NOT EMPLOYED (INCLUDING ON A LEAVE OF ABSENCE) BY US OR ONE OF OUR SUBSIDIARIES FROM THE EXPIRATION DATE THROUGH THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, YOU WILL NOT RECEIVE ANY REPLACEMENT OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR ELIGIBLE OPTION GRANTS THAT HAVE BEEN ACCEPTED FOR EXCHANGE AND CANCELLED.

7. PRICE RANGE OF COMMON STOCK.

The Eligible Option Grants subject to the Offer are not publicly traded. However, upon exercise of an Eligible Option Grant, the option holder becomes a holder of our common stock. Our common stock is quoted on Nasdaq under the symbol "EXEL." The following table shows, for the periods indicated, the high and low intra-day sales prices per share of our common stock as reported on Nasdaq.

<u>Quarter ended</u>	<u>High</u>	<u>Low</u>
Fiscal Year 2009		
Through June 30, 2009	\$ 6.10	\$4.09
April 3, 2009	\$ 6.11	\$4.18
Fiscal Year 2008		
January 2, 2009	\$ 6.30	\$2.11
September 26, 2008	\$ 7.35	\$4.64
June 27, 2008	\$ 8.15	\$5.00
March 28, 2008	\$ 8.95	\$4.81
Fiscal Year 2007		
December 28, 2007	\$12.29	\$7.82
September 28, 2007	\$12.37	\$9.40
June 29, 2007	\$12.77	\$9.92
March 30, 2007	\$11.74	\$8.67

On June 30, 2009, the closing sales price of our common stock as reported by Nasdaq was \$4.87. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to exchange your Eligible Option Grants.

8. EXCHANGE RATIOS.

We have established three exchange ratios for Eligible Option Grants depending on their exercise price. In general, the exchange ratios selected for the Offer were intended to result in the issuance of Replacement Options that, in the aggregate, have a fair value estimated to be approximately less than or equal to the fair value of the Eligible Option Grants surrendered in the exchange as calculated using the Black-Scholes-Merton option-pricing model. The following table sets forth the three exchange ratios and the range of exercise prices applicable to each exchange ratio:

<u>Exercise Price Range</u>	<u>Exchange Ratio: Option Shares per Replacement Option</u>
\$ 7.13-\$12.00	1.25 to 1
\$12.01-\$18.96	4 to 1
\$18.97-\$45.00	90 to 1

The total number shares subject to the Replacement Option an Eligible Employee will receive with respect to a surrendered Eligible Option Grant will be determined by applying the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant and rounding to the nearest whole share (with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share). For example, if an Eligible Employee holds an Eligible Option Grant to purchase 1,000 shares of our common stock at an exercise price of \$15.00 per share, he or she would be entitled to exchange that option for a Replacement Option to purchase 250 shares (i.e., after applying the applicable 4 to 1 exchange ratio set forth in the table above with such Replacement Option) having an exercise price equal to the Fair Market Value of our common stock on the date the Replacement Option is granted.

9. SOURCE AND AMOUNT OF CONSIDERATION; TERMS OF REPLACEMENT OPTIONS.

Each Replacement Option issued in the exchange will represent a right to acquire a specific number of shares of our common stock, calculated based on the exchange ratio applicable to the Eligible Option Grant that it replaces, at a fixed exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. We expect to grant the Replacement Options on the first business day after the Expiration Date. The term of each Replacement Option shall equal the weighted average remaining term of all Eligible Option Grants surrendered in the Offer.

The Replacement Options issued in the exchange will be completely unvested when granted and become vested on the basis of an Eligible Employee's continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. If your Eligible Option Grant is partially vested and you elect to participate in the Offer, you will receive two separate Replacement Options in exchange for that Eligible Option Grant. One Replacement Option will correspond to the fully vested portion of

the Eligible Option Grant and shall be 100% vested on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested portion of the Eligible Option Grant and shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments.

For purposes of clarification regarding the determination of the number of shares subject to each of the Replacement Options issued in exchange for a partially vested Eligible Option Grant, the first step is the application of the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant (with the result rounded to the nearest whole share, with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share) in order to determine the aggregate number of shares of common stock subject to Replacement Options to be granted. The next step is to determine the number of shares underlying the Replacement Option that corresponds to the vested portion of the Eligible Option Grant by applying the applicable exchange ratio to the vested portion of the surrendered Eligible Option Grant (rounding to the nearest whole share if necessary, with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share). The Replacement Option that corresponds to the vested portion of the Eligible Option Grant shall be 100% vested on the one-year anniversary following the date of grant. The final step is to determine the number of shares underlying the Replacement Option that corresponds to the unvested portion of the surrendered Eligible Option Grant by subtracting the shares underlying the Replacement Option that correspond to the vested portion of the surrendered Eligible Option Grant from the aggregate number of shares of common stock subject to the Replacement Options to be granted in exchange for the partially-vested Eligible Option Grant. The Replacement Option that corresponds to the unvested portion of the surrendered Eligible Option Grant shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments.

For example, if an Eligible Employee holds an Eligible Option Grant to purchase 1,000 shares of our common stock at an exercise price of \$15.00 per share and 750 of the shares were vested and 250 of the shares were unvested, the Eligible Employee would be entitled to exchange that option for Replacement Options to purchase an aggregate of 250 shares (i.e., after applying the applicable 4 to 1 exchange ratio set forth in the table above with such Replacement Option). 750 shares were vested and thus 188 shares would underlie the Replacement Option corresponding to the vested surrendered options (i.e., after applying the applicable 4 to 1 exchange ratio set forth in the table above with such Replacement Option). The difference between the 250 aggregate shares and the 188 shares is 62 shares and thus 62 shares would underlie the other Replacement Option that corresponds to the unvested portion of the surrendered Eligible Option Grant.

Replacement Options will be granted pursuant to the 2000 Plan and will be nonstatutory stock options, even if the Eligible Option Grants surrendered in the Offer were incentive stock options. Please see Section 13 for a description of the difference in tax treatment between an incentive stock option and nonstatutory stock option. All other terms and conditions of the Replacement Options will be substantially the same as those that apply generally to stock options

granted under the 2000 Plan. For additional information regarding the terms of the Replacement Options to be issued in the exchange, please refer to the 2000 Plan prospectus, a copy of which was provided with the Eligible Option Grant and is available on our Agora intranet under "My Stock/My ESPP" which can be found under "My Workplace Tools".

If we were to receive and accept the exchange of all Eligible Option Grants, we would grant Replacement Options to purchase an aggregate of approximately 8,638,390 shares of our common stock. As of June 30, 2009, there was an aggregate of approximately 107,278,374 shares of our common stock outstanding. The common stock issuable upon exercise of the Replacement Options would represent approximately 8.05% of the total shares of our common stock outstanding as of June 30, 2009.

10. INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS; TRANSACTIONS AND ARRANGEMENTS INVOLVING THE ELIGIBLE OPTION GRANTS.

A list of our directors and executive officers and their stock option holdings is attached to the Offer Documents as Schedule A. As of the close of business on June 30, 2009, our executive officers and non-employee directors (17 persons) as a group held options outstanding under the Company Option Plans to purchase a total of 9,214,876 shares of our common stock. This covered approximately 38.19% of the shares subject to all options outstanding under the Company Option Plans as of the same date. Members of our Board of Directors and our Named Executive Officers will not be eligible to participate in the Offer.

During the past 60 days, we have not issued any Eligible Option Grants and no Eligible Option Grants have been exercised. Neither we, nor, to the best of our knowledge, any member of our Board of Directors or any of our executive officers or those of our subsidiaries, nor any affiliate of ours, engaged in transactions involving Eligible Option Grants during the past 60 days.

Except as otherwise described in the Offer Documents or in our filings with the SEC, including our Definitive Proxy Statement filed on Schedule 14A on April 13, 2009, our Annual Report on Form 10-K for the fiscal year ended January 2, 2009 and our Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2009, and other than outstanding stock options and other stock awards granted from time to time to certain of our employees (including our executive officers) and members of our Board of Directors under Company Option Plans, neither we nor, to our knowledge, any of our executive officers or members of our Board of Directors or any person holding a controlling interest in us is a party to any agreement, arrangement or understanding with respect to any of our securities, including but not limited to, any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

11. STATUS OF ELIGIBLE OPTION GRANTS ACQUIRED BY US IN THE EXCHANGE.

We have designed the proposed Offer in a manner intended to ensure that, in the aggregate, the fair value of the Eligible Option Grants surrendered in the exchange is

approximately less than or equal to the fair value of the Replacement Options granted in the exchange. The Offer is intended to restore competitive and appropriate equity incentives for our employees and those of our Subsidiaries and to reduce our existing overhang.

Many of the Eligible Option Grants have been underwater for an extended period of time and, therefore, have not been exercised by our employees. As a result, there are a significant number of stock options that we believe are not serving their intended purpose of incentivizing employees. If we implement the Offer, the shares subject to the Eligible Option Grants surrendered under the Offer will not be returned to the share reserve of the 2000 Plan. We have discontinued the issuance of stock awards under all of the Company Option Plans other than the 2000 Plan. Assuming that 100% of Eligible Employees participate in the Offer, Eligible Option Grants covering approximately 11,915,663 shares of our common stock as of June 30, 2009, would be surrendered and cancelled, while Replacement Options to purchase an aggregate of 8,638,390 shares of our common stock would be issued, resulting in a net reduction of approximately 3,277,273 shares of our common stock underlying outstanding equity awards.

12. LEGAL MATTERS; REGULATORY APPROVALS.

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by the Offer, or of any approval or other action by any government or regulatory authority or agency that is required for the acquisition or ownership of the Eligible Option Grants and the grant of Replacement Options as described in the Offer Documents. If any other approval or action should be required, we presently intend to seek such approval or take such action. This could require us to delay the acceptance of any Eligible Option Grants that you elect to exchange. We cannot assure you that we would be able to obtain any required approval or take any other required action. Our failure to obtain any required approval or take any required action might result in harm to our business. Our obligation under the Offer to accept exchanged Eligible Option Grants and to issue Replacement Options is subject to conditions, including the conditions described in Section 6.

13. MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES.

CIRCULAR 230 DISCLAIMER. THE FOLLOWING DISCLAIMER IS PROVIDED IN ACCORDANCE WITH THE INTERNAL REVENUE SERVICE'S CIRCULAR 230 (21 C.F.R. PART 10). THIS ADVICE IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY YOU FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON YOU. THIS ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF PARTICIPATION IN THE COMPANY'S EQUITY INCENTIVE PLANS OR THE OFFER. YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a discussion of the material U.S. federal income tax consequences of the exchange of Eligible Option Grants for Replacement Options pursuant to the Offer for those Eligible Employees subject to U.S. federal income tax. This discussion is based on the Internal Revenue Code, its legislative history, treasury regulations thereunder and administrative and judicial interpretations as of the date of the Offer, all of which may change, possibly on a

retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to apply in all respects to all categories of option holders. In addition, this discussion does not address any aspect of foreign, state or local income taxation or any other form of taxation that may be applicable to an option holder.

We strongly recommend that you consult your own tax advisor with respect to the United States federal, state and local tax consequences of participating in the Offer, as the tax consequences to you are dependent on your individual tax situation.

We believe that the exchange of Eligible Option Grants for Replacement Options pursuant to the Offer will be treated as a non-taxable exchange. If you exchange outstanding incentive stock options or nonstatutory stock options for Replacement Options, you will not be required to recognize income for U.S. federal income tax purposes at the time of the exchange.

Replacement Options

If you participate in the Offer, you will not recognize any income or be subject to income tax withholding upon receipt of your Replacement Options. However, on the date or dates when you exercise your Replacement Options and receive shares of common stock, you generally will recognize ordinary income equal to the excess of the fair market value of the shares on the date the Replacement Option was exercised over the Replacement Option's exercise price.

When shares are delivered to you upon exercise of your Replacement Options, you must make adequate provision for any sums required to satisfy applicable federal, state, local and foreign tax withholding obligations. We may require you to satisfy any applicable tax withholding requirements, through payroll withholding, by withholding proceeds received upon sale of the underlying common stock through a sell-to-cover arrangement, or otherwise. We may also authorize the withholding of shares in such amounts as we determine are necessary to satisfy our tax withholding obligations, if any. Unless the foregoing tax withholding obligations are satisfied, we have no obligation to deliver any shares to you upon exercise of your Replacement Options.

Stock Options

If you participate in the Offer, each Eligible Option Grant you choose to surrender will be exchanged for a Replacement Option. All Replacement Options issued in the exchange will be nonstatutory stock options, even if granted in exchange for incentive stock options. So that you are able to compare the tax consequences of new Replacement Options to that of your Eligible Option Grants, we have included the following summary as a reminder of the tax consequences generally applicable to options under U.S. federal tax law.

Incentive Stock Options

Under current U.S. federal tax law, an option holder will not realize taxable income upon the grant of an incentive stock option. In addition, an option holder generally will not realize

taxable income upon the exercise of an incentive stock option. However, an option holder's alternative minimum taxable income will be increased by the amount that the aggregate fair market value of the shares underlying the option, which is generally determined as of the date of exercise, exceeds the aggregate exercise price of the option. Except in the case of an option holder's death or disability, if an option is exercised more than three months after the option holder's termination of employment, the option ceases to be treated as an incentive stock option and is subject to taxation under the rules that apply to nonstatutory stock options. Please see the discussion below for details regarding the tax treatment of nonstatutory stock options.

If an option holder sells the common stock acquired upon exercise of an incentive stock option, the tax consequences of the disposition depend upon whether the disposition is qualifying or disqualifying. The disposition of the option shares is qualifying if it is made:

- more than two years after the date the incentive stock option was granted; and
- more than one year after the date the incentive stock option was exercised.

If the disposition of the option shares is qualifying, any excess of the sale price of the option shares over the exercise price of the option will be treated as long-term capital gain taxable to the option holder at the time of the sale. Any such capital gain will be taxed at the long-term capital gain rate in effect at the time of sale.

If the disposition is not qualifying, which we refer to as a "disqualifying disposition," the excess of the fair market value of the option shares on the date the option was exercised (or, if less, the amount realized on the disposition of the shares) over the exercise price will be taxable as ordinary income to the option holder at the time of the disposition.

If the sales price in a disqualifying disposition exceeds the fair market value of the option shares on the date the option was exercised, then the amount up to the excess of the fair market value of the shares at the time the option was exercised over the exercise price will be ordinary income for income tax purposes and the balance, if any, will be long-term or short-term capital gain, depending upon whether or not the shares were sold more than one year after the option was exercised.

Unless an option holder engages in a disqualifying disposition, we will not be entitled to a deduction with respect to an incentive stock option. If an option holder engages in a disqualifying disposition, we will be entitled to a deduction equal to the amount of compensation income taxable to the option holder if we comply with applicable reporting requirements.

Nonstatutory Stock Options

Under current law, an option holder generally will not realize taxable income upon the grant of a nonstatutory stock option granted with an exercise price equal to the fair market value of the underlying stock on the date of grant. However, when an option holder exercises the option, the excess of the fair market value of the shares subject to the option on the date of exercise over the exercise price of the option will be compensation income taxable to the option holder.

We will be entitled to a deduction equal to the amount of compensation income taxable to the option holder if we comply with applicable reporting requirements.

Upon disposition of the shares, any gain or loss is treated as capital gain or loss. If you were an employee at the time of the grant of the option, any income recognized upon exercise of a nonstatutory stock option generally will constitute wages for which tax withholding will be required.

14. EXTENSION OF THE OFFER; TERMINATION; AMENDMENT.

We may at any time, and from time to time, extend the period of time during which the Offer is open and delay accepting any Eligible Option Grants tendered for exchange by announcing the extension and/or giving oral or written notice of the extension to the option holders.

Prior to the Expiration Date, we may postpone accepting and canceling any Eligible Option Grants or terminate or amend the Offer if any of the conditions specified in Section 6 occur. In order to postpone accepting or canceling, we must announce the postponement and give oral or written notice of the postponement to the option holders. Our right to delay accepting and canceling Eligible Option Grants may be limited by Rule 13e-4(f)(5) under the Securities Exchange Act of 1934, which requires that we pay the consideration offered or return the surrendered options promptly after we terminate or withdraw the Offer.

As long as we comply with applicable laws, we may amend the Offer in any way, including decreasing or increasing the consideration offered in the Offer to Eligible Employees or by decreasing or increasing the number of Eligible Option Grants to be exchanged or surrendered in the Offer.

We may amend the Offer at any time by announcing an amendment. If we extend the length of time during which the Offer is open, notice of the amendment must be issued no later than 9:00 a.m., U.S. Eastern Time, on the next business day after the last previously scheduled or announced Expiration Date. Any announcement relating to the Offer will be sent promptly to option holders in a manner reasonably designed to inform option holders of the change.

If we materially change the terms of the Offer or the information about the Offer, or if we waive a material condition of the Offer, we may extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Securities Exchange Act of 1934. Under these rules, the minimum period an Offer must remain open following material changes in the terms of the Offer or information about the Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances. We will publish a notice if we decide to take any of the following actions:

- increase or decrease what we will give you in exchange for your Eligible Option Grants; or

- increase or decrease the number of Eligible Option Grants to be exchanged.

If the Offer is scheduled to expire within ten business days from the date we notify you of such an increase or decrease, we intend to extend the Offer for a period of ten business days after the date the notice is published.

15. FEES AND EXPENSES.

We will not pay any fees or commissions to any broker, dealer or other person asking holders of Eligible Option Grants to exchange such Eligible Option Grants pursuant to the Offer.

16. INFORMATION ABOUT US.

General

We were incorporated in Delaware in November 1994 as Exelixis Pharmaceuticals, Inc., and we changed our name to Exelixis, Inc. in February 2000. Our headquarters are in South San Francisco, California. Our principal executive offices are located at 249 East Grand Avenue, South San Francisco, California 94083, and our telephone number is (650) 837-7000. Our website is located at www.exelixis.com. The information on our website is not a part of the Offer Documents.

Exelixis is committed to developing innovative therapies for cancer and other serious diseases. Through our integrated drug discovery and development activities, we are building a portfolio of novel compounds that we believe have the potential to be high-quality, differentiated pharmaceutical products. Our most advanced pharmaceutical programs focus on discovery and development of small molecule drugs for cancer. Utilizing our library of more than 4.5 million compounds, we have integrated high-throughput processes, medicinal chemistry, bioinformatics, structural biology and early *in vivo* testing into a process that allows us to efficiently and rapidly identify highly qualified drug candidates that meet our extensive development criteria.

Financial

Set forth below is a selected summary of certain financial information about Exelixis. This selected financial information is derived from our consolidated financial statements as filed with the SEC. The selected financial data should be read in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2009, our Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2009 and our other reports filed with the SEC.

(all amounts in thousands except for per share)	Fiscal Year		Three Months Ended	
	2008	2007	April 3, 2009	March 28, 2008
Consolidated Statement of Operations Data:				
Total revenues	117,859	113,470	25,302	27,944
Operating expenses:				
Research and development	257,390	225,375	55,345	65,973
General and administrative	36,893	44,940	8,529	8,691
Amortization of intangible assets	—	202	—	—
Collaboration cost sharing	—	—	(1,797)	—
Restructuring charge	2,890	—	—	—
Total operating expenses	297,172	270,517	62,076	74,664
Loss from operations	(179,313)	(157,047)	(36,774)	(46,720)
Total other income (expense)	3,743	46,025	(1,563)	1,550
Consolidated net loss	(175,570)	(111,022)	(38,336)	(45,170)
Loss attributed to noncontrolling interest in Symphony Evolution, Inc.	12,716	24,641	2,156	3,896
Net loss attributable to Exelixis, Inc.	(162,854)	(86,381)	(36,180)	(41,274)
Net loss per share, basic and diluted	(1.54)	(0.87)	(0.34)	(0.39)
Shares used in computing basic and diluted net loss per share	105,498	99,147	106,383	104,993
Consolidated Balance Sheet Data (at period end):				
Cash and cash equivalents, marketable securities, investments held by Symphony Evolution, Inc. and restricted cash and investments	284,185	299,530	237,733	252,237
Working capital	82,028	150,898	53,756	113,063
Total assets	401,622	412,120	355,105	370,572
Long-term obligations, less current portion	97,339	130,671	94,884	128,694
Accumulated deficit	(954,504)	(791,650)	(990,684)	(832,924)
Total stockholders' equity (deficit)	(56,261)	85,511	(88,948)	49,394

Exelixis' book value per share as of January 2, 2009 was (\$0.54). Book value per share is the value of our total stockholders' equity divided by the number of our issued and outstanding shares of common stock, net of shares held in treasury, which at January 2, 2009 amounted to 105,497,602. Exelixis' book value per share as of April 3, 2009 was \$(0.84). The number of our issued and outstanding shares of common stock, net of shares held in treasury, at April 3, 2009 amounted to 106,383,302.

17. ADDITIONAL INFORMATION.

With respect to the Offer, we have filed a Tender Offer Statement on Schedule TO with the SEC. The Offer Documents do not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that you review the Schedule TO, including its exhibits, before making a decision on whether to tender your options.

We also recommend that you review the following materials that we have filed with the SEC before making a decision on whether to exchange your options:

- (a) our Annual Report on Form 10-K for the fiscal year ended January 2, 2009;
- (b) our Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2009;

- (c) our Current Reports on Form 8-K filed with the SEC on March 3, 2009, March 4, 2009, May 7, 2009, May 15, 2009 and May 28, 2009;
- (d) our Definitive Proxy Statement for our 2009 Annual Meeting of Stockholders, filed with the SEC on April 13, 2009; and
- (e) the description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on April 6, 2000, including any amendments or reports filed for the purpose of updating such description.

The SEC file number for these filings is 0-30235. These filings, our other annual, quarterly and current reports, our proxy statements and our other SEC filings may be examined, and copies may be obtained, at the SEC's public reference room located at:

100 F Street, N.E.
Washington, D.C. 20549

You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330.

Our SEC filings are also available to the public on the SEC's Internet site at <http://www.sec.gov>.

Our common stock is quoted on the NASDAQ Global Select Market under the symbol "EXEL" and our SEC filings can be read at the following Nasdaq address:

Nasdaq Operations
1735 K Street, N.W.
Washington, D.C. 20006

We will also provide without charge to each Eligible Employee, upon his or her written or oral request, a copy of the Offer Documents or any or all of the documents to which we have referred you, other than exhibits to those documents (unless the exhibits are specifically incorporated by reference into the documents). Requests should be directed to:

EXELIXIS, INC.
249 EAST GRAND AVENUE
P. O. BOX 511
SOUTH SAN FRANCISCO, CALIFORNIA 94083-0511
Attn: Option Exchange Administrator
E-mail: optionexchange@exelixis.com

or by telephoning us at (650) 837-7311 between the hours of 9:00 a.m. and 5:00 p.m., San Francisco, California, local time.

As you read the documents listed in this Section 17, you may find some inconsistencies in information from one document to another. Should you find inconsistencies between the documents, or between a document and the Offer Documents, you should rely on the statements made in the most recent document.

The information about us contained in the Offer Documents should be read together with the information contained in the documents to which we have referred you.

18. MISCELLANEOUS.

The Offer Documents and our SEC reports referred to above include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. However, the safe harbors of Section 27A of the Securities Act and 21E of the Securities Exchange Act of 1934 do not apply to statements made in connection with the Offer. These forward-looking statements involve risks and uncertainties, including those described in our Annual Report on Form 10-K for the fiscal year ended January 2, 2009, our Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2009 and our other reports filed with the SEC. WE ENCOURAGE YOU TO REVIEW THE RISK FACTORS CONTAINED IN OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JANUARY 2, 2009, OUR QUARTERLY REPORT ON FORM 10-Q FOR THE FISCAL QUARTER ENDED APRIL 3, 2009 AND OUR OTHER REPORTS FILED WITH THE SEC BEFORE YOU DECIDE WHETHER TO PARTICIPATE IN THE OFFER.

If at any time we become aware of any jurisdiction where the making of the Offer violates the law, we will make a good faith effort to comply with the law. If we cannot comply with the law, the Offer will not be made to, nor will exchanges be accepted from or on behalf of, the option holders residing in that jurisdiction.

Our Board of Directors recognizes that the decision to accept or reject the Offer is an individual one that should be based on a variety of factors and you should consult your personal advisors if you have questions about your financial situation. You should also carefully read the tax information provided in Section 13 and consult your personal tax advisor for information regarding your specific situation. The information about the Offer from us is limited to the Offer Documents and the Tender Offer Statement on Schedule TO.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR OPTIONS PURSUANT TO THE OFFER. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THE OFFER DOCUMENTS AND THE TENDER OFFER STATEMENT ON SCHEDULE TO. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

SCHEDULE A

**INFORMATION ABOUT OUR DIRECTORS AND
EXECUTIVE OFFICERS**

Our directors and executive officers and their (a) ages, (b) positions and offices and (c) the number of shares of our common stock subject to stock options held as of June 30, 2009, are set forth in the following table:

<u>Name</u>	<u>Age</u>	<u>Positions and Offices Held</u>	<u>Shares Subject to Outstanding Options</u>
George A. Scangos, Ph.D.	61	President, Chief Executive Officer and Director	3,650,000
Michael M. Morrissey, Ph.D.	48	President of Research and Development	1,180,000
Frances K. Heller, J.D.	42	Executive Vice President, Business Development	275,000
Frank L. Karbe	41	Executive Vice President and Chief Financial Officer	845,000
Gisela M. Schwab, M.D.	53	Executive Vice President and Chief Medical Officer	494,000
Pamela A. Simonton, J.D., LL.M.	59	Executive Vice President and General Counsel	686,876
Peter Lamb, Ph.D.	48	Senior Vice President, Discovery Research and Chief Scientific Officer	609,000
Lupe M. Rivera	42	Senior Vice President, Operations	533,750
Stelios Papadopoulos, Ph.D.	61	Director	211,250
Charles Cohen, Ph.D.	58	Director	111,250
Carl B. Feldbaum, Esq.	65	Director	61,250
Alan M. Garber, M.D., Ph.D.	54	Director	81,250
Vincent T. Marchesi, M.D., Ph.D.	73	Director	101,250
Frank McCormick, Ph.D.	58	Director	91,250
George Poste, D.V.M., Ph.D.	65	Director	81,250
Lance Willsey, M.D.	48	Director	111,250
Jack Wyszomierski	53	Director	91,250

The business address of each director and executive officer is: Exelixis, Inc., 249 East Grand Avenue, P.O. Box 511, South San Francisco, California 94083-0511 and the business telephone number of each director and executive officer is (650) 837-7000.

George A. Scangos, Ph.D., has served as a director and as Exelixis' President and Chief Executive Officer since October 1996. From September 1993 to October 1996, Dr. Scangos served as President of Biotechnology at Bayer Corporation, a pharmaceutical company, and was responsible for research, business and process development, manufacturing, engineering and quality assurance. Dr. Scangos is Chairman of the board of directors of Anadys Pharmaceuticals, Inc., and a member of the board of directors of Entelos, Inc. and of our former subsidiary, TaconicArtemis GmbH (previously known as Artemis Pharmaceuticals GmbH). Dr. Scangos also serves as the Vice Chair of the California Healthcare Institute (CHI), a member of the Board of the Global Alliance for TB Drug Development and as a director of Fondation Santé. Dr. Scangos is also a member of the Board of Visitors of the University of California, San Francisco School of Pharmacy and the Board of Overseers of the University of California, Davis School of Medicine. Dr. Scangos was a Jane Coffin Childs Post-Doctoral Fellow at Yale University and a faculty member at Johns Hopkins University. Dr. Scangos currently holds an appointment as Adjunct Professor of Biology at Johns Hopkins University. Dr. Scangos holds a B.A. in Biology from Cornell University and a Ph.D. in Microbiology from the University of Massachusetts.

Michael M. Morrissey, Ph.D., has served as President of Research and Development since January 2007. From January 2006 until December 2006, Dr. Morrissey served as Executive Vice President, Discovery. From January 2003 to December 2005, Dr. Morrissey served as Senior Vice President, Discovery. Previously, he served as Vice President of Discovery Research from February 2000 through December 2002. From 1991 to 2000, Dr. Morrissey held several positions at Berlex Biosciences, last holding the position of Vice President, Discovery Research. From 1986 to 1991, he served as a Senior Scientist and Project Team Leader in Medicinal Chemistry at CIBA-Geigy Corporation, a pharmaceutical company. He is the author of numerous scientific publications in medicinal chemistry and drug discovery and an inventor on 70 issued U.S. patents and 25 additional published U.S. patent applications. Dr. Morrissey holds a B.S. (Honors) in Chemistry from the University of Wisconsin and a Ph.D. in Chemistry from Harvard University.

Frances K. Heller, J.D., has served as Executive Vice President, Business Development since August 2008. From December 2003 until she joined Exelixis, Ms. Heller was head of Strategic Alliances at Novartis Institutes for Biomedical Research (NIBR), the global research organization for Novartis AG. Prior to NIBR, from 2001 to 2003, Ms. Heller served as Vice President of Corporate Development & Legal Affairs at Signature BioScience, Inc., an oncology drug discovery company, where she oversaw all business development and legal activities. Prior to Signature Bioscience, from 1998 to 2001 Ms. Heller held positions of increasing responsibility at Celera Genomics, most recently serving as Corporate and Intellectual Property Counsel and head of the legal department with responsibility for corporate and business transactions and gene discovery collaborations. Ms. Heller is a member of the California State Bar and is licensed by the United States Patent and Trademark Office. She received her J.D. degree from the Golden Gate University School of Law, her M.A. in biology from American University, and her B.S. in biology from Tulane University.

Frank L. Karbe has served as Executive Vice President and Chief Financial Officer since July 2007. From February 2004 to July 2007, Mr. Karbe served as Senior Vice President, Chief Financial Officer. From 1997 to January 2004, Mr. Karbe worked as an investment banker for Goldman Sachs & Co., where he served most recently as Vice President in the healthcare group focusing on corporate finance and mergers & acquisitions in the biotechnology industry. Prior to Goldman Sachs, Mr. Karbe held various positions in the finance department of The Royal Dutch/Shell Group in Europe. Mr. Karbe holds a Diplom Kaufmann from the WHU—Otto Beisheim Graduate School of Management, Koblenz, Germany (equivalent to a U.S. Masters of Business Administration).

Gisela M. Schwab, M.D., has served as Executive Vice President and Chief Medical Officer since January 2008. She joined Exelixis in 2006 as Senior Vice President and Chief Medical Officer. From 2002 to 2006, she held the position of Senior Vice President and Chief Medical Officer at Abgenix, Inc., a human antibody-based drug development company. She also served as vice president, clinical development, at Abgenix from 1999 to 2001. Prior to working at Abgenix, from 1992 to 1999, she held positions of increasing responsibility at Amgen Inc., most recently as Director of Clinical Research and Hematology/Oncology Therapeutic Area Team

Leader. She received her Doctor of Medicine degree from the University of Heidelberg, trained at the University of Erlangen-Nuremberg and the National Cancer Institute and is board certified in internal medicine and hematology and oncology.

Pamela A. Simonton, J.D., LL.M., has served as Executive Vice President and General Counsel since January 2008. Previously, she served as Senior Vice President, Patents and Licensing from January 2004 until December 2007. In addition, she served as Vice President of Corporate Technology Development from April 2000 through December 2003. From July 1996 to April 2000, Ms. Simonton served as Vice President, Licensing and Acquisitions for Bayer Corporation's Pharmaceutical Division. From September 1994 to July 1996, Ms. Simonton served as Vice President of Patents and Licensing for Bayer's Pharmaceutical Division, North America. Ms. Simonton is admitted to practice in California (RIHC), the District of Columbia and Florida and before the United States Patent and Trademark Office. Ms. Simonton holds a B.S. in Chemistry from Barry College, an M.S. in Physics from the University of Miami, a J.D. from Nova University and an LL.M. in Patent and Trade Regulation from George Washington University.

Peter Lamb, Ph.D., has served as Senior Vice President, Discovery Research and Chief Scientific Officer since January 2007. Previously, he served as Vice President, Discovery Pharmacology from December 2003 until January 2007 and Senior Director, Molecular Pharmacology and Structural Biology from October 2000 until December 2003. From June 1992 until September 2000 he held positions of increasing responsibility at Ligand Pharmaceuticals, most recently serving as Director of Transcription Research. During this time, he led teams that implemented novel drug discovery approaches that led to the identification of the first small molecule activators of cytokine receptors. Dr. Lamb has held post-doctoral research fellowships at the Carnegie Institution, Department of Embryology, with Dr. S.L. McKnight and the University of Oxford with Dr. N.J. Proudfoot, working in the field of gene regulation. He has authored numerous articles in the fields of gene expression, signal transduction and oncology, and is an author on multiple issued and pending US patents. He has a Ph.D. in Molecular Biology from the ICRF/University of London and a B.A. in Biochemistry from the University of Cambridge.

Lupe M. Rivera has served as Senior Vice President, Operations since July 2007. Ms. Rivera served as Senior Vice President, Human Resources and Communications from January 2007 through June 2007. Ms. Rivera served as Vice President, Human Resources from July 2004 through December 2006, and she served as Exelixis' Human Resources Director from January 2002 through June 2004. She joined Exelixis in 2002 from AT&T's Digital Subscriber Line (DSL) unit where she held the position of District Manager, Human Resources. Prior to joining AT&T, she was Director, Human Resources for NorthPoint Communications, and prior to that she held various positions with Deltanet, an information technology company. Ms. Rivera also spent twelve years in banking with Valley National Bank of Arizona, Bank One, Arizona and Bank One, Utah. Ms. Rivera holds a Masters Degree in Human Resources & Organization Development from University of San Francisco. Ms. Rivera is a certified Senior Professional in Human Resources (SPHR) by the Human Resource Certification Institute and a Certified Compensation Professional (CCP) from World at Work (formerly known as the American Compensation Association).

Stelios Papadopoulos, Ph.D., a co-founder of Exelixis, has been a director since December 1994 and the Chairman of the Board since January 1998. Dr. Papadopoulos retired as Vice Chairman of Cowen & Co., LLC in August 2006 after six years as an investment banker with the firm, where he focused on the biotechnology and pharmaceutical sectors. Prior to joining Cowen & Co., he spent 13 years as an investment banker at PaineWebber, Incorporated, where he was most recently Chairman of PaineWebber Development Corp., a PaineWebber subsidiary focusing on biotechnology. He joined PaineWebber in April 1987 from Drexel Burnham Lambert, where he was a Vice President in the Equity Research Department covering the biotechnology industry. Prior to Drexel, he was a biotechnology analyst at Donaldson, Lufkin & Jenrette. Before coming to Wall Street in 1985, Dr. Papadopoulos was on the faculty of the Department of Cell Biology at New York University Medical Center. He continues his affiliation with New York University Medical Center as an Adjunct Associate Professor of Cell Biology. Dr. Papadopoulos is a member of the board of directors of Biogen Idec, Inc. He is a co-founder and member of the board of directors of Anadys Pharmaceuticals, Inc. and Cellzome, Inc. He is vice-chairman of the board of directors of BG Medicine, Inc., a privately-held life sciences company, a member of the board of directors of Joule Biotechnologies, Inc., a privately-held biotechnology company, and a member of the Board of Directors of Regulus, Inc., a privately-held biotechnology company. In the not-for-profit sector, Dr. Papadopoulos is a co-founder and Chairman of Fondation Santé, a member of the board of visitors of Duke University Medical Center and a member of the board of directors of the National Marrow Donor Program. Dr. Papadopoulos holds a Ph.D. in Biophysics and an M.B.A. in Finance, both from New York University.

Charles Cohen, Ph.D., has been a director since November 1995. Since May 2007, Dr. Cohen has been a managing director of Advent Healthcare Ventures, a venture capital firm. Currently, Dr. Cohen is the Chairman of the Supervisory Board of Cellzome AG, a post-genomics biotechnology company. From 2003 to 2007, Dr. Cohen was Vice President of Advent International, a global private equity firm. From 2000 to 2002, Dr. Cohen was the Chief Executive Officer of Cellzome AG. Prior to that, Dr. Cohen co-founded Creative BioMolecules, Inc., a biotechnology company, in 1982 and was a director and its Chief Executive Officer from 1985 to 1995. Dr. Cohen serves on the board of directors of several private companies. Dr. Cohen has been the Chief Executive Officer of several companies. Dr. Cohen received his Ph.D. from New York University School of Medicine.

Carl B. Feldbaum, Esq., has been a director since February 2007. Mr. Feldbaum is also member of the board of directors of Actelion, Ltd, a biopharmaceutical company. Mr. Feldbaum is president emeritus of the Biotechnology Industry Organization (BIO), which represents more than 1,000 biotechnology companies, academic institutions and state biotechnology centers internationally. Mr. Feldbaum served as president of BIO from 1993 until his retirement in 2005. Prior to joining BIO, Mr. Feldbaum was chief of staff to Senator Arlen Specter of Pennsylvania. He also was president and founder of the Palomar Corporation, a national security “think tank” in Washington, D.C. Before founding Palomar Corporation, Mr. Feldbaum was assistant to the Secretary of Energy and served as the Inspector General for defense intelligence in the U.S. Department of Defense. From 1973-1975, Mr. Feldbaum served as Assistant Special Prosecutor, Watergate Special Prosecutor Force, U.S. Department of Justice. Mr. Feldbaum received an A.B. in Biology from Princeton University and his J.D. from the University of Pennsylvania Law School.

Alan M. Garber, M.D., Ph.D., has been a director since January 2005. Dr. Garber has been the Henry J. Kaiser Jr. Professor and a Professor of Medicine at Stanford University since 1998. Dr. Garber is also a Professor (by courtesy) of Economics, Health Research and Policy, and of Economics in the Graduate School of Business at Stanford University. Dr. Garber is the Director of the Center for Primary Care and Outcomes Research at Stanford University School of Medicine, the Center for Health Policy at Stanford University and the Health Care Program of the National Bureau of Economic Research. He is a Senior Fellow at the Freeman Spogli Institute for International Studies at Stanford University and a staff physician at the VA Palo Alto Health Care System. Dr. Garber is a member of the Institute of Medicine, the American Society of Clinical Investigation, and the Association of American Physicians. Dr. Garber is on the editorial board of acclaimed scientific journals and has received numerous awards and honors. Dr. Garber holds an A.B. *summa cum laude*, an A.M. and a Ph.D., all in Economics, from Harvard University, and an M.D. from Stanford University.

Vincent T. Marchesi, M.D., Ph.D., has been a director since May 2001. Since 1973, Dr. Marchesi has been a Professor of Pathology and Cell Biology at Yale University and, since 1991, the Director of the Boyer Center for Molecular Medicine at Yale University. In 1982, Dr. Marchesi co-founded Molecular Diagnostics, Inc., a diagnostic development company. Dr. Marchesi was formerly Chair of Pathology at the Yale-New Haven Hospital. Dr. Marchesi holds an M.D. from Yale University and a Ph.D. from Oxford University, and is a member of the National Academy of Sciences and the Institute of Medicine.

Frank McCormick, Ph.D. FRS, has been a director since July 2003. Since 1998, Dr. McCormick has been Director of the University of California, San Francisco (UCSF) Helen Diller Family Comprehensive Cancer Center and he is currently the Associate Dean, School of Medicine, UCSF. Dr. McCormick is the David A. Wood Professor of Tumor Biology and Cancer Research in the Department of Microbiology and Immunology at UCSF as well as the E. Dixon Heise Distinguished Professor in Oncology. From 1992 to 1998, Dr. McCormick was the founder and Chief Scientific Officer at Onyx Pharmaceuticals, Inc., a biotechnology company. From 1991 to 1992, he served as Vice President of Therapeutic Research at Chiron Corporation, a pharmaceutical company, and from 1981 to 1990, he served as Vice President of Discovery Research with Cetus Corporation, a biotechnology company. Dr. McCormick is on the editorial board of some of the most prestigious international cancer publications and serves as a board member or advisor to multiple cancer research organizations. Dr. McCormick currently serves as a member of the Exelixis, Inc. Scientific Advisory Board. Dr. McCormick was a Post-Doctoral Fellow with Dr. Allen Smith at the Imperial Cancer Research Fund in London, England, and with Professor Seymour S. Cohen at the State University of New York at Stony Brook. Dr. McCormick holds a B.S. in Biochemistry from the University of Birmingham, England and a Ph.D. in Biochemistry from the University of Cambridge, England.

George Poste, D.V.M., Ph.D., has been a director since August 2004. Since February 2009, Dr. Poste has been the Chief Scientist at Complex Adaptive Systems Initiative and Regents' Professor and Del E. Webb Professor of Health Innovation at Arizona State University. From

May 2003 to February 2009, Dr. Poste served as the director of the Biodesign Institute at Arizona State University. Dr. Poste has served as the Chief Executive Officer of Health Technology Networks, a consulting company that specializes in the application of genomic technologies and computing in healthcare, since 2000. From 1992 to 1999, he was the Chief Science and Technology Officer and President, R&D of SmithKline Beecham Corporation, a pharmaceutical company. Dr. Poste serves on the Defense Science Board of the U.S. Department of Defense (and chairs the Task Force on Bioterrorism) and is a member of other organizations dedicated to advance the defense against bioweapons and biowarfare. Dr. Poste is also the Non-Executive Chairman of Orchid Biosciences, Inc., a DNA forensics company, and a member of the board of directors of Monsanto Company, a provider of agricultural products and solutions and Caris, a privately held medical diagnostics company. Dr. Poste is a Fellow of the Royal Society, the UK Academy of Medical Sciences, Hoover Institution, Stanford University, and various other prestigious organizations and has been awarded honorary doctorates from several universities. Dr. Poste holds a D.V.M. in veterinary medicine and a Ph.D. in Virology from the University of Bristol, England.

Lance Willsey, M.D., has been a director since April 1997. Dr. Willsey has been a founding partner of DCF Capital, a hedge fund focused on investing in the life sciences, since July 1998. From July 1997 to July 1998, Dr. Willsey served on the Staff Department of Urologic Oncology at the Dana Farber Cancer Institute at Harvard University School of Medicine. From July 1996 to July 1997, Dr. Willsey served on the Staff Department of Urology at Massachusetts General Hospital at Harvard University School of Medicine, where he was a urology resident from July 1992 to July 1996. Dr. Willsey is a member of the board of directors of Exact Sciences Corporation, a biotechnology company. Dr. Willsey holds a B.S. in Physiology from Michigan State University and an M.S. in Biology and an M.D., both from Wayne State University.

Jack L. Wyszomierski has been a director since February 2004. From 2004 to June 2009, Mr. Wyszomierski was the Executive Vice President and Chief Financial Officer of VWR International, LLC, or "VWR," a supplier of laboratory supplies, equipment and supply chain solutions to the global research laboratory industry. From 1982 to 2003, Mr. Wyszomierski held positions of increasing responsibility within the finance group at Schering-Plough Corporation, a health care company, culminating with his appointment as Executive Vice President and Chief Financial Officer in 1996. Prior to joining Schering-Plough, he was responsible for capitalization planning at Joy Manufacturing Company, a producer of mining equipment, and was a management consultant at Data Resources, Inc. Mr. Wyszomierski holds a M.S. in Industrial Administration and a B.S. in Administration, Management Science and Economics from Carnegie Mellon University.

STOCK OPTION EXCHANGE

QUESTIONS AND ANSWERS

These Questions and Answers relate to our offer to exchange all outstanding options to purchase shares of our common stock that were granted before January 7, 2008 and that have an exercise price equal to or greater than \$7.13 per share. These Questions and Answers are to be read in conjunction with the Offer to Exchange Outstanding Options to Purchase Common Stock, of which they are a part.

Q1 What is the stock option exchange program?

A1 Our stock option exchange program (also referred to in these materials as the Offer) is a voluntary program permitting Eligible Employees to exchange stock options that were granted before January 7, 2008 and that have an exercise price that is equal to or greater than \$7.13 per share (also referred to in these materials as Eligible Option Grants) for a reduced number of Replacement Options to purchase shares of our common stock for an exercise price equal to the closing sales price of our common stock as reported on The NASDAQ Global Select Market (also referred to in these materials as Nasdaq) on the date of grant (or, if no sales are reported on such date, then the closing sales price of our common stock on the first day prior to such date on which there is a reported sale) (also referred to in these materials as the Fair Market Value). The Replacement Options will be granted pursuant to our 2000 Equity Incentive Plan (also referred to in these materials as the 2000 Plan). We expect to grant the Replacement Options on August 5, 2009, or if we extend the expiration of the Offer to a later date, then we expect to grant the Replacement Options on the first business day after the expiration of the Offer.

The Offer will be open to all persons (also referred to in these materials as Eligible Employees) who as of the commencement of the Offer are employed by us and our U.S. subsidiaries. However, members of our Board of Directors, our Named Executive Officers, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted will not be eligible to participate in the Offer.

Your participation in the Offer is voluntary; you may either keep your current Eligible Option Grants at their current exercise price or cancel those Eligible Option Grants in exchange for Replacement Options with exercise price equal to the Fair Market Value on the date of grant.

Q2 Why is the Option Exchange Program being offered?

A2 In light of the decline in the price of our common stock during the last several years, we recognize that many of our employees hold options that are “underwater” (meaning that the exercise prices are significantly higher than the current market price of our common stock). As of June 30, 2009, Eligible Employees held options for approximately 11,915,663 shares with exercise prices equal or greater than \$7.13 per share. As of June 30, 2009, the closing sales price of our common stock as reported by Nasdaq was \$4.87. We believe that to enhance long-term stockholder value we need to maintain competitive employee compensation and incentive programs and that an equity stake in our success is a critical

component of these programs. Options that are substantially underwater are no longer effective as performance and retention incentives. We believe the Offer will provide us with a renewed opportunity to give Eligible Employees an economic stake in our future growth and success.

Q3 Why can't I just be granted additional options?

A3 We strive to balance the need for a competitive compensation package for our employees with the interests of our stockholders. Because of the large number of stock options that are currently outstanding, a large grant of new options could potentially have a dilutive effect on the holdings of our stockholders. Additionally, one of the goals of the Offer is to reduce the significant number of our stock options that we believe are not serving their intended purpose of incentivizing employees.

Q4 What options may I exchange as part of this program?

A4 As described more fully below, we are offering to exchange certain stock options held by Eligible Employees that are currently outstanding under our 1997 Equity Incentive Plan, AgriTope, Inc. 1997 Stock Award Plan and 2000 Plan.

Any option that was granted to an Eligible Employee before January 7, 2008 with an exercise price equal to or greater than \$7.13 per share that is outstanding on the Expiration Date of the Offer, which is currently expected to be August 4, 2009, or a later date if we extend the Offer, will be eligible for exchange.

Concurrently, with this Offer you have been given login instructions for accessing Mellon's website. After accessing the website, you can view your Eligible Option Grants by going to the Election Form on the Mellon website. If you have misplaced or not received your Mellon login instructions, please call Mellon at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.

Q5 May I tender options that I have already exercised?

A5 The Offer only permits the exchange of options, and does not apply in any way to shares purchased, whether upon the exercise of options or otherwise (including purchases via the open market and our Employee Stock Purchase Plan), whether or not you have vested in those shares. If you have exercised an Eligible Option Grant in its entirety, that option is no longer outstanding and is therefore not subject to the Offer. If you have exercised an Eligible Option Grant in part, the remaining unexercised portion of that option is outstanding and may be tendered for exchange pursuant to the Offer. Eligible Option Grants for which you have both properly submitted an exercise notice and tendered the exercise price prior to the date the Offer expires will be considered exercised to that extent, whether or not you have received confirmation of exercise for the shares purchased.

Q6 Are purchase rights granted under our Employee Stock Purchase Plan eligible for exchange under the Option Exchange Program?

A6 No. Neither purchase rights granted under our Employee Stock Purchase Plan nor shares of our common stock acquired under our Employee Stock Purchase Plan are eligible for exchange in the Offer.

Q7 How many Replacement Options will I receive for the options that I exchange?

A7 The number of Replacement Options that you will receive in the Offer is related to the exercise price of your Eligible Option Grants. We have established three exchange ratios for Eligible Option Grants depending on their exercise prices. The following table sets forth the three exchange ratios and the range of exercise prices applicable to each exchange ratio:

<u>Exercise Price Range</u>	<u>Exchange Ratio: Option Shares per Replacement Option</u>
\$7.13-\$12.00	1.25 to 1
\$12.01-\$18.96	4 to 1
\$18.97-\$45.00	90 to 1

The total number of Replacement Options an Eligible Employee will receive with respect to a surrendered Eligible Option Grant will be determined by applying the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant and rounding to the nearest whole share (with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share). For example, if an Eligible Employee holds an option to purchase 1,000 shares of our common stock at an exercise price of \$15.00 per share, he or she would be entitled to exchange that option for a Replacement Option to purchase 250 shares (i.e., after applying the applicable 4 to 1 exchange ratio set forth in the table above) with such Replacement Option having an exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. Note that the exchange ratios apply to each of your Eligible Option grants separately.

Q8 Why isn't the exchange ratio simply one-for-one and how were the exchange ratios calculated?

A8 Our stock option exchange program is designed to balance our interests and those of our employees and stockholders. In general, the exchange ratios selected for the Offer were intended to result in the issuance of Replacement Options that, in the aggregate, have a fair value estimated to be approximately less than or equal to the fair value of the Eligible Option Grants surrendered in the exchange as calculated using the Black-Scholes-Merton option-pricing model.

- Q9** If the price of our common stock were to increase after the date on which my Eligible Option Grants are cancelled, is it possible that those cancelled Eligible Option Grants would have ultimately been more economically valuable than the Replacement Options I received in exchange for them?
- A9** Yes. If the price of our common stock increases after the date on which your Eligible Option Grants are cancelled, those cancelled Eligible Option Grants might prove to have been worth more than the Replacement Options that you receive in exchange for them. For example, if you exchange Eligible Option Grants covering 100 shares with an exercise price of \$15.00 per share, you would receive a Replacement Option covering 25 shares (after applying the applicable exchange ratio of four Eligible Option Grant shares for every one Replacement Option share). Assume, for illustrative purposes only, that the exercise price for the Replacement Options is \$7.00 per share. Also assume, for illustrative purposes only, that two years after the Replacement Option grant date the fair market value of our common stock had increased to \$32.00 per share. Under this example, if you had kept your exchanged Eligible Option Grants, exercised them, and sold the underlying shares at \$32.00 per share, you would have realized a pre-tax gain of \$1,700, but if you exchanged your options and sold the shares subject to the Replacement Options for \$32.00 per share, you would only realize a pre-tax gain of \$625.
- Note that this discussion does not take into account vesting. Your Eligible Option Grants may be fully vested, whereas the Replacement Options granted pursuant to the Offer will be subject to vesting restrictions. You should take into account the fact that the Replacement Options are subject to future vesting when deciding whether to participate in the Offer.
- Q10** If I elect to participate in the Offer, when will I receive my Replacement Options?
- A10** If you participate in the Offer, we expect to grant you your Replacement Options on August 5, 2009, or if we extend the expiration of the Offer to a later date then we expect to grant the Replacement Options on the first business day after the expiration of the Offer.
- Q11** How will my Replacement Options vest?
- A11** Replacement Options issued in the exchange will be completely unvested at the time they are granted and will become vested on the basis of your continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments.
- If your Eligible Option Grant is partially vested on the Commencement Date and you elect to participate in the Offer, you will receive two separate Replacement Options in exchange

for that Eligible Option Grant. One Replacement Option will correspond to the fully vested options and will vest on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested options and will vest over three years from the date of grant. Please see Section 9 for additional information regarding the vesting of the Replacement Options.

IF YOU EXCHANGE ELIGIBLE OPTION GRANTS FOR REPLACEMENT OPTIONS AND YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES FOR ANY REASON BEFORE THE DATE THE REPLACEMENT OPTIONS VEST, THEN YOU WILL FORFEIT ANY REPLACEMENT OPTIONS RECEIVED THAT REMAIN UNVESTED AT THE TIME YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES.

Under the terms of the 2000 Plan, all stock awards, including Replacement Options, held by persons whose service with us has not terminated generally fully vest in the event that such stock awards are not assumed or replaced in certain change-in-control transactions.

Q12 What are the other terms and conditions of my Replacement Options?

A12 Each Replacement Option represents a right to acquire a specific number of shares of our common stock at a fixed exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. Replacement Options will be granted pursuant to the 2000 Plan and will be nonstatutory stock options, even if the Eligible Option Grants surrendered in the Offer were incentive stock options. Please see Section 13 on the difference in tax treatment between an incentive stock option and nonstatutory stock option. We may require you to satisfy any applicable tax withholding requirements through payroll withholding, by withholding proceeds received upon sale of the underlying common stock through a sell-to-cover arrangement, or otherwise. For additional information regarding the terms of the Replacement Options to be issued in the exchange, please refer to your 2000 Plan prospectus available on our Agora intranet website under “My Stock/My ESPP” which can be found under “My Workplace Tools”.

Q13 Are there conditions to the Offer?

A13 Yes. The Offer is subject to a number of conditions, including the conditions described in Section 6 of the Offer Documents which you should read carefully. However, the Offer is not conditioned on a minimum number of option holders accepting the Offer or a minimum number of Eligible Option Grants being exchanged. If any of the events described in Section 6 occur, we may terminate, extend or amend the Offer at any time prior to the expiration of the Offer.

Q14 Are there any eligibility requirements I must satisfy in order to receive the Replacement Options?

A14 In order to receive Replacement Options, you must be employed by us or by our Subsidiaries (including employees on a leave of absence) on the Commencement Date and you must remain continuously employed by us or one of our Subsidiaries or be on a leave

of absence protected by statute through the date Replacement Options are granted. However our Named Executive Officers, members of our Board of Directors, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted are **NOT** eligible to participate in the Offer.

PARTICIPATION IN THE OFFER DOES NOT CONFER UPON YOU THE RIGHT TO REMAIN EMPLOYED BY US OR ANY OF OUR SUBSIDIARIES. YOUR EMPLOYMENT IS "AT-WILL" AND MAY BE TERMINATED BY US OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, FOR ANY REASON, WITH OR WITHOUT CAUSE.

IF YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES AFTER YOU TENDER YOUR OPTIONS BUT PRIOR TO THE EXPIRATION DATE, YOU ARE NOT ELIGIBLE TO PARTICIPATE IN THE OFFER. IF THE EXPIRATION DATE AND THE GRANT DATE ARE DIFFERENT AND YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES FOLLOWING THE EXPIRATION DATE AND PRIOR TO THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, YOU WILL NOT RECEIVE ANY REPLACEMENT OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR ELIGIBLE OPTION GRANTS THAT HAVE BEEN EXCHANGED AND YOUR EXCHANGED ELIGIBLE OPTION GRANTS WILL NOT BE REINSTATED.

Q15 Are employees who tender their Eligible Option Grants and are on a leave of absence on the date the Replacement Options are granted eligible to participate?

A15 If you tender your Eligible Option Grants and they are cancelled in the exchange and, on the date Replacement Options are granted, you are on a leave of absence protected by statute, then you will be entitled to receive the applicable number of Replacement Options on the date Replacement Options are granted. If, however, on the date Replacement Options are granted you are on a leave that is **not** protected by statute, then the Replacement Options will be issued on the date, if any, that you return to regular employment with us or one of our Subsidiaries.

Q16 Are the terms and conditions of the Offer the same for everyone?

A16 Yes. The terms and conditions are the same for everyone who is eligible to participate in the Offer (See Question & Answer 14).

Q17 How should I decide whether or not to participate?

A17 We understand that this will be a challenging decision for everyone. The Offer does carry considerable risk, and there are no guarantees regarding our future stock performance. As a result, the decision to participate must be your personal decision, and it will depend largely on your assumptions about the future overall economic environment, the performance of the Nasdaq, our own stock price and our business and your desire and ability to remain an employee of Exelixis or one of its subsidiaries until the Expiration Date and the date the Replacement Options become vested (also see Question & Answer 9).

Exelixis cannot advise you on the decision to participate in the Offer, and we have not authorized anyone to make any recommendation on our behalf as to your choices. You are strongly encouraged to seek further advice from your tax, financial and legal advisors.

Q18 How does the Offer work?

A18 On or before the Expiration Date (which we currently expect to be August 4, 2009), you may decide to exchange any of your shares subject to Eligible Option Grants for a reduced number of Replacement Options. The number of Replacement Options you are entitled to receive upon exchange of your Eligible Option Grants will be determined by the applicable exchange ratio (see Question & Answer 7).

Q19 What if my Eligible Option Grants are not currently vested? Can I exchange them?

A19 Yes. Your Eligible Option Grants do not need to be vested in order for you to exchange them in response to the Offer.

Q20 If I elect to exchange my Eligible Option Grants, do I have to exchange all of my Eligible Option Grants or can I just exchange some of them?

A20 If you have more than one Eligible Option Grant, then you may exchange any or all of them. However, you cannot exchange part of any particular Eligible Option Grant and keep the balance; you must exchange the entire unexercised portion of the Eligible Option Grant that you tender in response to the Offer. Generally, each Eligible Option Grant is subject to a number of shares of our common stock. For example, an employee might have received a stock option grant to purchase 100 shares of our common stock. The option to purchase all 100 shares would have been granted on the same date with the same exercise price. When we state that you may not exchange part of any particular Eligible Option Grant, we mean that you can elect to exchange either all or none of the underlying shares of common stock subject to a particular grant. Using the example of an Eligible Option Grant to purchase 100 shares of our common stock, assuming the entire stock option was still outstanding (i.e., unexercised) with respect to all 100 shares, you could elect to exchange all or none of the 100 shares subject to the stock option. You may not elect to surrender only a portion of the Eligible Option Grant (i.e., less than 100 shares subject to the stock option).

Q21 My options are separated between incentive stock options and nonstatutory stock options because my original grant exceeded the \$100,000 limit on incentive stock options imposed by U.S. tax laws. Can I exchange one part but not the other?

A21 No. An Eligible Option Grant that has been separated into a partial incentive stock option and a partial nonstatutory stock option is still considered to be a single option, and cannot be separated for purposes of the Offer. When you access Mellon's website to view your Eligible Option Grants, any Eligible Option Grants that were previously separated into a partial incentive stock option and a partial nonstatutory stock option will be listed as one single Eligible Option Grant.

Q22 Can I exchange the remaining portion of an Eligible Option Grant that I have partially exercised?

A22 Yes. If you have exercised an Eligible Option Grant in part, the remaining unexercised portion of that option is outstanding and may be tendered for exchange pursuant to the Offer. Options for which you have properly submitted an exercise notice and tendered the exercise prior to the date the Offer expires will be considered exercised to that extent, whether or not you have received confirmation of exercise for the shares purchased.

Q23 Will I be required to give up all of my rights under the cancelled options?

A23 Yes. Once we have accepted your tendered Eligible Option Grants, your tendered Eligible Option Grants will be cancelled and you will no longer have any rights thereunder. We intend to cancel all tendered Eligible Option Grants on the same U.S. business day as the Expiration Date. We currently expect that the Expiration Date will be August 4, 2009. (See Section 5)

Q24 Will the terms and conditions of my Replacement Options be the same as my exchanged options?

A24 Replacement Options will be granted pursuant to the 2000 Plan and will be nonstatutory stock options, even if the Eligible Option Grants surrendered in the Offer were incentive stock options. (See Section 13)

Replacement Options issued in the exchange will be completely unvested at the time they are granted and will become vested on the basis of an Eligible Employee's continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. If an Eligible Option Grant surrendered in the Offer is partially vested on the Commencement Date, two separate Replacement Options will be granted in exchange for that Eligible Option Grant. One Replacement Option will correspond to the fully vested portion of the surrendered Eligible Option Grant and will be 100% vested on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested portion of the surrendered Eligible Option Grant and will be 33% vested on the one-year anniversary following the date the Replacement Options are granted and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments.

The term of each Replacement Option shall equal the weighted average remaining term of all Eligible Option Grants surrendered in the Offer, instead of the typical ten-year term of other stock options granted under the 2000 Plan.

All other terms and conditions of the replacement stock options issued in the exchange program will be substantially the same as those that apply generally to stock options granted under the 2000 Plan.

Q25 Will I have to pay taxes if I participate in the Offer?

A25 You generally will not be required under current U.S. law to recognize income for U.S. federal income tax purposes at the time of the exchange or the date on which the Replacement Options are granted. However, to the extent the Replacement Options are nonstatutory stock options, you generally will have taxable income upon exercise of your Replacement Options, at which time we will also generally have a tax withholding obligation. We may require you to satisfy the applicable tax withholding requirements through payroll withholding, by withholding proceeds received upon sale of the underlying common stock through a sell-to-cover arrangement, or otherwise. You may also have taxable income when you sell the shares issued upon exercise of the Replacement Option. (See Section 13)

IF YOU ARE AN EMPLOYEE WITH A TAX RESIDENCE OUTSIDE OF THE UNITED STATES AS OF THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, YOU WILL NOT BE ELIGIBLE TO PARTICIPATE IN THE OFFER.

For all employees, we strongly recommend that you consult with your own tax advisor to determine the personal tax consequences to you of participating in the Offer.

Q26 What are the tax implications for not participating in the Offer?

A26 We have designed the Offer to avoid changing the tax treatment of your Eligible Option Grants if you do not accept the Offer. However, if the Offer is extended beyond the original Expiration Date, then the U.S. Internal Revenue Service (IRS) may characterize the Offer as a modification of those Eligible Option Grants that are incentive stock options, even if you decline the Offer. A successful assertion by the IRS that your Eligible Option Grants have been modified could extend the Eligible Option Grants' holding period to qualify for favorable tax treatment and cause a portion of your Eligible Option Grants to be treated as nonstatutory stock options. If you choose not to exchange your Eligible Option Grants and you have been granted incentive stock options, we recommend that you consult with your own tax advisor to determine the tax consequences of the exercise of those Eligible Option Grants and the sale of the common stock that you will receive upon exercise.

Q27 What if my employment is terminated prior to the Expiration Date?

A27 If you elect to participate in the Offer and your employment with us or one of our Subsidiaries terminates, whether voluntarily, involuntarily or for any other reason (including death), prior to the 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is currently expected to be August 4, 2009, we will not accept your election to participate in the Offer and you will not receive any Replacement Options. If your employment with us is terminated as part of any announced reduction in force, you will fall in this category. If this occurs, no changes will be made to the terms of the Eligible Options that you elected

to exchange and these Eligible Options will be treated as if you had declined to participate in the Offer. In that case, generally, you may exercise your Eligible Options for a limited time after your separation date to the extent they are vested and in accordance with the terms and conditions of your Eligible Options. **AGAIN, IF YOU ARE NOT EMPLOYED BY US OR ONE OF OUR SUBSIDIARIES ON THE EXPIRATION DATE, YOU MAY NOT PARTICIPATE IN THE OFFER.**

YOUR EMPLOYMENT IS "AT-WILL" AND MAY BE TERMINATED BY US OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE EXPIRATION DATE, FOR ANY REASON, WITH OR WITHOUT CAUSE.

Q28 What if my employment is terminated after the date that my Eligible Option Grants are cancelled and before the date the Replacement Option is granted?

A28 If the Expiration Date and the date the Replacement Options are granted are different and your employment with us or one of our Subsidiaries is terminated, whether voluntarily, involuntarily (including as part of any announced reduction in force) or for any other reason (including death) after the Expiration Date and prior to the date the Replacement Options are granted, you will forfeit the Eligible Option Grants that were cancelled, and you will not receive any Replacement Options.

THE OFFER DOES NOT CHANGE THE "AT-WILL" NATURE OF YOUR EMPLOYMENT, AND YOUR EMPLOYMENT MAY BE TERMINATED BY US OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, FOR ANY REASON, WITH OR WITHOUT CAUSE.

We expect to grant the Replacement Options on the first business day after the Expiration Date, which is currently expected to be August 4, 2009, or a later date if we extend the Offer.

Q29 How long will the Offer remain open?

A29 Presently, the Offer is scheduled to remain open until 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is currently expected to be August 4, 2009. We currently have no plans to extend the Offer beyond August 4, 2009. However, if we do extend the Offer, you will be notified of the extension. If we extend the Offer, we will announce the extension no later than 9:00 a.m., U.S. Eastern Time, on the next business day following the scheduled or announced Expiration Date.

Q30 What do I need to do to exchange my Eligible Option Grants?

A30 To exchange your Eligible Option Grants, you must make your election through Mellon using the instructions sent to each employee by email before 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is expected to be August 4, 2009. If you are an employee on a leave of absence as of the Commencement Date, we will mail the instructions to you. **If you are not able to access the website or have difficulties logging in, please contact Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.** If you do not electronically accept, you will be

deemed to have rejected this Offer. No late deliveries will be accepted. We may reject any Eligible Option Grant if we determine the election is not properly made or to the extent that we determine it would be unlawful to accept the Eligible Option Grants.

Q31 What is the deadline to elect to participate in the Offer?

A31 You must make your election through Mellon using the instructions sent to each employee by email before 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is expected to be August 4, 2009. Although we do not currently intend to do so, we may, in our discretion, extend the Offer at any time. If we extend the Offer, we will announce the extension no later than 9:00 a.m., U.S. Eastern Time, on the next business day following the scheduled or announced Expiration Date.

Q32 Can I change my election? How often?

A32 Yes. You can change your election at any time by submitting a "Change of Election" through the Mellon website using the instructions sent to each employee, prior to the deadline. There is no limit to the number of times you can change your election prior to the deadline. However, the last election delivered prior to the deadline will determine your decision to elect. Change of Elections will not be accepted by any means other than through the Mellon website.

Q33 What will happen if I don't elect to participate by the deadline?

A33 If you miss this deadline, you cannot participate in the Offer. No late submissions will be accepted.

Q34 Will I receive a confirmation of my election?

A34 Yes. After you make your election, Mellon will send you an email confirmation indicating we have received your election and stating where you can find information regarding the number of Replacement Options that you are eligible to receive pursuant to the Offer. Similarly, after you change your election, Mellon will send you an email confirmation indicating we have received your change of election. You should print these email confirmations and keep them with your records.

Q35 What if I don't accept the Offer?

A35 The Offer is completely voluntary. You do not have to participate, there are no penalties for electing not to participate in the Offer and the Offer will generally have no effect on Eligible Option Grants that you choose not to surrender or Eligible Option Grants that are not accepted for exchange in the Offer. However, if you are an employee residing in the United States, you choose not to participate in the Offer and your Eligible Option Grants are incentive stock options, and if the Offer is extended beyond its original Expiration Date, then the IRS could decide that the Offer is a modification of the status of your incentive stock options. A successful assertion by the IRS that your incentive stock options are modified could extend the holding period of the incentive stock options to qualify for favorable tax treatment and cause a portion of your incentive stock options to be treated as nonstatutory stock options. For further details, please consult with your personal tax advisor.

Q36 Where do I go if I have additional questions about the Offer?

A36 Please direct your questions to Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States. We will review these questions periodically throughout the exchange period and to the extent we deem it appropriate, we will add the appropriate information to the Frequently Asked Questions section of the option exchange website maintained by Mellon. For additional information or assistance, please contact the Exelixis Option Exchange Administrator at 650-837-7311 or optionexchange@exelixis.com.

STOCK OPTION EXCHANGE

FREQUENTLY ASKED QUESTIONS

These Frequently Asked Questions relate to our offer to exchange all outstanding options to purchase shares of our common stock that were granted before January 7, 2008 and that have an exercise price equal to or greater than \$7.13 per share. These Frequently Asked Questions are to be read in conjunction with the Offer to Exchange Outstanding Options to Purchase Common Stock. **Capitalized terms are defined in the Glossary attached as Appendix A to these Frequently Asked Questions.**

Q1 What is the stock option exchange program?

A1 The stock option exchange program, or the Offer, is a voluntary program permitting Eligible Employees to exchange Eligible Option Grants for a reduced number of Replacement Options to purchase shares of our common stock for an exercise price equal to the Fair Market Value on the date of grant. The Replacement Options will be granted pursuant to our 2000 Plan. We expect to grant the Replacement Options on August 5, 2009, or if we extend the expiration of the Offer to a later date, then we expect to grant the Replacement Options on the first business day after the expiration of the Offer.

The Offer will be open to all Eligible Employees. However, members of our Board of Directors, our Named Executive Officers, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted will not be eligible to participate in the Offer.

Your participation in the Offer is voluntary; you may either keep your current Eligible Option Grants at their current exercise price or cancel those Eligible Option Grants in exchange for Replacement Options with exercise price equal to the Fair Market Value on the date of grant.

Q2 Why is the Option Exchange Program being offered?

A2 In light of the decline in the price of our common stock during the last several years, we recognize that many of our employees hold options that are “underwater” (meaning that the exercise prices are significantly higher than the current market price of our common stock). As of June 30, 2009, Eligible Employees held options for approximately 11,915,663 shares with exercise prices equal or greater than \$7.13 per share. As of June 30, 2009, the closing sales price of our common stock as reported by Nasdaq was \$4.87. We believe that to enhance long-term stockholder value we need to maintain competitive employee compensation and incentive programs and that an equity stake in our success is a critical component of these programs. Options that are substantially underwater are no longer effective as performance and retention incentives. We believe the Offer will provide us with a renewed opportunity to give Eligible Employees an economic stake in our future growth and success.

Q3 Why can't I just be granted additional options?

A3 We strive to balance the need for a competitive compensation package for our employees with the interests of our stockholders. Because of the large number of stock options that are currently outstanding, a large grant of new options could potentially have a dilutive effect on the holdings of our stockholders. Additionally, one of the goals of the Offer is to reduce the significant number of our stock options that we believe are not serving their intended purpose of incentivizing employees.

Q4 What options may I exchange as part of this program?

A4 As described more fully below, we are offering to exchange certain stock options held by Eligible Employees that are currently outstanding under our 1997 Equity Incentive Plan, Agritope, Inc. 1997 Stock Award Plan and 2000 Plan.

Any option that was granted to an Eligible Employee before January 7, 2008 with an exercise price equal to or greater than \$7.13 per share that is outstanding on the Expiration Date of the Offer, which is currently expected to be August 4, 2009, or a later date if we extend the Offer, will be eligible for exchange.

Concurrently, with this Offer you have been given login instructions for accessing Mellon's website. After accessing the website, you can view your Eligible Option Grants by going to the Election Form on the Mellon website. If you have misplaced or not received your Mellon login instructions, please call Mellon at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.

Q5 May I tender options that I have already exercised?

A5 The Offer only permits the exchange of options, and does not apply in any way to shares purchased, whether upon the exercise of options or otherwise (including purchases via the open market and our Employee Stock Purchase Plan), whether or not you have vested in those shares. If you have exercised an Eligible Option Grant in its entirety, that option is no longer outstanding and is therefore not subject to the Offer. If you have exercised an Eligible Option Grant in part, the remaining unexercised portion of that option is outstanding and may be tendered for exchange pursuant to the Offer. Eligible Option Grants for which you have both properly submitted an exercise notice and tendered the exercise price prior to the date the Offer expires will be considered exercised to that extent, whether or not you have received confirmation of exercise for the shares purchased.

Q6 Are purchase rights granted under our Employee Stock Purchase Plan eligible for exchange under the Option Exchange Program?

A6 No. Neither purchase rights granted under our Employee Stock Purchase Plan nor shares of our common stock acquired under our Employee Stock Purchase Plan are eligible for exchange in the Offer.

Q7 How many Replacement Options will I receive for the options that I exchange?

A7 The number of Replacement Options that you will receive in the Offer is related to the exercise price of your Eligible Option Grants. We have established three exchange ratios for Eligible Option Grants depending on their exercise prices. The following table sets forth the three exchange ratios and the range of exercise prices applicable to each exchange ratio:

<u>Exercise Price Range</u>	<u>Exchange Ratio: Option Shares per Replacement Option</u>
\$7.13-\$12.00	1.25 to 1
\$12.01-\$18.96	4 to 1
\$18.97-\$45.00	90 to 1

The total number of Replacement Options an Eligible Employee will receive with respect to a surrendered Eligible Option Grant will be determined by applying the applicable exchange ratio to the number of shares underlying the surrendered Eligible Option Grant and rounding to the nearest whole share (with fractional shares equal to or greater than 0.5 rounded up to the nearest whole share and fractional shares less than 0.5 rounded down to the nearest whole share). For example, if an Eligible Employee holds an option to purchase 1,000 shares of our common stock at an exercise price of \$15.00 per share, he or she would be entitled to exchange that option for a Replacement Option to purchase 250 shares (i.e., after applying the applicable 4 to 1 exchange ratio set forth in the table above) with such Replacement Option having an exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. Note that the exchange ratios apply to each of your Eligible Option grants separately.

Q8 Why isn't the exchange ratio simply one-for-one and how were the exchange ratios calculated?

A8 Our stock option exchange program is designed to balance our interests and those of our employees and stockholders. In general, the exchange ratios selected for the Offer were intended to result in the issuance of Replacement Options that, in the aggregate, have a fair value estimated to be approximately less than or equal to the fair value of the Eligible Option Grants surrendered in the exchange as calculated using the Black-Scholes-Merton option-pricing model.

Q9 If the price of our common stock were to increase after the date on which my Eligible Option Grants are cancelled, is it possible that those cancelled Eligible Option Grants would have ultimately been more economically valuable than the Replacement Options I received in exchange for them?

A9 Yes. If the price of our common stock increases after the date on which your Eligible Option Grants are cancelled, those cancelled Eligible Option Grants might prove to have been worth more than the Replacement Options that you receive in exchange for them.

For example, if you exchange Eligible Option Grants covering 100 shares with an exercise price of \$15.00 per share, you would receive a Replacement Option covering 25 shares (after applying the applicable exchange ratio of four Eligible Option Grant shares for every one Replacement Option share). Assume, for illustrative purposes only, that the exercise price for the Replacement Options is \$7.00 per share. Also assume, for illustrative purposes only, that two years after the Replacement Option grant date the fair market value of our common stock had increased to \$32.00 per share. Under this example, if you had kept your exchanged Eligible Option Grants, exercised them, and sold the underlying shares at \$32.00 per share, you would have realized a pre-tax gain of \$1,700, but if you exchanged your options and sold the shares subject to the Replacement Options for \$32.00 per share, you would only realize a pre-tax gain of \$625.

Note that this discussion does not take into account vesting. Your Eligible Option Grants may be fully vested, whereas the Replacement Options granted pursuant to the Offer will be subject to vesting restrictions. You should take into account the fact that the Replacement Options are subject to future vesting when deciding whether to participate in the Offer.

Q10 If I elect to participate in the Offer, when will I receive my Replacement Options?

A10 If you participate in the Offer, we expect to grant you your Replacement Options on August 5, 2009, or if we extend the expiration of the Offer to a later date then we expect to grant the Replacement Options on the first business day after the expiration of the Offer.

Q11 How will my Replacement Options vest?

A11 Replacement Options issued in the exchange will be completely invested at the time they are granted and will become vested on the basis of your continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments.

If your Eligible Option Grant is partially vested on the Commencement Date and you elect to participate in the Offer, you will receive two separate Replacement Options in exchange for that Eligible Option Grant. One Replacement Option will correspond to the fully vested options and will vest on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested options and will vest over three years from the date of grant. Please see Section 9 of the Offer to Exchange Outstanding Options to Purchase Common Stock for additional information regarding the vesting of the Replacement Options.

IF YOU EXCHANGE ELIGIBLE OPTION GRANTS FOR REPLACEMENT OPTIONS AND YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES

TERMINATES FOR ANY REASON BEFORE THE DATE THE REPLACEMENT OPTIONS VEST, THEN YOU WILL FORFEIT ANY REPLACEMENT OPTIONS RECEIVED THAT REMAIN UNVESTED AT THE TIME YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES.

Under the terms of the 2000 Plan, all stock awards, including Replacement Options, held by persons whose service with us has not terminated generally fully vest in the event that such stock awards are not assumed or replaced in certain change-in-control transactions.

Q12 What are the other terms and conditions of my Replacement Options?

A12 Each Replacement Option represents a right to acquire a specific number of shares of our common stock at a fixed exercise price per share that is equal to the Fair Market Value of our common stock on the date the Replacement Option is granted. Replacement Options will be granted pursuant to the 2000 Plan and will be nonstatutory stock options, even if the Eligible Option Grants surrendered in the Offer were incentive stock options. Please see Section 13 of the Offer to Exchange Outstanding Options to Purchase Common Stock on the difference in tax treatment between an incentive stock option and nonstatutory stock option. We may require you to satisfy any applicable tax withholding requirements through payroll withholding, by withholding proceeds received upon sale of the underlying common stock through a sell-to-cover arrangement, or otherwise. For additional information regarding the terms of the Replacement Options to be issued in the exchange, please refer to your 2000 Plan prospectus available on our Agora intranet website under "My Stock/My ESPP" which can be found under "My Workplace Tools".

Q13 Are there conditions to the Offer?

A13 Yes. The Offer is subject to a number of conditions, including the conditions described in Section 6 of the Offer to Exchange Outstanding Options to Purchase Common Stock which you should read carefully. However, the Offer is not conditioned on a minimum number of option holders accepting the Offer or a minimum number of Eligible Option Grants being exchanged. If any of the events described in Section 6 of the Offer to Exchange Outstanding Options to Purchase Common Stock occur, we may terminate, extend or amend the Offer at any time prior to the expiration of the Offer.

Q14 Are there any eligibility requirements I must satisfy in order to receive the Replacement Options?

A14 In order to receive Replacement Options, you must be employed by us or by our Subsidiaries (including employees on a leave of absence) on the Commencement Date and you must remain continuously employed by us or one of our Subsidiaries or be on a leave of absence protected by statute through the date Replacement Options are granted. However our Named Executive Officers, members of our Board of Directors, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted are **NOT** eligible to participate in the Offer.

PARTICIPATION IN THE OFFER DOES NOT CONFER UPON YOU THE RIGHT TO REMAIN EMPLOYED BY US OR ANY OF OUR SUBSIDIARIES. YOUR EMPLOYMENT IS "AT-WILL" AND MAY BE TERMINATED BY US OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, FOR ANY REASON, WITH OR WITHOUT CAUSE.

IF YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES AFTER YOU TENDER YOUR OPTIONS BUT PRIOR TO THE EXPIRATION DATE, YOU ARE NOT ELIGIBLE TO PARTICIPATE IN THE OFFER. IF THE EXPIRATION DATE AND THE GRANT DATE ARE DIFFERENT AND YOUR EMPLOYMENT WITH US OR ONE OF OUR SUBSIDIARIES TERMINATES FOLLOWING THE EXPIRATION DATE AND PRIOR TO THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, YOU WILL NOT RECEIVE ANY REPLACEMENT OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR ELIGIBLE OPTION GRANTS THAT HAVE BEEN EXCHANGED AND YOUR EXCHANGED ELIGIBLE OPTION GRANTS WILL NOT BE REINSTATED.

Q15 Are employees who tender their Eligible Option Grants and are on a leave of absence on the date the Replacement Options are granted eligible to participate?

A15 If you tender your Eligible Option Grants and they are cancelled in the exchange and, on the date Replacement Options are granted, you are on a leave of absence protected by statute, then you will be entitled to receive the applicable number of Replacement Options on the date Replacement Options are granted. If, however, on the date Replacement Options are granted you are on a leave that is **not** protected by statute, then the Replacement Options will be issued on the date, if any, that you return to regular employment with us or one of our Subsidiaries.

Q16 Are the terms and conditions of the Offer the same for everyone?

A16 Yes. The terms and conditions are the same for everyone who is eligible to participate in the Offer (See Question & Answer 14).

Q17 How should I decide whether or not to participate?

A17 We understand that this will be a challenging decision for everyone. The Offer does carry considerable risk, and there are no guarantees regarding our future stock performance. As a result, the decision to participate must be your personal decision, and it will depend largely on your assumptions about the future overall economic environment, the performance of the Nasdaq, our own stock price and our business and your desire and ability to remain an employee of Exelixis or one of its subsidiaries until the Expiration Date and the date the Replacement Options become vested (also see Question & Answer 9). Exelixis cannot advise you on the decision to participate in the Offer, and we have not authorized anyone to make any recommendation on our behalf as to your choices. You are strongly encouraged to seek further advice from your tax, financial and legal advisors.

Q18 How does the Offer work?

A18 On or before the Expiration Date (which we currently expect to be August 4, 2009), you may decide to exchange any of your shares subject to Eligible Option Grants for a reduced number of Replacement Options. The number of Replacement Options you are entitled to receive upon exchange of your Eligible Option Grants will be determined by the applicable exchange ratio (see Question & Answer 7).

Q19 What if my Eligible Option Grants are not currently vested? Can I exchange them?

A19 Yes. Your Eligible Option Grants do not need to be vested in order for you to exchange them in response to the Offer.

Q20 If I elect to exchange my Eligible Option Grants, do I have to exchange all of my Eligible Option Grants or can I just exchange some of them?

A20 If you have more than one Eligible Option Grant, then you may exchange any or all of them. However, you cannot exchange part of any particular Eligible Option Grant and keep the balance; you must exchange the entire unexercised portion of the Eligible Option Grant that you tender in response to the Offer. Generally, each Eligible Option Grant is subject to a number of shares of our common stock. For example, an employee might have received a stock option grant to purchase 100 shares of our common stock. The option to purchase all 100 shares would have been granted on the same date with the same exercise price. When we state that you may not exchange part of any particular Eligible Option Grant, we mean that you can elect to exchange either all of none of the underlying shares of common stock subject to a particular grant. Using the example of an Eligible Option Grant to purchase 100 shares of our common stock, assuming the entire stock option was still outstanding (i.e., unexercised) with respect to all 100 shares, you could elect to exchange all or none of the 100 shares subject to the stock option. You may not elect to surrender only a portion of the Eligible Option Grant (i.e., less than 100 shares subject to the stock option).

Q21 My options are separated between incentive stock options and nonstatutory stock options because my original grant exceeded the \$100,000 limit on incentive stock options imposed by U.S. tax laws. Can I exchange one part but not the other?

A21 No. An Eligible Option Grant that has been separated into a partial incentive stock option and a partial nonstatutory stock option is still considered to be a single option, and cannot be separated for purposes of the Offer. When you access Mellon's website to view your Eligible Option Grants, any Eligible Option Grants that were previously separated into a partial incentive stock option and a partial nonstatutory stock option will be listed as one single Eligible Option Grant.

Q22 Can I exchange the remaining portion of an Eligible Option Grant that I have partially exercised?

A22 Yes. If you have exercised an Eligible Option Grant in part, the remaining unexercised portion of that option is outstanding and may be tendered for exchange pursuant to the

Offer. Options for which you have properly submitted an exercise notice and tendered the exercise prior to the date the Offer expires will be considered exercised to that extent, whether or not you have received confirmation of exercise for the shares purchased.

Q23 Will I be required to give up all of my rights under the cancelled options?

A23 Yes. Once we have accepted your tendered Eligible Option Grants, your tendered Eligible Option Grants will be cancelled and you will no longer have any rights thereunder. We intend to cancel all tendered Eligible Option Grants on the same U.S. business day as the Expiration Date. We currently expect that the Expiration Date will be August 4, 2009. (See Section 5 of the Offer to Exchange Outstanding Options to Purchase Common Stock)

Q24 Will the terms and conditions of my Replacement Options be the same as my exchanged options?

A24 Replacement Options will be granted pursuant to the 2000 Plan and will be nonstatutory stock options, even if the Eligible Option Grants surrendered in the Offer were incentive stock options. (See Section 13 of the Offer to Exchange Outstanding Options to Purchase Common Stock)

Replacement Options issued in the exchange will be completely unvested at the time they are granted and will become vested on the basis of an Eligible Employee's continued employment with us or one of our Subsidiaries. Replacement Options that are granted in exchange for Eligible Option Grants that are fully vested on the Commencement Date shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Replacement Options that are granted in exchange for Eligible Option Grants that are unvested on the Commencement Date shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. If an Eligible Option Grant surrendered in the Offer is partially vested on the Commencement Date, two separate Replacement Options will be granted in exchange for that Eligible Option Grant. One Replacement Option will correspond to the fully vested portion of the surrendered Eligible Option Grant and will be 100% vested on the one-year anniversary following the date of grant, and the other Replacement Option will correspond to the unvested portion of the surrendered Eligible Option Grant and will be 33% vested on the one-year anniversary following the date the Replacement Options are granted and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments.

The term of each Replacement Option shall equal the weighted average remaining term of all Eligible Option Grants surrendered in the Offer, instead of the typical ten-year term of other stock options granted under the 2000 Plan.

All other terms and conditions of the replacement stock options issued in the exchange program will be substantially the same as those that apply generally to stock options granted under the 2000 Plan.

Q25 Will I have to pay taxes if I participate in the Offer?

A25 You generally will not be required under current U.S. law to recognize income for U.S. federal income tax purposes at the time of the exchange or the date on which the Replacement Options are granted. However, to the extent the Replacement Options are nonstatutory stock options, you generally will have taxable income upon exercise of your Replacement Options, at which time we will also generally have a tax withholding obligation. We may require you to satisfy the applicable tax withholding requirements through payroll withholding, by withholding proceeds received upon sale of the underlying common stock through a sell-to-cover arrangement, or otherwise. You may also have taxable income when you sell the shares issued upon exercise of the Replacement Option. (See Section 13 of the Offer to Exchange Outstanding Options to Purchase Common Stock)

IF YOU ARE AN EMPLOYEE WITH A TAX RESIDENCE OUTSIDE OF THE UNITED STATES AS OF THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, YOU WILL NOT BE ELIGIBLE TO PARTICIPATE IN THE OFFER.

For all employees, we strongly recommend that you consult with your own tax advisor to determine the personal tax consequences to you of participating in the Offer.

Q26 What are the tax implications for not participating in the Offer?

A26 We have designed the Offer to avoid changing the tax treatment of your Eligible Option Grants if you do not accept the Offer. However, if the Offer is extended beyond the original Expiration Date, then the U.S. Internal Revenue Service (IRS) may characterize the Offer as a modification of those Eligible Option Grants that are incentive stock options, even if you decline the Offer. A successful assertion by the IRS that your Eligible Option Grants have been modified could extend the Eligible Option Grants' holding period to qualify for favorable tax treatment and cause a portion of your Eligible Option Grants to be treated as nonstatutory stock options. If you choose not to exchange your Eligible Option Grants and you have been granted incentive stock options, we recommend that you consult with your own tax advisor to determine the tax consequences of the exercise of those Eligible Option Grants and the sale of the common stock that you will receive upon exercise.

Q27 What if my employment is terminated prior to the Expiration Date?

A27 If you elect to participate in the Offer and your employment with us or one of our Subsidiaries terminates, whether voluntarily, involuntarily or for any other reason (including death), prior to the 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is currently expected to be August 4, 2009, we will not accept your election to participate in the Offer and you will not receive any Replacement Options. If your employment with us is terminated as part of any announced reduction in force, you will fall in this category. If this occurs, no changes will be made to the terms of the Eligible Options that you elected to exchange and these Eligible Options will be treated as if you had declined to participate in the Offer. In that case, generally, you may exercise your Eligible Options for a limited time after your separation date to the extent they are vested and in accordance with the terms and conditions of your Eligible Options. **AGAIN, IF YOU ARE NOT EMPLOYED BY US OR ONE OF OUR SUBSIDIARIES ON THE EXPIRATION DATE, YOU MAY NOT PARTICIPATE IN THE OFFER.**

YOUR EMPLOYMENT IS "AT-WILL" AND MAY BE TERMINATED BY US OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE EXPIRATION DATE, FOR ANY REASON, WITH OR WITHOUT CAUSE.

Q28 What if my employment is terminated after the date that my Eligible Option Grants are cancelled and before the date the Replacement Option is granted?

A28 If the Expiration Date and the date the Replacement Options are granted are different and your employment with us or one of our Subsidiaries is terminated, whether voluntarily, involuntarily (including as part of any announced reduction in force) or for any other reason (including death) after the Expiration Date and prior to the date the Replacement Options are granted, you will forfeit the Eligible Option Grants that were cancelled, and you will not receive any Replacement Options.

THE OFFER DOES NOT CHANGE THE "AT-WILL" NATURE OF YOUR EMPLOYMENT, AND YOUR EMPLOYMENT MAY BE TERMINATED BY US OR BY YOU AT ANY TIME, INCLUDING PRIOR TO THE DATE THE REPLACEMENT OPTIONS ARE GRANTED, FOR ANY REASON, WITH OR WITHOUT CAUSE.

We expect to grant the Replacement Options on the first business day after the Expiration Date, which is currently expected to be August 4, 2009, or a later date if we extend the Offer.

Q29 How long will the Offer remain open?

A29 Presently, the Offer is scheduled to remain open until 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is currently expected to be August 4, 2009. We currently have no plans to extend the Offer beyond August 4, 2009. However, if we do extend the Offer, you will be notified of the extension. If we extend the Offer, we will announce the extension no later than 9:00 a.m., U.S. Eastern Time, on the next business day following the scheduled or announced Expiration Date.

Q30 What do I need to do to exchange my Eligible Option Grants?

A30 To exchange your Eligible Option Grants, you must make your election through Mellon using the instructions sent to each employee by email before 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is expected to be August 4, 2009. If you are an employee on a leave of absence as of the Commencement Date, we will mail the instructions to you. **If you are not able to access the website or have difficulties logging in, please contact Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States.** If you do not electronically accept, you will be deemed to have rejected this Offer. No late deliveries will be accepted. We may reject any Eligible Option Grant if we determine the election is not properly made or to the extent that we determine it would be unlawful to accept the Eligible Option Grants.

Q31 What is the deadline to elect to participate in the Offer?

A31 You must make your election through Mellon using the instructions sent to each employee by email before 8:00 p.m., U.S. Eastern Time, on the Expiration Date, which is expected to be August 4, 2009. Although we do not currently intend to do so, we may, in our discretion, extend the Offer at any time. If we extend the Offer, we will announce the extension no later than 9:00 a.m., U.S. Eastern Time, on the next business day following the scheduled or announced Expiration Date.

Q32 Can I change my election? How often?

A32 Yes. You can change your election at any time by submitting a "Change of Election" through the Mellon website using the instructions sent to each employee, prior to the deadline. There is no limit to the number of times you can change your election prior to the deadline. However, the last election delivered prior to the deadline will determine your decision to elect. **Change of Elections will not be accepted by any means other than through the Mellon website.**

Q33 What will happen if I don't elect to participate by the deadline?

A33 If you miss this deadline, you cannot participate in the Offer. No late submissions will be accepted.

Q34 Will I receive a confirmation of my election?

A34 Yes. After you make your election, Mellon will send you an email confirmation indicating we have received your election and stating where you can find information regarding the number of Replacement Options that you are eligible to receive pursuant to the Offer. Similarly, after you change your election, Mellon will send you an email confirmation indicating we have received your change of election. You should print these email confirmations and keep them with your records.

Q35 What if I don't accept the Offer?

A35 The Offer is completely voluntary. You do not have to participate, there are no penalties for electing not to participate in the Offer and the Offer will generally have no effect on Eligible Option Grants that you choose not to surrender or Eligible Option Grants that are not accepted for exchange in the Offer. However, if you are an employee residing in the United States, you choose not to participate in the Offer and your Eligible Option Grants are incentive stock options, and if the Offer is extended beyond its original Expiration Date, then the IRS could decide that the Offer is a modification of the status of your incentive stock options. A successful assertion by the IRS that your incentive stock options are modified could extend the holding period of the incentive stock options to qualify for favorable tax treatment and cause a portion of your incentive stock options to be treated as nonstatutory stock options. For further details, please consult with your personal tax advisor.

Q36 Where do I go if I have additional questions about the Offer?

A36 Please direct your questions to Mellon by telephone at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States. We will review these questions periodically throughout the exchange period and to the extent we deem it appropriate, we will add the appropriate information to this Frequently Asked Questions section of the option exchange website maintained by Mellon. For additional information or assistance, please contact the Exelixis Option Exchange Administrator at 650-837-7311 or optionexchange@exelixis.com.

APPENDIX A

GLOSSARY

2000 Plan means our 2000 Equity Incentive Plan. All Replacement Options will be issued under the 2000 Plan.

Commencement Date means the date that we first provide to Eligible Employees the opportunity to participate in the Offer and the means to exchange Eligible Option Grants, which shall be July 7, 2009.

Company Option Plans means our 1997 Equity Incentive Plan, Agritope, Inc. 1997 Stock Award Plan and 2000 Plan.

Board of Directors means the Board of Directors of Exelixis.

Eligible Employees means all persons who as of the commencement of the Offer are employed by us or our Subsidiaries, excluding members of our Board of Directors, our Named Executive Officers, our consultants and our employees with a tax residence outside of the United States as of the date the Replacement Options are granted.

Eligible Option Grants means all outstanding stock options that were granted under our Company Option Plans held by Eligible Employees that were granted before January 7, 2008 and that have an exercise price that is equal to or greater than \$7.13 per share.

As used in these materials, **employed** and **employment** does not include service as a member of our Board of Directors or as a consultant for us.

Exelixis means Exelixis, Inc.

Expiration Date means the time that the Offer will expire, which is currently set to be at 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless we extend the expiration of the Offer to a later date.

Fair Market Value means the closing sales price of our common stock as quoted on Nasdaq on the date of determination (or, if no closing sales price was reported on that date, on the last trading date such closing sales price was reported).

Mellon means BNY Mellon Shareowner Services.

Named Executive Officers means our executive officers named in the Summary Compensation Table in our proxy statement for our 2009 annual meeting of stockholders.

Nasdaq means The NASDAQ Global Select Market.

Offer means this offer to exchange Eligible Option Grants for Replacement Options.

Offer Documents means the Offer To Exchange Outstanding Options To Purchase Common Stock, the Summary Term Sheet, the related cover letter, the Glossary and the Questions and Answers (as they each may be amended from time to time).

Replacement Options means options issued pursuant to the Offer in exchange for the Eligible Option Grants.

SEC means the U.S. Securities and Exchange Commission.

Schedule TO means the Tender Offer Statement filed by us with the SEC in connection with the Offer.

Subsidiary or Subsidiaries means the following subsidiaries of Exelixis: Exelixis Plant Sciences, Inc. and X-Ceptor Therapeutics, Inc.



WELCOME TO THE EXELIXIS STOCK OPTION EXCHANGE PROGRAM WEBSITE

Details of the Exelixis Stock Option Exchange Program are set forth in the Offer to Exchange and related documents below. Exelixis strongly encourages you to review all the materials.

- [Offer to Exchange](#)
- [Town Hall Meeting Presentation](#)
- [Frequently Asked Questions](#)

To login to your Offer to Exchange account,
please click on the "Continue" button below.

Continue

**THE OFFER EXPIRES AT 8:00 PM U.S. EASTERN TIME ON AUGUST 4, 2009, UNLESS THE
OFFER IS EXTENDED**

These documents are in Adobe Portable Document Format (PDF). You will need Adobe Acrobat Reader software to read the files. If you do not have Acrobat, please click on the icon to download the software or contact your local IT support.



If you have questions, please contact BNY Mellon Shareowner Services Customer Service Center, available Monday through Friday between the hours of 9:00 AM to 8:00 PM U.S. Eastern Time at the numbers below:

**From within the United States 1-866-222-8410
From outside the United States 201-680-6579
or Email Questions to: optionexchange@exelixis.com**



[Offer to Exchange](#)

[Town Hall Meeting Presentation](#)

[Frequently Asked Questions](#)

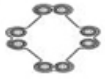
Enter your 9-digit Personal Identification Number ("PIN") that you received via e-mail on July 7, 2009. Please do not enter spaces.

If you do not have your PIN, please contact BNY Mellon Shareowner Services Customer Service Center at the numbers and during the times identified below, or Email optionexchange@exelixis.com.

Continue

If you have questions, please contact BNY Mellon Shareowner Services Customer Service Center, available Monday through Friday between the hours of 9:00 AM to 8:00 PM U.S. Eastern Time at the numbers below:

**From within the United States 1-866-222-8410
From outside the United States 201-680-6579
or Email Questions to: optionexchange@exelixis.com**



Employee Name: FIRST LAST

Date: [DATE]

THE OFFER EXPIRES AT 8:00 P.M., U.S. EASTERN TIME ON AUGUST 4, 2009, UNLESS THE OFFER IS EXTENDED

Before submitting this Election Form, please make sure you have received, read and understand all of the Offer documents for the offer to Exchange Outstanding Options to Purchase Common Stock referred to as the "Offer" or "Offer to Exchange", including (1) the Offer to Exchange Outstanding Options to purchase Common Stock, the Summary Term Sheet, the related cover letter, the Glossary and the Questions and Answers; (2) the e-mail from the Exelixis Option Exchange Administrator, dated July 7, 2009; (3) the Frequently Asked Questions; (4) the Instructions Forming Part of the Terms and Conditions of the Offer (the "Instructions"); (5) this Election Form; and (6) the Agreement to Terms of Election before completing and submitting your election decision. The Offer is subject to the terms of these documents as they may be amended. The Offer provides eligible employees who hold eligible stock options the opportunity to exchange those options for replacement options as set forth in Section 1 of the Offer to Exchange. This Offer expires at 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless the Offer is extended.

PLEASE FOLLOW THE INSTRUCTIONS SET FORTH BELOW

If you wish to participate in the Offer, please check the "Exchange" box in the "Make ONE Election for Each Eligible Option Grant" column. Please note that if the "Do Not Exchange" box is checked under the "Make ONE Election for Each Eligible Option Grant" column, the Eligible Option will not be exchanged and your Eligible Option will remain outstanding subject to its original terms. Please note that if you chose to participate in the Offer, you must exchange the entire unexercised portion of the Eligible Option you wish to exchange.

Eligible Option Grant Number	Grant Date	Shares Subject to Eligible Options		Exercise Price Per Share	Exchange Ratio	Total Number of Shares Subject to Replacement Options to be Granted		Make ONE Election for Each Eligible Option Grant	Decision Matrix
		Vested Shares	Unvested Shares			One-Year Vesting Schedule*	Three-Year Vesting Schedule**		
999999 / A99999	1/3/2006	75	125	\$0.7400	1.25 to 1	60	100	<input type="radio"/> Exchange <input type="radio"/> Do Not Exchange	Model
999998	7/2/2007	824	826	\$12.1000	4 to 1	206	207	<input type="radio"/> Exchange <input type="radio"/> Do Not Exchange	Model
999997	11/2/2000	33,600	0	\$22.0630	90 to 1	373	0	<input type="radio"/> Exchange <input type="radio"/> Do Not Exchange	Model

* Replacement Options granted in exchange for vested shares subject to Eligible Options shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Please see Section 9 of the Offer to Exchange Outstanding Options to Purchase Common Stock for additional information.

** Replacement Options granted in exchange for unvested shares subject to Eligible Options shall be 32% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. Please see Section 9 of the Offer to Exchange Outstanding Options to Purchase Common Stock for additional information.

You must submit this Election Form by in accordance with the instructions set forth below. Before submitting your Election Form, you must review the Agreement to Terms of Election and acknowledge your acceptance of the terms by checking the box below.

I have read and agree to the Agreement to Terms of Election

AGREEMENT TO TERMS OF ELECTION

BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER AS SET FORTH IN THE OFFER DOCUMENTS

If you would like to participate in this Offer, please indicate your election by checking the applicable boxes on the Election Form and submitting it through the Offer website in accordance with the instructions before 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless the Offer is extended.

You may change or withdraw your election by submitting a Change of Election prior to the expiration date which will be 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless we

In making this election, you agree that Exelixis may use, collect and transfer your personal data for the purpose of implementing, administering and managing your participation in the Offer. Such personal data may be transferred to Exelixis and to any third parties assisting Exelixis with the Offer.

Please note that you may change your election by submitting a Change of Election prior to the expiration date, which will be 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless we extend the Offer. Upon receipt of such Change of Election, any previously submitted Election Form or Change of Election will be disregarded and will be considered replaced in full by the new Change of Election. The last valid Election Form or Change of Election submitted prior to the expiration of the Offer shall control.

Submit

INSTRUCTIONS FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. **Submission of Election Form.** If you intend to exchange your Eligible Options pursuant to the Offer, you must access your account at the Offer website at <https://www.corp-action.net/exelidx/> and properly complete and submit the Election Form. A properly completed and duly submitted Election Form must be received by Exelidx by 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless the Offer is extended. We will not accept delivery of any Election Form after expiration of the Offer. If we do not receive a properly submitted Election Form through the Offer website from you before the expiration of the Offer, we will not accept your Eligible Options for exchange and such Eligible Options will not be exchanged pursuant to this Offer.
 - o If you are not able to submit your election electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), please contact the BNY Mellon Shareowner Services Customer Service Center at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States. Exelidx will make computer and internet access available at office locations to those employees without internet access. Submission of the Election Form by means other than the Offer website will NOT be accepted.
 - o Exelidx intends to confirm the receipt of your Election Form by e-mail within two U.S. business days. If you do not receive this e-mail within two business days after submitting your Election Form, please contact the BNY Mellon Shareowner Services Customer Service Center at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States or the Exelidx Option Exchange Administrator at 650-837-7311 or optionexchange@exelidx.com.
 - o Participation in the Offer is completely voluntary and if you elect not to exchange some or all of your Eligible Options pursuant to the Offer, then you will retain the Eligible Options under their original terms.
2. **Signatures on This Election Form.** You must electronically sign the Election Form when you submit your election through the Offer website. Your acceptances and/or acknowledgments made shall be considered an electronic signature for all legal purposes and shall be enforceable pursuant to applicable law. You should print a copy of this Election Form, after you have completed and electronically signed it, and retain it for your records.
3. **Change or Withdrawal of Election.** You may change your mind after you have submitted an Election Form and submit a Change of Election at any time before the expiration date, which is expected to be 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless the Offer is extended. If we extend the expiration date, you may submit a Change of Election with respect to some or all of your Eligible Options at any time until the extended Offer expires. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Change of Election we receive before 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless we extend the Offer. To validly change your election, you must access the Offer website at <https://www.corp-action.net/exelidx/> and submit a Change of Election prior to the expiration of the Offer. Upon receipt of such Change of Election, any previously submitted Election Form or Change of Election will be disregarded and will be considered replaced in full by the new Change of Election. You should print or make a copy of your Change of Election and confirmation statement and keep those documents with your other records for the Offer.
4. **Requests for Assistance.** For general questions concerning this Offer, please call the BNY Mellon Shareowner Services Customer Service Center at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States or the Exelidx Option Exchange Administrator at 650-837-7311 or optionexchange@exelidx.com.
5. **Reservation of Rights.** Exelidx reserves the right, at our discretion, at any time, to extend the period of time during which the Offer is open and delay the acceptance for exchange of any options. If we elect to extend the period of time during which this Offer is open, we will give you written notice of the extension and delay, as described below. If we extend the expiration date, we will also extend your right to make or withdraw elections with respect to Eligible Options until such extended expiration date. In the case of an extension, we will issue a press release, e-mail or other form of communication no later than the previously scheduled expiration date. We also reserve the right, in our reasonable judgment, before the expiration date to terminate or amend the Offer by giving written notice of the termination or postponement to you or by making a public announcement of the termination or amendment.
6. **Important Tax Information.** You should refer to Section 13 of the Offer to Exchange, which contains material U.S. federal income tax information concerning the Offer. *We strongly recommend that you consult your financial, legal and/or tax advisors with respect to the federal, state and local tax consequences of participating or not participating in the Offer.*
7. **Data Privacy.** To administer the Exchange Offer, Exelidx must collect, use and transfer certain information regarding you and your eligible stock option grants, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number and details of all stock options ("*Data*"). Further, Exelidx may have to pass that information on to third parties who are assisting with the Exchange Offer. By submitting this Election Form and surrendering your Eligible Options for exchange, you explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your Data by Exelidx and its affiliates for the exclusive purpose of implementing, administering and managing your participation in the Exchange Offer as described above. You further understand that the Data may be transferred to third parties as may be selected by Exelidx that are assisting Exelidx with the implementation, administration and management of the Exchange Offer.

IMPORTANT: IN ORDER FOR YOU TO PARTICIPATE, A VALID, COMPLETED AND SIGNED ELECTION FORM MUST BE RECEIVED BY EXELIDX BY 8:00 P.M., U.S. EASTERN TIME ON AUGUST 4, 2009, UNLESS WE EXTEND THE OFFER.

If you have questions, please contact BNY Mellon Shareowner Services Customer Service Center, available Monday through Friday between the hours of 9:00 AM to 8:00 PM U.S. Eastern Time at the numbers below:

**From within the United States 1-866-222-8410
From outside the United States 201-680-6579
or Email Questions to: optionexchange@exelidx.com**

AGREEMENT TO TERMS OF ELECTION

**BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER
AS SET FORTH IN THE OFFER DOCUMENTS**

If you would like to participate in this Offer, please indicate your election by checking the applicable boxes on the Election Form and submitting it through the Offer website in accordance with the Instructions before 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless the Offer is extended.

You may change or withdraw your election by submitting a Change of Election prior to the expiration date which will be 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless we extend the Offer.

By electing to exchange my Eligible Options, I understand and agree to all of the following:

1. I hereby agree to exchange my Eligible Options for replacement options as indicated on the Election Form in accordance with the terms of the Offer as set forth in the Offer to Exchange Outstanding Options to Purchase Common Stock, dated July 7, 2009, of which I hereby acknowledge receipt. Each Eligible Option indicated on the Election Form will be cancelled on August 4, 2009 or, if the Offer is extended, on the extended expiration date. A replacement option will be granted to me on August 5, 2009 in accordance with the terms of the Offer or, if the Offer is extended, on the first business day following the expiration of the Offer.
2. The Offer is currently set to expire at 8:00 p.m., U.S. Eastern Time on August 4, 2009, unless Exelixis, in its sole and absolute discretion, extends the period of time during which the Offer will remain open.
3. If I cease to be employed by Exelixis or its subsidiaries before Exelixis grants me replacement options in exchange for my Eligible Options, I will not receive any new options. Instead, I will keep my current Eligible Options and they will expire in accordance with their terms.
4. Until August 4, 2009, I will have the right to change or withdraw the elections that I have made with respect to some or all of my Eligible Options that I elected to exchange. However, after that date I will have no ability to change or withdraw my election. The last properly submitted Election Form or Change of Election, submitted through the Offer website prior to the expiration of the Offer, shall be binding.
5. The tender of some or all of my Eligible Options will constitute my acceptance of all of the terms and conditions of the Offer (and, to the extent I have not previously accepted online any Eligible Option, my acceptance of all the terms and conditions of the Eligible Option). Acceptance by Exelixis of my Eligible Options pursuant to the Offer will constitute a binding agreement between Exelixis and me upon the terms and subject to the conditions of the Offer.
6. I am the registered holder of the Eligible Options tendered hereby, and my name and other information appearing on the Election Form are true and correct.
7. I am not required to tender some or all of my Eligible Options pursuant to the Offer.
8. Exelixis and/or any independent firms hired with respect to the Offer cannot give me legal, tax or investment advice with respect to the Offer and I have been advised to consult with my own legal, tax and investment advisors as to the consequences of participating or not participating in the Offer.
9. Under certain circumstances set forth in the Offer to Exchange, Exelixis may terminate or amend the Offer and postpone its acceptance of the Eligible Options I have elected to exchange. Should the Eligible Options tendered herewith not be accepted for exchange, such Eligible Options will continue to be governed by their original terms and conditions.
10. I understand that neither Exelixis nor the Special Option Committee of the Board of Directors of Exelixis is making any recommendation as to whether I should exchange or refrain from exchanging my Eligible Options, and that I must make my own decision whether to exchange my Eligible Options, taking into account my own personal circumstances and preferences. I understand that the replacement options may decline in value when I decide to exercise such options. I further understand that past and current market prices of Exelixis common stock may provide little or no basis for predicting what the market price of Exelixis common stock will be when Exelixis grants me replacement options in exchange for my tendered Eligible Options or at any other time in the future.
11. I have read (1) the Offer to Exchange Outstanding Options to Purchase Common Stock, the Summary Term Sheet, the related cover letter, the Glossary and the Questions and Answers; (2) the e-mail from the Exelixis Option Exchange Administrator, dated July 7, 2009; (3) the Frequently Asked Questions; (4) the Instructions Forming Part of the Terms and Conditions of the Offer; (5) the Election Form; and (6) this Agreement to Terms of Election.
12. I acknowledge and agree that neither the ability to participate in the Offer nor actual participation in the Offer shall be construed as a right to continued employment with Exelixis.



[Offer to Exchange](#)

[Town Hall Meeting Presentation](#)

[Frequently Asked Questions](#)

Employee Name: FIRST LAST

Date: [DATE]

Confirmation# 111111111070109143235

Below is a list of your Eligible Options that may be surrendered for exchange. Your current election(s) is/are reflected below.

Eligible Option Grant Number	Grant Date	Shares Subject to Eligible Options		Exercise Price Per Share	Exchange Ratio	Total Number of Shares Subject to Replacement Options to be Granted		Summary of Election Made on 7/1/2009 2:32:35 PM EDT
		Vested Shares	Unvested Shares			One-Year Vesting Schedule*	Three-Year Vesting Schedule**	
999999 / A99999	1/3/2008	75	125	\$8.7400	1.25 to 1	60	100	Exchange
999998	7/2/2007	824	826	\$12.1000	4 to 1	206	207	Exchange
999997	11/2/2000	33,600	0	\$22.0630	90 to 1	373	0	Exchange

* Replacement Options granted in exchange for vested shares subject to Eligible Options shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Please see Section 9 of the Offer to Exchange Outstanding Options to Purchase Common Stock for additional information.

** Replacement Options granted in exchange for unvested shares subject to Eligible Options shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. Please see Section 9 of the Offer to Exchange Outstanding Options to Purchase Common Stock for additional information.

If your Eligible Options are exchanged, information regarding your replacement stock option grants will be available as soon as reasonably practicable following the expiration of the Offer to Exchange.

Please be advised that you cannot update your election(s) after the Offer to Exchange expires at 8:00 PM U.S. Eastern Time on August 4, 2009, or such later date as may apply if the Offer to Exchange is extended. However, you may log on to your Offer to Exchange Account at any time prior to the expiration of the Offer to Exchange to change or withdraw your election(s). You will be bound by the last properly submitted Election Form or Change of Election we receive prior to the expiration of the Offer to Exchange.

Thank you for participating in the Exelixis Stock Option Exchange Program. Do not forget to print out a copy of your Election Confirmation.

[Log Out](#)

If you have questions, please contact BNY Mellon Shareowner Services Customer Service Center, available Monday through Friday between the hours of 9:00 AM to 8:00 PM U.S. Eastern Time at the numbers below:

From within the United States 1-866-222-8410
From outside the United States 201-680-6579
or Email Questions to: optionexchange@exelixis.com

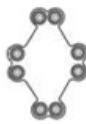


You have logged out of the Exelixis Stock Option Exchange Program website.

Please be advised that you cannot update your election(s) after the Offer to Exchange expires at 8:00 PM U.S. Eastern Time on August 4, 2009. However, you may return to this website at any time before the expiration date/time to change or withdraw your election(s).

If you have questions, please contact BNY Mellon Shareowner Services Customer Service Center, available Monday through Friday between the hours of 9:00 AM to 8:00 PM U.S. Eastern Time at the numbers below:

**From within the United States 1-866-222-8410
From outside the United States 201-680-6579
or Email Questions to: optionexchange@exelixis.com**



Employee Name: FIRST LAST

Date: [DATE]

Welcome back, the election reflected below was submitted on [DATE/TIME]. If you would like to change your prior election, you may do so by clicking on the 'Exchange' or 'Do not Exchange' button for each Eligible Option you intend to update, and then clicking Submit. If you would like to keep your elections below click on the "Log Out" button above. Your Change of Election must be submitted before 8:00 PM U.S. Eastern Time on August 4, 2009, or such later date if the Offer is extended. Any Change of Election received after that time will not be accepted. Upon submission of a new Change of Election, any previously submitted Election Form or Change of Election will be disregarded and will be considered replaced in full by the last submitted Change of Election.

Eligible Option Grant Number	Grant Date	Shares Subject to Eligible Options		Exercise Price Per Share	Exchange Ratio	Total Number of Shares Subject to Replacement Options to be Granted		Make ONE Election for Each Eligible Option Grant	Decision Matrix
		Vested Shares	Unvested Shares			One-Year Vesting Schedule*	Three-Year Vesting Schedule**		
999999 / A99999	1/3/2008	75	125	\$8.7400	1.25 to 1	60	100	<input checked="" type="radio"/> Exchange <input type="radio"/> Do Not Exchange	Model
999998	7/2/2007	824	826	\$12.1000	4 to 1	206	207	<input checked="" type="radio"/> Exchange <input type="radio"/> Do Not Exchange	Model
999997	11/2/2000	33,600	0	\$22.0630	90 to 1	373	0	<input checked="" type="radio"/> Exchange <input type="radio"/> Do Not Exchange	Model

* Replacement Options granted in exchange for vested shares subject to Eligible Options shall be 100% vested on the one-year anniversary following the date the Replacement Options are granted. Please see Section 9 of the Offer to Exchange Outstanding Options to Purchase Common Stock for additional information.

** Replacement Options granted in exchange for unvested shares subject to Eligible Options shall be 33% vested on the one-year anniversary following the date the Replacement Options are granted, and the balance of the shares shall vest in a series of twenty-four successive equal monthly installments. Please see Section 9 of the Offer to Exchange Outstanding Options to Purchase Common Stock for additional information.

Submit

If you have questions, please contact BNY Mellon Shareowner Services Customer Service Center, available Monday through Friday between the hours of 9:00 AM to 8:00 PM U.S. Eastern Time at the numbers below:

From within the United States 1-866-222-8410
From outside the United States 201-680-6579
or Email Questions to: optionexchange@exelixis.com

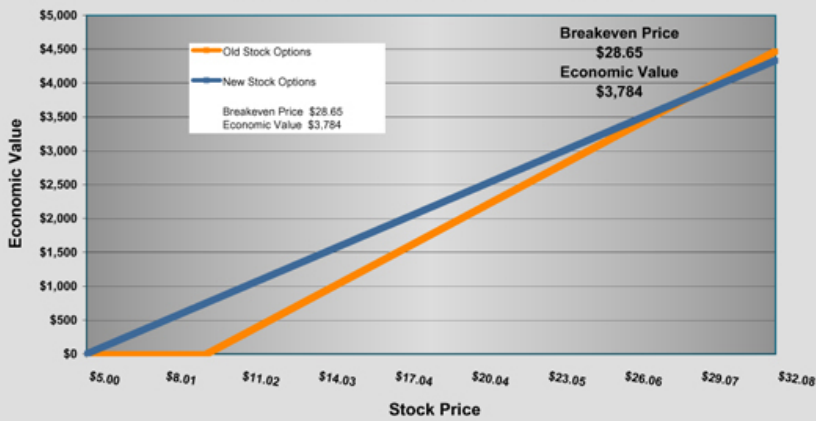
Please Enter Your Eligible Option Grant Details and Estimated Stock Price in the Yellow Boxes. Hover over the boxes with your mouse for more detailed information.

Outstanding Eligible Options	
Grant Price	\$9.73
Vested Options	100
Non-Vested Options	100

Stock Price on Date of Replacement Grant
\$5.00

Economic Value at Potential Future Stock Prices
Eligible Option Grant vs Replacement Option Grant

Replacement Options	
Exchange Ratio	1.25 to 1
Replacement Grant for Vested Options ¹	80
Replacement Grant for Non-Vested Options ²	80
Total Replacement Options	160



****PLEASE MAKE SURE TO INPUT DATA CAREFULLY. THE BREAKEVEN PRICE IS HIGHLY DEPENDENT ON THE DATA THAT YOU ENTER. EXELIXIS HAS NOT AUTHORIZED ANYONE TO MAKE ANY RECOMMENDATION AS TO WHETHER YOU SHOULD PARTICIPATE IN THE OFFER TO EXCHANGE AND WE STRONGLY RECOMMEND THAT YOU CONSULT YOUR OWN LEGAL, TAX AND FINANCIAL ADVISORS REGARDING THE CONSEQUENCES OF PARTICIPATING.**

(1) Subject to a 1-year vesting period as described in the Offer to Exchange
 (2) Subject to a 3-year vesting period as described in the Offer to Exchange

CONFIRMATION E-MAIL TO ELIGIBLE EMPLOYEES
REGARDING RECEIPT OF ELECTION FORM OR CHANGE OF ELECTION

Dear Eligible Employee,

Exelixis has received your Election Form (or Change of Election, as applicable) dated [Date/Time Field], by which you either elected to have none, some or all of your Eligible Options cancelled in exchange for Replacement Options, subject to the terms and conditions of the Offer, as identified on your Election Confirmation # [Election Confirmation # Field].

If you change your mind before the Offer expires, you may change your election as to some or all of your Eligible Options by submitting a Change of Election through the Offer website at <https://www.corp-action.net/exelixis/> and electing "Do Not Exchange" to retain your Eligible Option or "Exchange" to exchange your Eligible Option. If you are not able to submit your Change of Election electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), please contact the BNY Mellon Shareowner Services Customer Service Center, or the "Hotline," at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States or the Exelixis Option Exchange Administrator at 650-837-7311 or email optionexchange@exelixis.com before the Offer expires at 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless the Offer is extended.

The submission of the required documents must be made by the deadline indicated above. We cannot accept late submissions, and we therefore urge you to respond early to avoid any last minute problems. **Submissions by means other than the Offer website will NOT be accepted.** If you have questions, please direct them to the Hotline or the Exelixis Option Exchange Administrator using the contact information provided above.

Please note that our receipt of your Election Form (or Change of Election, as applicable) is not by itself an acceptance of your Eligible Options for exchange. For purposes of the Offer, Exelixis will be deemed to have accepted Eligible Options for exchange that are validly tendered and not properly withdrawn as of when Exelixis gives oral or written notice to the Eligible Employees generally of its acceptance for exchange of such Options, which notice may be made by press release, e-mail or other method of communication. Exelixis' formal acceptance of the properly tendered Options is expected to take place shortly after the Offer expires, which is expected to be 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless the Offer extended.

This notice does not constitute the Offer to Exchange. The full terms of the Offer are described in (1) the Offer to Exchange Outstanding Options to Purchase Common Stock, the Summary Term Sheet, the related cover letter, the Glossary and the Questions and Answers; (2) the e-mail from the Exelixis Option Exchange Administrator, dated July 7, 2009; (3) the Frequently Asked Questions; (4) the Instructions Forming Part of the Terms and Conditions of the Offer; (5) the Election Form; and (6) the Agreement to Terms of Election. You may access these documents on the Offer website at <https://www.corp-action.net/exelixis/> or through the U.S. Securities and Exchange Commission's website at www.sec.gov.

Regards,

Exelixis Option Exchange Administrator

Dear Eligible Employees,

Later today you will receive an email from optionexchange@exelixis.com that will contain information about the Exelixis Stock Option Exchange Program.

Please be aware that the email from optionexchange@exelixis.com is **valid** and has been reviewed and approved by Exelixis management. You should review the information contained in the email and, if you choose to participate in the Stock Option Exchange Program, follow the instructions provided.

If you do not receive the email by close of business today or if you have any questions regarding the Exelixis Stock Option Exchange Program, please contact BNY Mellon Shareowner Services Customer Service Center at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States or the Exelixis Option Exchange Administrator at 650-837-7311 or email optionexchange@exelixis.com.

Regards,

George Scangos

FORM OF EMAIL ANNOUNCEMENT OF OFFER TO EXCHANGE

Date: July 7, 2009

To the Exelixis, Inc. Eligible Employees:

We are pleased to announce that Exelixis, Inc. ("Exelixis") has officially launched its Offer to Exchange Outstanding Options to Purchase Common Stock (referred to as the "Offer to Exchange" or the "Offer"). The Offer to Exchange commenced at 12:01 a.m., U.S. Eastern Time, on July 7, 2009 and will remain open until 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless the Offer is extended. You may take advantage of the Offer to Exchange by exchanging Eligible Options (as defined below) with exercise prices higher than the current trading price of our common stock for a reduced number of replacement stock options with an exercise price equal to the fair market value of our common stock on the replacement option grant date.

An outstanding option will be deemed to be an "Eligible Option" if it meets all of the following conditions:

- (i) The option was granted under the Exelixis 1997 Equity Incentive Plan, Agritope, Inc. 1997 Stock Award Plan or Exelixis 2000 Equity Incentive Plan.
- (ii) The option was granted prior to January 7, 2008, with an exercise price per share equal to or greater than \$7.13.
- (iii) The option is held by an individual who is a current employee of Exelixis (or any Exelixis subsidiary) on the date of grant of the new option. However, our named executive officers, members of our Board of Directors, our consultants and our employees with a tax residence outside of the United States are not eligible to participate.
- (iv) The option is outstanding on the expiration date of the Offer.

Participation in the Offer is completely voluntary and whether to participate in the Offer is completely your decision.

- **If you choose NOT to participate**, you do not need to take any action and you will simply keep your outstanding Eligible Options with their current terms and conditions.
- **If you choose to participate in the Offer**, please see the "HOW TO PARTICIPATE" instructions described below. The number of replacement stock options granted will be determined according to exchange ratios based on the exercise prices of your surrendered Eligible Options. Information regarding your Eligible Options and the exchange ratios is available at the Offer website maintained by BNY Mellon Shareowner Services at <https://www.corp-action.net/exelixis/>. To the extent you have not previously accepted an online Eligible Option, choosing to participate in the Offer and Submitting your Election Form will be deemed to be an acceptance of the Eligible Option.

HOW TO PARTICIPATE

In order to participate in the Offer, please follow these steps:

- Go to the Offer website at <https://www.corp-action.net/exelixis/>. The Offer website contains detailed information regarding the Offer and the forms necessary to participate in the Offer. Please read and carefully consider all of this information. Once you have reviewed the Offer documents, click the "Continue" button and then enter your personal PIN code, which is [PIN Code Field]. If you are not able to access the website or have difficulties logging in, please contact the BNY Mellon Shareowner Services Customer Service Center, or the "Hotline" at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States. We will make computer and internet access available at office locations to those employees without internet access.

- Once you reach the Election Form, review the list of your Eligible Options. You will then need to check the appropriate boxes next to each of your Eligible Options to indicate whether you are tendering each Eligible Option for exchange in accordance with the terms of the Offer.
- If you are satisfied with your elections, you will need to confirm that you have read and agree to the Agreement to Terms of Election. Only after you have reviewed the Agreement to Terms of Election and check the box indicating such, will you be allowed to submit your Election Form.
- Once you have submitted your Election Form, you will be taken to an Election Confirmation Statement which will provide a summary of your election decisions.
- Please print and retain a copy of your Election Confirmation Statement for your records. You will also receive an e-mail confirming your election. If you do not receive this e-mail within 2 business days after submitting your Election Form, please contact the Hotline at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States or the Exelixis Option Exchange Administrator at 650-837-7311 or email optionexchange@exelixis.com.

Submissions by means other than the Offer website will NOT be accepted.

The terms and conditions of the Offer are described in the “Schedule TO—Tender Offer Statement Filed with the SEC” and the related exhibits, including, (1) the Offer to Exchange Outstanding Options to Purchase Common Stock, the Summary Term Sheet, the related cover letter, the Glossary and the Questions and Answers; (2) this e-mail; (3) the Frequently Asked Questions; (4) the Instructions Forming Part of the Terms and Conditions of the Offer; (5) the Election Form; and (6) the Agreement to Terms of Election, all of which are available on the Offer website. We urge you to read the “Schedule TO—Tender Offer Statement Filed with the SEC” and the related exhibits carefully. You may call the Hotline at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States or the Exelixis Option Exchange Administrator at 650-837-7311 or email optionexchange@exelixis.com with any questions. **No one from Exelixis or BNY Mellon is, or will be, authorized to provide you with advice, recommendations or additional information about the Offer. We encourage you to review the risk factors contained in our annual report on Form 10-K for the fiscal year ended January 2, 2009, our quarterly report on Form 10-Q for the fiscal quarter ended April 3, 2009 and our other reports filed with the Securities and Exchange Commission before you decide whether to participate in the Offer.**

Although the Special Option Exchange Committee of the Board of Directors has approved the Offer, neither we nor the Special Option Committee of the Board of Directors may make any recommendation as to whether you should accept or refrain from accepting the Offer. You must make your own decision about the Offer, taking into account your own personal circumstances and preferences. You should carefully review the materials provided or referred to on the Offer website. We strongly recommend that you consult with your personal financial, tax and legal advisors in deciding whether to accept the Offer.

DEADLINE

If you choose to participate in the Offer, your Election Form must be submitted online by 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless this deadline is extended. If the deadline is extended, we will provide appropriate notice of the extension and the new deadline prior to the expiration of the Offer. The expiration deadline will be strictly enforced and late submissions will not be accepted and therefore we urge you to respond early to avoid any last minute problems.

If you choose to participate in the Exchange Offer, your Eligible Options that have been tendered will be cancelled on August 4, 2009, or, if the Offer is extended, the date of the expiration of the Offer, and your new stock options will be granted with an exercise price equal to the closing price of our common stock on August 5, 2009, or, if the Offer is extended, the first business day after the expiration of the Offer.

WITHDRAWAL/CHANGE OF ELECTION

If you change your mind after you have submitted an Election Form, you may submit a Change of Election at any time before the expiration date of the Offer. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form or Change of Election that we receive before 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless this deadline is extended. To

withdraw or change your election, you must access the Offer website at <https://www.corp-action.net/exelixis/> and submit a Change of Election prior to the expiration of the Offer. Upon the receipt of such new Change of Election, any previously submitted Election Form or Change of Election will be disregarded and will be considered replaced in full by the new Change of Election.

TOWN HALL MEETINGS

Beginning today, we intend to provide informational sessions for eligible participants to discuss the details of the Offer and the process for participation. More information about the sessions will be posted on Agora. These sessions are not a substitute for carefully reviewing the Offer documents and are not intended to provide a comprehensive overview of the Offer.

Warm regards,

Exelixis Option Exchange Administrator

FORM OF REMINDER EMAIL

Date: July 22, 2009 (unless Offer is extended)

To: Eligible Employee that has not responded

The Exelixis, Inc. Offer to Exchange Outstanding Options to Purchase Common Stock (referred to as the "Offer" or "Offer to Exchange") is still currently open. ***Please note that the Offer will expire at 8:00 p.m., U.S. Eastern Time, on August 4, 2009, unless we extend the Offer.***

According to our records, you have not yet submitted an Election Form for your Eligible Options. Participation in the Offer is voluntary; however, if you would like to participate in the Offer, you must complete an Election Form before the expiration of the Offer. The Election Form and other documents relating to the Offer (including instructions) are available on the Offer website at <https://www.corp-action.net/exelixis/>.

If you are not able to submit your Election Form electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), please contact the BNY Mellon Shareowner Services Customer Service Center, or the "Hotline," at 1-866-222-8410 from within the United States or 201-680-6579 if dialing from outside the United States or the Exelixis Option Exchange Administrator at 650-837-7311 or email optionexchange@exelixis.com. Exelixis will make computer and internet access available at office locations to those employees without internet access.

Submission of the Election Form must be made by the deadline indicated above. We cannot accept late submissions, and we therefore urge you to respond early to avoid any last minute problems. Submission by means other than the Offer website will **NOT** be accepted. If you have questions, please direct them to the Hotline or the Exelixis Option Exchange Administrator using the contact information provided above.

If you are not electing to tender any of your outstanding Eligible Options for exchange, then no action is required on your part.

This notice does not constitute the Offer to Exchange. The full terms of the Offer are described in (1) the Offer to Exchange Outstanding Options to Purchase Common Stock, the Summary Term Sheet, the related cover letter, the Glossary and the Questions and Answers; (2) the e-mail from the Exelixis Option Exchange Administrator, dated July 7, 2009; (3) the Frequently Asked Questions; (4) the Instructions Forming Part of the Terms and Conditions of the Offer; (5) the Election Form; and (6) the Agreement to Terms of Election. You may access these documents on the Offer website at <https://www.corp-action.net/exelixis/> or through the U.S. Securities and Exchange Commission's website at www.sec.gov.

Warm regards,

Exelixis Option Exchange Administrator

Stock Option Exchange Program Informational Presentation



Option Exchange Program Timeline

Begins: 12:01 a.m. U.S. Eastern Time, Tuesday, July 7, 2009

Ends: 8:00 p.m. U.S. Eastern Time, Tuesday, August 4, 2009, unless extended

This informational presentation is only a summary of the Stock Option Exchange Program. For additional details, please review all of the documents on the Offer to Exchange website

Stock Option Exchange Program

Presentation Objective



The objective of this presentation is to communicate the key components of the Stock Option Exchange Program

- Stock Option Overview
- Purpose of the Exchange Program
- How the Exchange Program Works
- Hypothetical Stock Option Gains
- How to Participate
- Taxation
- Steps to Prepare
- Timeline
- Available Resources
- Key Terms

- Broad-based stock options are a key component of our incentive and retention programs

- We believe stock options encourage our employees to act like owners of the business by:
 - Motivating our employees to work towards our success
 - Rewarding our employees' contributions by allowing them to benefit from increases in our stock price

Stock Option Overview

Underwater Stock Options

The decline in Exelixis' stock price has left a significant number of outstanding employee stock options underwater. These underwater stock options provide less motivation and opportunity for rewards than was originally intended

Historical Stock Prices	
Date	Stock Price
1/1/09	\$5.02
1/1/08	\$8.63
1/1/07	\$9.00
1/1/06	\$9.42
1/1/05	\$9.50
1/1/04	\$7.05
1/1/03	\$8.00
1/1/02	\$16.62
1/1/01	\$14.62



Exelixis' Average
Stock Price
June 1, 2008
through
May 31, 2009
\$5.00

- Provide employees who hold eligible underwater stock options motivation to work towards our success
- Reward our employees' contributions by providing them with an economic stake in the future of our company

- The Exchange Program is a **voluntary, one-time** opportunity for eligible employees to surrender eligible stock options in exchange for a smaller number of replacement stock options with a lower exercise price
- You are an eligible employee if you are:
 - A U.S. employee of Exelixis or an Exelixis subsidiary who holds eligible outstanding stock options and is eligible to participate in the 2000 Equity Incentive Plan.
 - Employed by Exelixis or an Exelixis subsidiary on the date the Exchange Program began (July 7, 2009) and remain employed through the date the replacement stock options are granted (expected to be August 5, 2009)

How the Exchange Program Works

Employee Eligibility (continued)



- Named Executive Officers (as reported in the Summary Compensation Table), members of the Board of Directors, consultants, and employees with a tax residence outside of the U.S. are excluded from participating in the exchange
- Employees on an approved leave of absence are permitted to participate as long as all eligibility requirements are met

How the Exchange Program Works

Eligible Stock Options



- Must be an outstanding stock option grant with an exercise price greater than or equal to **\$7.13**; and
- Granted before **January 7, 2008** and expiring after the end of the offer period (currently expected to be **August 4, 2009**).

How the Exchange Program Works

Terms and Conditions of the Replacement Grants



Date of Grant: expected to be **August 5, 2009**

Exercise Price: **closing price of Exelixis stock on grant date**

Contractual Term: the weighted average remaining contractual term of all eligible options surrendered in the Exchange Program. The contractual term is currently estimated to be approximately **6 years**.

Form of Replacement Stock Options: all replacement stock will be **nonstatutory stock options** regardless of whether the exchanged awards were Incentive Stock Options

Vesting of Replacement Stock Options: **all replacement stock options** will be subject to new vesting requirements before they become exercisable, as shown on the following slide

How the Exchange Program Works

Terms and Conditions of the Replacement Grants



- Eligible Stock Options that are vested **on or before** the commencement date, July 7, 2009, will be subject to a new One-Year Vesting Schedule as shown in the chart below.
- Eligible Stock Options that vest **after** the commencement date, July 7, 2009, will be subject to a new Three-Year Vesting Schedule as shown in the chart below.

One-Year Vesting Schedule Vested Options (as of July 7, 2009)	Three-Year Vesting Schedule Unvested Options (as of July 7, 2009)
100% after Year 1	33% after Year 1, monthly thereafter through Year 3
Fully Vested on August 5, 2010	Fully Vested on August 5, 2012

Note: All of your Replacement Stock Options will be subject to the vesting schedules as provided above, and will **not** be immediately exercisable.

How the Exchange Program Works

Exchange Ratios



If you choose to participate in the Exchange Program, the number of replacement stock options you will receive depends on three factors:

- 1) the exercise price of the stock options surrendered,
- 2) the corresponding exchange ratio, and
- 3) the number of eligible stock options surrendered

If the Per Share Exercise Price is.... The Exchange Ratio is*
\$7.13 to \$12.00	1.25 to 1
\$12.01 to \$18.96	4.00 to 1
\$18.97 to \$45.00	90.00 to 1

* Number of shares subject to eligible stock options required to be surrendered for one share subject to a replacement stock option.

The example below illustrates the exchange of one of John's eligible stock options

Grant Date	Eligible Stock Options		Exercise Price	Exchange Ratio	Replacement Stock Options*	
	Vested Shares	Unvested Shares			One-Year Vesting Schedule	Three-Year Vesting Schedule
1/3/2007	77	23	\$9.47	1.25	62 (77 divided by 1.25)	18 (23 divided by 1.25)

* Note: The total number of shares subject to replacement stock options will be determined by applying the exchange ratio and rounding to the nearest whole share (with 0.5 rounded up). Replacement stock options with the One-Year Vesting Schedule will be determined first by rounding to the nearest whole share (with 0.5 rounded up). Replacement stock options with the Three-Year Vesting Schedule will be the difference between the total and One-Year amounts.

John's Replacement Stock Options will have a new grant date (expected to be August 5, 2009) and a lower exercise price.

How the Exchange Program Works

Example – John Doe (continued)

Assuming John has three outstanding eligible stock options, the example below shows how the exchange ratios would be applied to all of John's eligible stock options

Grant Date	Shares Subject to Eligible Stock Options	Exercise Price	Exchange Ratio	Shares Subject to Replacement Stock Options*
1/3/2007	100	\$9.47	1.25 to 1	80 (100 divided by 1.25)
1/2/2002	65	\$15.81	4.00 to 1	16 (65 divided by 4.00)
8/1/2000	175	\$40.00	90.00 to 1	2 (175 divided by 90.00)
Total Options Exchanged: 340			Total Replacement Stock Options: 98	

* Note: The number of shares will be rounded to the nearest whole share (with 0.5 rounded up)

Hypothetical Stock Option Gains

Example – John Doe (continued)



The examples of **hypothetical** gains on the next few slides are subject to the following assumptions and qualifications:

- The replacement stock option exercise price will be \$5.00 per share*
- All Replacement Stock Options and Eligible Stock Options surrendered for exchange are fully vested and outstanding
- The example utilizes the exchange ratios that have been set for the Exchange Program

*Assumed solely for the purposes of the hypothetical example. Exelixis cannot and does not predict the future market price of its stock, and the examples do not constitute a prediction of future stock price

Hypothetical Stock Option Gains

Approximate Cross-over Stock Prices



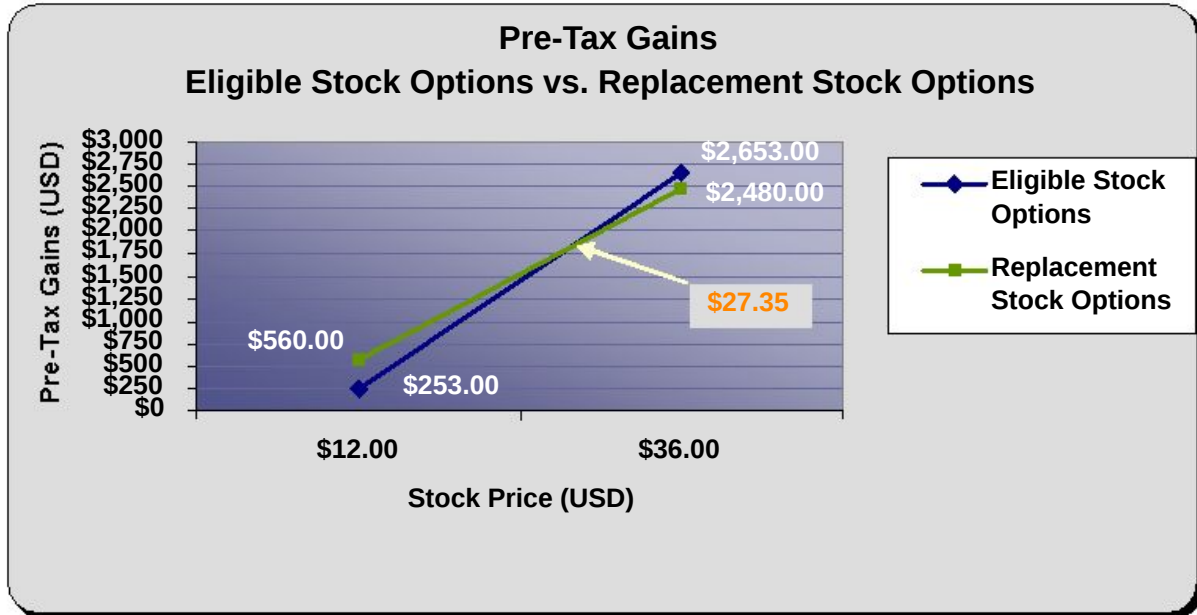
The chart below illustrates approximate Cross-Over Stock Prices for the three eligible stock options, assuming a \$5.00 exercise price for replacement stock options and applying the exchange ratios under the Exchange Program

Original Grant Date	Original Exercise Price	Cross-Over Stock Price
1/3/07	\$9.47	\$27.35
1/2/02	\$15.81	\$19.34
8/1/00	\$40.00	\$40.40

Subject to the assumptions and qualifications on the previous slide, Exelixis' stock price would have to exceed **\$19.34** in order for any of the eligible stock options to have provided higher potential gains

Hypothetical Stock Option Gains Example – John Doe (continued)

In this example, the “Cross-Over Stock Price” – or the point at which hypothetical future gains under the eligible stock options priced at \$9.47 and the replacement stock options is approximately **\$27.35**



Note: The example above shows the risk that replacement stock options ultimately may have less value than eligible stock options, depending on the future market price of Exelixis stock

Hypothetical Stock Option Gains

Example – John Doe (continued)

Replacement Stock Option: Exercise price of **\$5.00**

Hypothetical Stock Price: January 12, 2011 = **\$12.00**

	Eligible Stock Option January 3, 2007	Replacement Stock Option August 5, 2009
Assumed Stock Price (on January 12, 2011)	\$12.00	\$12.00
Hypothetical Gain	$100 \times (\$12.00 - \$9.47) = \$253.00$	$80 \times (\$12.00 - \$5.00) = \$560.00$
Tax Withholding*	$\$253.00 \times 32.65\% = \82.60	$\$560.00 \times 32.65\% = \182.84
After Tax Gain for Employee	$\$253.00 - \$82.60 = \$170.40$	$\$560.00 - \$182.84 = \$377.16$

*Note: The example above shows Tax Withholding at the U.S. Supplemental Income rate of 32.65% which includes 25% Federal, 6.2% FICA, and 1.45% Medicare. For specific information regarding your personal tax situation, you would need to consult a tax advisor.

Based on the above assumptions, John would receive **\$206.76** more in after-tax gains **if he participated** in the exchange
 $(\$377.16 - \$170.40 = \$206.76)$

Hypothetical Stock Option Gains

Example – John Doe (continued)



Replacement Stock Option: Exercise price of **\$5.00**

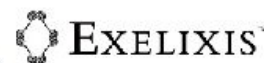
Hypothetical Stock Price: January 12, 2011 = **\$36.00**

	Eligible Stock Option January 3, 2007	Replacement Stock Option August 5, 2009
Assumed Stock Price (on January 12, 2011)	\$36.00	\$36.00
Hypothetical Gain	$100 \times (\$36.00 - \$9.47) = \$2,653.00$	$80 \times (\$36.00 - \$5.00) = \$2,480.00$
Tax Withholding*	$\$2,653.00 \times 32.65\% = \866.20	$\$2,480.00 \times 32.65\% = \809.72
After Tax Gain for Employee	$\$2,653.00 - \$866.20 = \$1,786.80$	$\$2,480.00 - \$809.72 = \$1,670.28$

*Note: The example above shows Tax Withholding at the U.S. Supplemental Income rate of 32.65% which includes 25% Federal, 6.2% FICA, and 1.45% Medicare. For specific information regarding your personal tax situation, you would need to consult a tax advisor.

Based on the above assumptions, John would receive **\$116.52** more in after-tax gains **if he did not participate** in the exchange
 $(\$1,786.80 - \$1,670.28 = \$116.52)$

How to Participate *Processing your Elections*



You may elect to participate in the Exchange Program via the Stock Option Exchange Program Website

<https://www.corp-action.net/exelixis>

You may also change your election or withdraw via the Stock Option Exchange Program Website. If you change your election or withdraw by submitting a Change of Election, any previously submitted election or Change of Election will be disregarded and considered replaced in full by the last Change of Election.

Elections by means other than the Stock Option Exchange Program Website WILL NOT BE ACCEPTED

Your final elections must be received via the Stock Option Exchange Program Website prior to the Exchange Program deadline of 8:00 p.m. U.S. Eastern Time, August 4, 2009

If you elect to participate, you are **required** to elect either “Exchange” or “Do Not Exchange” for each eligible stock option grant

Your elections must be received submitted through the website prior to the Exchange Program deadline of 8:00 p.m. U.S. Eastern Time, August 4, 2009

Your final elections must be submitted through the website prior to the Exchange Program deadline of 8:00 p.m. U.S. Eastern Time, August 4, 2009

Your final elections received as of the Exchange Program deadline will supersede any previous elections

How to Participate

Electing not to Participate



If you choose not to participate, no action is required and this Exchange Program will have no effect on eligible outstanding stock options; no changes will be made to the terms and conditions of the eligible outstanding stock options you continue to hold

This is a voluntary, one-time opportunity. So please review the materials carefully before making a decision. Neither BNY Mellon nor Exelixis can advise you whether to participate. The decision is yours.

Employees....

- Will not be subject to tax as a result of the exchange of eligible stock options for replacement stock options
- Will not be subject to tax when the replacement stock options are granted

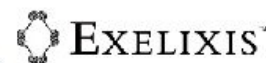
Please refer to the **Material U.S. Federal Income Tax Consequences** section in the **Offer to Exchange document** for information on your responsibilities to report and pay any taxes resulting from the exercise of the replacement stock options and information regarding the tax consequences of exercising incentive stock options and nonstatutory stock options

We strongly encourage all eligible employees to consult with their own tax advisors with respect to the federal, state, and local tax consequences of participating in the Exchange Program

1. Read the e-mail from the Option Exchange Administrator dated July 7, 2009
2. Locate your PIN (provided in the e-mail from the Option Exchange Administrator)
3. Log into the Stock Option Exchange Program Website via <https://www.corp-action.net/exelixis> and review all Exchange Program documents
4. Once you have reviewed all of the documents, proceed with your election. All elections **must be received by the deadline; 8:00 p.m. U.S. Eastern Time, August 4, 2009**
5. If you choose NOT to participate, you do not need to do anything

Timeline

Replacement Grant Information



Program Offered	July 7 – August 4, 2009
Exchanged stock options cancelled	August 4, 2009
Replacement stock option grant date	August 5, 2009 (expected)
Replacement stock options will be viewable online through your E*Trade account at www.etrade.com	Week of August 10, 2009 (expected)

Contact BNY Mellon Shareowner Services

Offer to Exchange Hotline

(9:00 a.m. to 8:00 p.m. U.S. Eastern Time, Monday through Friday)

At the numbers below:

From within the United States: **1-866-222-8410**

From outside the United States: **1-201-680-6579**

Contact the Exelixis Option Exchange Administrator

By Phone: **(650) 837-7311**

or

By Email: **optionexchange@exelixis.com**

Questions?

Appendix: Key Terms

Stock Options: the right to buy shares of Exelixis stock at a set price (also known as the exercise price) for a specified period of time

Eligible Stock Options: those outstanding stock options granted before January 7, 2008 and expiring after August 4, 2009 that have exercise prices greater than or equal to \$7.13. Also referred to as “Eligible Options”

Underwater: when the exercise price of a stock option is higher than the current market price of Exelixis stock

- **Example:** a stock option grant on 1/3/07 has an exercise price of \$9.47 because that was the price of Exelixis stock on that date. Exelixis stock is currently trading well below this price; therefore this stock option grant is considered “underwater”

Surrender: means to give something up. If you choose to participate in this program, you will be giving up your right to the eligible stock option grant

Exchange: to surrender eligible stock options and receive a lesser number of replacement stock options with a lower exercise price under this offer

Replacement Stock Options: refers to new stock options that participating employees will receive upon “surrendering” their eligible outstanding stock option grants

Exercise Price: the price at which Exelixis stock can be purchased by exercising a stock option; the exercise price is fixed when the stock option is granted and is always the closing price of Exelixis stock on the grant date

Cross-Over Stock Price: for a particular outstanding stock option grant that is eligible to be exchanged, is the price of Exelixis stock at which potential gains from the eligible outstanding option grant and the replacement stock option grant are approximately equal

Outstanding: previously granted stock options that have not been fully exercised or cancelled

Vesting: the period of continuous service that gives you the right to exercise your stock option over a period of time; when a portion of your stock option has vested, you may exercise the vested portion for actual shares of Exelixis stock

Exercising: to purchase the underlying shares of stock at the exercise price, regardless of the current market price

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN THE SUBJECT OF REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE, AND THE SAME HAVE BEEN (OR WILL BE, WITH RESPECT TO THE SECURITIES ISSUABLE UPON EXERCISE HEREOF) ISSUED IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT AS PERMITTED UNDER SUCH SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

THE WARRANT EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE WARRANT PURCHASE AGREEMENT, DATED AS OF JUNE 9, 2005, COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF THE ISSUER. NO REGISTRATION OF TRANSFER OF THIS WARRANT WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS AND UNTIL SUCH RESTRICTIONS SHALL HAVE BEEN COMPLIED WITH.

EXELIXIS, INC.

WARRANT TO PURCHASE COMMON STOCK

June 10, 2009

Void After June 10, 2014

THIS CERTIFIES THAT, for value received, SYMPHONY EVOLUTION HOLDINGS LLC, a Delaware limited liability company, with its principal office at 7361 Calhoun Place, Suite 325, Rockville, MD 20850, or its assigns (the "Holder"), is entitled to subscribe for and purchase at the Exercise Price (as defined below) from EXELIXIS, INC., a Delaware corporation, with its principal office at 249 East Grand Ave., P.O. Box 511, South San Francisco, CA 94083 (the "Company"), up to five hundred thousand (500,000) shares of Common Stock, par value \$0.001 per share, of the Company (the "Common Stock").

This Warrant is being issued pursuant to the terms of the Warrant Purchase Agreement, dated as of June 9, 2005, between the Company and Holder (the "Warrant Purchase Agreement").

1. DEFINITIONS. As used herein, the following terms shall have the following respective meanings:

(a) "Exercise Period" shall mean the period commencing on the date hereof and ending on June 10, 2014.

1.

(b) "Exercise Price" shall mean \$6.05 per share, subject to adjustment pursuant to Section 4 below.

(c) "Exercise Shares" shall mean the shares of Common Stock issuable upon exercise of this Warrant, subject to adjustment pursuant to the terms herein, including but not limited to adjustment pursuant to Section 4 below.

2. EXERCISE OF WARRANT.

2.1 Generally. The rights represented by this Warrant may be exercised in whole or in part at any time during the Exercise Period, by delivery of the following to the Company at its address set forth above (or at such other address as it may designate pursuant to Section 12 hereof):

(a) an executed Notice of Exercise in the form attached hereto;

(b) payment of the Exercise Price of the shares thereby subscribed for by wire transfer or cashier's check drawn on a United States bank to the Company, or by means of a cashless exercise pursuant to Section 2.2; and

(c) this Warrant.

Upon the exercise of the rights represented by this Warrant, a certificate or certificates for the Exercise Shares so purchased, registered in the name of the Holder or persons affiliated with the Holder, if the Holder so designates, shall be issued and delivered to the Holder as soon as practicable, but in no event longer than 30 days, after the rights represented by this Warrant shall have been so exercised. The Company shall, upon request of the Holder, if available and if allowed under applicable securities laws, use its commercially reasonable efforts to deliver any certificate or certificates required to be delivered by the Company under this section electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. If this Warrant shall have been exercised in part, the Company shall, at the time of delivery of the certificate or certificates representing Exercise Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Exercise Shares called for by this Warrant, which new Warrant shall in all other respects be identical to this Warrant.

The person in whose name any certificate or certificates for Exercise Shares are to be issued upon exercise of this Warrant shall be deemed to have become the holder of record of such shares on the date on which this Warrant was surrendered and payment of the Exercise Price and all taxes required to be paid by the Holder, if any, was made, irrespective of the date of delivery of such certificate or certificates, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

2.2 Cashless Exercise. Notwithstanding any provisions herein to the contrary, if the fair market value of one share of Common Stock is greater than the Exercise Price (at the date of calculation as set forth below), in lieu of exercising this Warrant by payment

of cash, the Holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being exercised) by surrender of this Warrant together with the properly endorsed Notice of Exercise, in which event the Company shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of shares of Common Stock to be issued to the Holder

Y = the number of shares of Common Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised (at the date of such calculation)

A = the fair market value of one share of Common Stock (at the date of such calculation)

B = Exercise Price (as adjusted to the date of such calculation)

For purposes of the above calculation, the fair market value of one share of Common Stock shall equal the average closing price of the Common Stock, as reported in the *Wall Street Journal*, on the NASDAQ National Market, or other national exchange that is then the primary exchange on which the Common Stock is listed (the "the Principal Market"), for the 30 trading days immediately preceding the second trading day prior to the date on which the Holder delivers to the Company an executed Notice of Exercise in the form attached hereto. If the Common Stock is not quoted on the NASDAQ National Market, or listed on another national exchange, the fair market value of one share of Common Stock shall be determined by the Company's Board of Directors in good faith.

2.3 Legend. All certificates evidencing the shares to be issued to the Holder may bear the following legends:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE, AND THE SAME HAVE BEEN ISSUED IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT AS PERMITTED UNDER SUCH SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM."

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN THE WARRANT PURCHASE AGREEMENT, DATED AS OF JUNE 9, 2005, COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF THE ISSUER. NO REGISTRATION OF TRANSFER OF THESE SHARES WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS AND UNTIL SUCH RESTRICTIONS SHALL HAVE BEEN COMPLIED WITH."

2.4 Charges, Taxes and Expenses. Issuance of certificates for Exercise Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Exercise Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

3. COVENANTS OF THE COMPANY.

3.1 No Impairment. Except and to the extent as waived or consented to by the Holder, the Company will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder against impairment.

3.2 Notices of Record Date. If at any time:

(a) the Company shall take a record of the holders of Common Stock for the purpose of entitling them to receive a dividend or other distribution, or any right to subscribe for or purchase any evidences of its indebtedness, any shares of stock of any class or any other securities or property, or to receive any other right (other than with respect to any equity or equity equivalent security issued pursuant to a rights plan adopted by the Company's Board of Directors);

(b) there shall be any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any consolidation or merger of the Company, or any sale, transfer or other disposition of all or substantially all the property, assets or business of the Company; or

(c) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of such cases, the Company shall give to Holder (i) at least 10 days' prior written notice of the date on which a record date shall be selected for such dividend, distribution or right or for determining rights to vote in respect of any such reorganization, reclassification, recapitalization, consolidation, merger, sale, transfer, disposition, dissolution, liquidation or winding up and (ii) in the case of any such reorganization, reclassification, recapitalization, consolidation, merger, sale, transfer, disposition, dissolution, liquidation or winding up, at least 10 days' prior written notice of the date on which the same shall take place. Such notice in accordance with the foregoing clause also shall specify the date on which the holders of Common Stock shall be entitled to any such dividend, distribution or right, and the amount and character thereof.

4. ADJUSTMENT OF EXERCISE PRICE. In the event of changes in the outstanding Common Stock by reason of stock dividends, split-ups, recapitalizations, reclassifications,

combinations or exchanges of shares, separations, reorganizations, liquidations or the like, the number and class of shares available under this Warrant in the aggregate and the Exercise Price shall be correspondingly adjusted to give the Holder of this Warrant, on exercise for the same aggregate Exercise Price, the total number, class and kind of shares as the Holder would have owned had the Warrant been exercised prior to the event and had the Holder continued to hold such shares until after the event requiring adjustment. The form of this Warrant need not be changed because of any adjustment in the number of Exercise Shares subject to this Warrant.

5. FRACTIONAL SHARES. No fractional shares shall be issued upon the exercise of this Warrant, including as a consequence of any adjustment pursuant hereto. If the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value of an Exercise Share (determined as provided in Section 2.2 hereof) by such fraction; provided, however, that the Company may elect in its sole discretion to issue the next higher number of full shares of Common Stock by issuing a full share with respect to such fractional share.

6. CORPORATE TRANSACTIONS. In case the Company shall reorganize its capital, reclassify its capital stock, consolidate or merge with or into another corporation (where the Company is not the surviving corporation or where there is a change in or distribution with respect to the Common Stock), or sell, transfer or otherwise dispose of all or substantially all its property, assets or business and, pursuant to the terms of such reorganization, reclassification, merger, consolidation or disposition of assets, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation (“Other Property”), are to be received by or distributed to the holders of the Common Stock, then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and Other Property receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a Holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of this Section 6, “common stock of the successor or acquiring corporation” shall include stock of such corporation of any class which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 6 shall similarly apply to successive reorganizations, reclassifications, mergers, consolidations or disposition of assets.

7. NOTICE OF ADJUSTMENT. Whenever the number of Exercise Shares or number or kind of securities or other property purchasable upon the exercise of this Warrant or the Exercise Price is adjusted, as herein provided, the Company shall give notice thereof to the Holder at the address of such Holder appearing on the books of the Company, which notice shall state the number of Exercise Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Exercise Shares (and other securities or property) after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

8. ORDERLY SALE. This Warrant and the Exercise Shares are subject to the provisions of Section 6.05 of the Warrant Purchase Agreement.

9. NO STOCKHOLDER RIGHTS. This Warrant does not entitle the Holder to any voting rights or other rights as a stockholder of the Company prior to the exercise hereof. Upon the exercise of this Warrant in accordance with Section 2, the Exercise Shares so purchased shall be and be deemed to be issued to such Holder as the record owner of such shares as of the close of business on the date of such exercise.

10. TRANSFER OF WARRANT. Subject to applicable laws, the restriction on transfer set forth on the first page of this Warrant and the provisions of Article VI of the Warrant Purchase Agreement, this Warrant and all rights hereunder are transferable by the Holder, in person or by duly authorized attorney, upon delivery of this Warrant, the Assignment Form attached hereto and funds sufficient to pay any transfer taxes payable upon the making of such transfer, to any transferee designated by Holder. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Exercise Shares without having a new Warrant issued. The Company may require, as a condition of allowing a transfer (i) that the Holder or transferee of this Warrant, as the case may be, furnish to the Company a written opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that such transfer may be made without registration under the Securities Act and under applicable state securities or blue sky laws, (ii) that the holder or transferee execute and deliver to the Company an investment letter in form and substance acceptable to the Company, (iii) that the transferee be an "accredited investor" as defined in Rule 501(a) promulgated under the Securities Act and (iv) the transferee agree in writing to be bound by the terms of this Warrant and the Warrant Purchase Agreement as if an original signatory thereto.

11. LOST, STOLEN, MUTILATED OR DESTROYED WARRANT. If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed.

12. NOTICES, ETC. Any notice, request, demand, waiver, consent, approval or other communication that is required or permitted to be given hereto shall be in writing and shall be deemed given only if delivered to the applicable party personally or sent to the party by facsimile transmission (promptly followed by a hard-copy delivered in accordance with this Section 12), by next business day delivery by a nationally recognized courier service, or by registered or certified mail (return receipt requested), with postage and registration or certification fees thereon prepaid, addressed to the party at its address set forth in the Warrant Purchase Agreement, or at such other address as the Company or Holder may designate by ten (10) days advance written notice to the other party hereto.

13. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

14. GOVERNING LAW. This Warrant and all rights, obligations and liabilities hereunder shall be governed by the laws of the State of New York.

15. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday, Sunday or a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday, Sunday or legal holiday.

16. AMENDMENT. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

17. SUCCESSORS AND ASSIGNS. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder.

18. HEADINGS. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its duly authorized officer as of June 10, 2009.

EXELIXIS, INC.

By: /s/ James B. Bucher

Name: James B. Bucher

Title: Vice President Corporate Legal Affairs and Secretary

8.

NOTICE OF EXERCISE

TO: EXELIXIS, INC.

(1) The undersigned hereby elects to purchase _____ shares of Common Stock of EXELIXIS, INC. (the "Company") pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

The undersigned hereby elects to purchase _____ shares of Common Stock of EXELIXIS, INC. (the "Company") pursuant to the terms of the net exercise provisions set forth in Section 2.2 of the attached Warrant, and shall tender payment of all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

(3) The undersigned represents that:

(A) It is an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

(B) It has relied completely on the advice of, or has consulted with or has had the opportunity to consult with, its own personal tax, investment, legal or other advisors and has not relied on the Company or any of its affiliates for advice.

(C) It has been advised and understands that the offer and sale of the attached Warrant and the shares of Common Stock issued upon exercise of the Warrant (the "Warrant Shares") have not been registered under the Securities Act. It is able to bear the economic risk of such investment for an indefinite period and to afford a complete loss thereof.

(D) It is acquiring the Warrant Shares solely for its own account for investment purposes as a principal and not with a view to the resale of all or any part thereof. It agrees that the Warrant Shares may not be resold (1) without registration thereof under the Securities Act (unless an exemption from such registration is available), or (2) in violation of any law. It acknowledges that the Company is not required to register the Warrant Shares under the Securities Act. It is not and will not be an underwriter within the meaning of Section 2(11) of the Securities Act with respect to the Warrant Shares.

(E) No person or entity acting on behalf of, or under the authority of, the undersigned is or will be entitled to any broker's, finder's, or similar fees or commission payable by the Company or any of its affiliates.

(Date)

(Signature)

(Print name)

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information.
Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: _____, 2____

Holder's
Signature: _____

Holder's
Address: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.