
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-30235

EXELIXIS, INC.

(Exact name of Registrant as specified in its Charter)

260 Littlefield Avenue
South San Francisco, California 94080

(Address of Principal Executive Offices, including Zip Code)

(650) 825-2200

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file reports), and (2) has been subject to such filing requirements for the past 90 days. YES [] NO []

As of April 30, 2000 there were 42,765,662 shares of the Registrant's Common Stock outstanding.

EXELIXIS, INC.

FORM 10-Q

INDEX

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

04-3257395

(I.R.S. Employer Identification Number)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EXELIXIS, INC.

CONDENSED BALANCE SHEETS

(in thousands)

	MARCH 31, 2000	DECEMBER 31, 1999(1)
	----- (unaudited)	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$12,001	\$5,400
Short-term investments.....	1,501	1,504
Other receivables.....	559	185
Other current assets.....	1,674	943
	-----	-----
Total current assets.....	15,735	8,032
Property and equipment, net.....	12,314	9,498
Related party receivables.....	594	619
Other assets.....	753	752
	-----	-----
Total assets.....	\$29,396	\$18,901
	=====	=====
LIABILITIES, MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses.....	\$4,699	\$3,648
Current portion of capital lease obligations.....	702	735
Current portion of notes payable.....	1,604	1,554
Deferred revenue.....	7,496	2,767
	-----	-----
Total current liabilities.....	14,501	8,704
Capital lease obligations.....	68	229
Notes payable.....	2,904	3,299
Convertible promissory note.....	7,500	7,500
Other long-term liability.....	104	104
Deferred revenue.....	10,644	1,890
	-----	-----
Total liabilities.....	35,721	21,726
Mandatorily redeemable convertible preferred stock.....		
	46,780	46,780
	-----	-----
Stockholders' deficit:		
Common stock.....	11	6
Additional paid-in-capital.....	30,212	19,523
Notes receivable from stockholders.....	(2,170)	(240)
Deferred stock compensation.....	(19,144)	(14,167)
Accumulated deficit.....	(62,014)	(54,727)
	-----	-----
Total stockholders' deficit.....	(53,105)	(49,605)
	-----	-----
Total liabilities, mandatorily redeemable convertible preferred stock and stockholders' deficit.....	\$29,396	\$18,901
	=====	=====

(1) The balance sheet at December 31, 1999 has been derived from the audited financial statement at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The accompanying notes are an integral part of these condensed financial statements.

EXELIXIS, INC.

CONDENSED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	THREE MONTHS ENDED MARCH 31,	
	2000	1999
Revenues:		
License.....	\$931	\$135
Contract.....	5,020	1,063
Total revenues.....	5,951	1,198
Operating expenses:		
Research and development (including stock compensation expense of \$2,003 and \$248 in 2000 and 1999, respectively).....	8,933	3,312
General and administrative (including stock compensation expense of \$1,259 and \$74 in 2000 and 1999, respectively).....	4,295	1,435
Total operating expenses.....	13,228	4,747
Loss from operations.....	(7,277)	(3,549)
Interest income.....	148	96
Interest expense.....	(158)	(119)
Net loss.....	===== (\$7,287)	===== (\$3,572)
Net loss per share, basic and diluted.....	===== (\$1.23)	===== (\$1.28)
Shares used in computing net loss per share, basic and diluted.....	5,905	2,788

The accompanying notes are an integral part of these condensed financial statements.

EXELIXIS, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	THREE MONTHS ENDED MARCH 31,	
	2000	1999
Cash flows from operating activities:		
Net loss.....	(\$7,287)	(\$3,572)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization.....	785	432
Amortization of deferred stock compensation..	3,262	322
Changes in assets and liabilities:		
Other receivables.....	(374)	100
Other current assets.....	(731)	147
Other assets.....	(1)	(51)
Related party receivables.....	25	(150)
Accounts payable and accrued expenses.....	1,051	196
Deferred revenue.....	13,483	3,615
Net cash provided by operating activities..	===== 10,213	===== 1,039
Cash flows used in investing activities:		
Purchases of property and equipment.....	(3,601)	(518)
Maturities (purchases) of short-term investments, net.....	3	(4,909)

Net cash used in investing activities.....	(3,598)	(5,427)

Cash flows from financing activities:		
Proceeds from sale of mandatorily redeemable convertible preferred stock.....	--	8,501
Proceeds from exercise of stock options and warrants.....	525	--
Principal payments on capital lease obligations.....	(194)	(248)
Proceeds from issuance of notes payable.....	--	7,944
Principal payments on note payable.....	(345)	(142)

Net cash provided by (used in) financing activities.....	(14)	16,055

Net increase in cash and cash equivalents.....	6,601	11,667
Cash and cash equivalents, at beginning of period.....	5,400	2,058

Cash and cash equivalents, at end of period.....	\$12,001	\$13,725
=====		

The accompanying notes are an integral part of these condensed financial statements.

EXELIXIS, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

March 31, 2000

(unaudited)

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Exelixis, Inc. ("Exelixis" or the "Company"), formerly Exelixis Pharmaceuticals, Inc., is a model system genetics and comparative genomics company that uses model systems to identify critical genes in disease pathways and to determine functional relationships of genes and functionality of potential targets for the pharmaceutical and agriculture industries. The Company operates in one business segment in the United States and exited the development stage during the year ended December 31, 1998.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared by the Company in accordance with generally accepted accounting principles for interim financial information and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000, or for any future period. These financial statements and notes should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 1999 included in the Company's Registration Statement on Form S-1, as amended (No. 333-96335) which was declared effective by the Securities and Exchange Commission on April 10, 2000.

Net Loss per Share

The Company computes net loss per share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share" and SEC Staff Accounting Bulletin No. 98. Basic and diluted net loss per share are computed by dividing the net loss for the period by the weighted average number of shares of common stock outstanding during the period. The calculation of diluted net loss per share excludes potential common stock if their effect is antidilutive. Potential common stock consists of common stock subject to repurchase, incremental common shares issuable upon the exercise of stock options and warrants and shares issuable upon conversion of the preferred stock and note payable.

The following table sets forth potential shares of common stock that are not included in the diluted net loss per share because to do so would be anti-dilutive for the periods indicated:

	Three Months Ended March 31,	
	2000	1999
Preferred stock.....	22,877,656	21,797,484
Options to purchase common stock.....	2,486,175	2,775,039
Common stock subject to repurchase.....	3,176,856	1,249,672
Conversion of note payable.....	1,875,000	937,500
Warrants.....	629,689	526,337
	-----	-----
	31,045,376	27,286,032
	=====	=====

Comprehensive Income

The Company adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income." This statement requires companies to classify items of other comprehensive income by their nature in the financial statements and display the accumulated balance of other comprehensive income separately from accumulated deficit and additional paid-in capital in the equity section of the balance sheet. For all periods presented, there were no material differences between comprehensive loss and net loss.

Reclassification

Certain prior year amounts have been reclassified to conform to the current period's presentation.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivatives and Hedging Activities". SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133". SFAS No. 137 deferred the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. To date, the Company has not engaged in derivative or hedging activities.

In March 2000, the FASB issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an interpretation of APB 25," which is effective July 1, 2000. The Company does not expect FIN 44 to have any material impact on its financial statements.

Note 2. Initial Public Offering

On April 14, 2000, the Company completed an initial public offering in which it sold 9,100,000 shares of common stock at \$13.00 per share for net proceeds of approximately \$108.6 million, net of underwriting discounts, commissions and other offering costs. Upon the closing of the offering, all the Company's mandatorily redeemable convertible preferred stock converted into 22,877,656 shares of common stock. After the offering, the Company's authorized capital consisted of 100,000,000 shares of common stock, \$0.001 par value, and 10,000,000 shares of preferred stock, \$0.001 par value. On May 1, 2000, the underwriters exercised an over-allotment option to purchase an additional 1,365,000 shares resulting in net proceeds of approximately \$16.5 million.

Note 3. Deferred Stock-Based Compensation

Deferred stock compensation for options granted to employees is the difference between the deemed value for financial reporting purposes of the Company's common stock on the date such options were granted and their exercise price. Deferred stock compensation for options granted to consultants has been determined in accordance with SFAS No. 123 and is periodically remeasured as the underlying options vest in accordance with Emerging Issues Task Force No. 96-18.

As of March 31, 2000, the Company has recorded a cumulative \$26.6 million of deferred stock compensation related to stock options granted to consultants and employees. Stock compensation expense is being recognized in accordance with FASB Interpretation No. 28 over the vesting periods of the related options, generally four years. The Company recognized stock compensation expense of \$3.3 million and \$0.3 million for the three months ended March 31, 2000 and 1999, respectively.

Note 4. Commitments

On March 29, 2000, the Company entered into an amendment to an existing lease agreement to additionally lease a second building consisting of approximately 49,000 square feet of research and development and general office space in South San Francisco, California. Future noncancelable lease payments under this amended agreement for the second building total approximately \$32 million. Payments are expected to begin in the second quarter of 2001 and will continue through the remaining term of the lease.

In connection with the amended agreement, the Company issued warrants to purchase 78,750 shares of common stock at an exercise price of \$13.00. The Company determined the fair value of these warrants using the Black-Scholes option pricing model with the following assumptions: expected life of five years; a weighted average risk-free rate of 6.38%; expected dividend yield of zero; volatility of 70% and a deemed value of the common stock of \$11.00 per share. The fair value of the warrants of \$518,000 will be capitalized and amortized as expense over the term of the lease.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis should be read in conjunction with our financial statements and accompanying notes included in this report and the 1999 audited financial statements and notes thereto included in our Registration Statement on Form S-1, as amended (No. 333-96335) and Form 8-K filed April 24, 2000. Operating results are not necessarily indicative of results that may occur in future periods.

The following discussion contains forward-looking statements that are based upon current expectations. Forward-looking statements involve risks and uncertainties. Our actual results and the timing of events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors" as well as those discussed elsewhere in this document and those discussed in our Registration Statement on Form S-1, as amended (No. 333-96335).

Overview

Exelixis was founded in November 1994 and began operations in January 1995. Since that time, we have made significant investments in developing our capabilities in comparative genomics and model system genetics. Our proprietary technologies provide a rapid, efficient and cost-effective way to move beyond DNA sequence data to understand the function of genes and the proteins that they encode. We believe that our technologies are commercially applicable to all industries whose products can be enhanced by an understanding of DNA or proteins. To date, we have recognized revenues from research collaborations with large pharmaceutical and agrochemical companies. Our current collaborations are with Bayer, Pharmacia (formerly Pharmacia & Upjohn) and Bristol-Myers Squibb.

Our sources of potential revenue for the next several years are likely to include upfront license and other fees, funded research payments under existing and possible future collaborative arrangements, milestone payments and royalties from our collaborators based on revenues received from any products commercialized under those agreements.

We have a history of operating losses resulting principally from costs associated with research and development activities, investment in core technologies and general and administrative functions. As a result of

planned expenditures for future research and development activities, we expect to incur additional operating losses for the foreseeable future.

License, research commitment and other non-refundable payments received in connection with research collaboration agreements are deferred and recognized on a straight-line basis over the relevant periods specified in the agreements, generally the research term. We recognize contract research revenues as services are performed in accordance with the terms of the agreements. Any amounts received in advance of performance are recorded as deferred revenue.

Results of Operations

Three Months Ended March 31, 2000 and 1999

Total Revenues

Total revenues were \$6.0 million for the three months ended March 31, 2000, compared to \$1.2 million in the first quarter of 1999. The increase was due primarily to additional license and contract revenues earned from the existing collaborations with Bayer, Pharmacia and Bristol-Myers Squibb.

Research and Development Expenses

Research and development expenses consist primarily of salaries and other personnel-related expenses, facility costs, supplies and depreciation of facilities and laboratory equipment. Research and development expenses were \$8.9 million for the three months ended March 31, 2000, compared to \$3.3 million in the first quarter of 1999. The increase was due primarily to increased staffing and other personnel-related costs, including non-cash stock compensation expense, incurred to support new collaborative arrangements and our internal self-funded research efforts. We expect to continue to devote substantial resources to research and development, and we expect that research and development expenses will continue to increase in absolute dollar amounts in the future.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs to support our activities, facility costs and professional expenses, such as legal fees. General and administrative expenses were \$4.3 million for the three months ended March 31, 2000, compared to \$1.4 million in the first quarter of 1999. The increase in general and administrative expenses in the three months ended March 31, 2000 compared to the first quarter of 1999 related primarily to increased recruiting expenses, non-cash stock compensation expense and rent for facilities and lease expenses for equipment. We expect that our general and administrative expenses will increase in absolute dollar amounts in the future as we expand our administrative staff and add infrastructure to support our growing research and development efforts and incur additional costs related to being a public company, including directors' and officers' insurance, investor relations programs and increased professional fees.

Stock Compensation Expense

Deferred stock compensation expense for options granted to employees is the difference between the deemed value for financial reporting purposes of our common stock on the date such options were granted and their exercise price. Deferred stock compensation for options granted to consultants has been determined in accordance with the Statement of Financial Accounting Standards No. 123 and is periodically remeasured as the underlying options vest in accordance with Emerging Issues Task Force No. 96-18.

In connection with the grant of stock options to employees and consultants, we recorded deferred stock compensation of approximately \$8.2 million for the three months ended March 31, 2000, compared to \$0.4 million in the first quarter of 1999. These amounts were recorded as a component of stockholders' deficit and are being amortized as charges to operations over the vesting periods of the options. We recorded stock compensation expense of approximately \$3.3 million for the three months ended March 31, 2000, compared to \$0.3 million in the first quarter of 1999.

Interest Income (Expense), Net

Interest income represents income earned on our cash, cash equivalents and short-term investments. Net interest expense was \$10,000 in the three months ended March 31, 2000, and \$23,000 in the first quarter of 1999, and

consisted of interest expense incurred on notes payable and capital lease obligations, substantially offset by income earned on cash, cash equivalents and short-term investments.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily through private placements of preferred stock, loans, equipment lease financings and other loan facilities and payments from collaborators. As of March 31, 2000, we had approximately \$13.5 million in cash, cash equivalents and short-term investments.

Our operating activities provided cash of \$10.2 million for the three months ended March 31, 2000, compared to \$1.0 million for the three months ended March 31, 1999. Cash provided by operating activities related primarily to an increase in deferred revenue from collaborators, substantially offset by the funding of net operating losses.

Our investing activities used cash of \$3.6 million for the three months ended March 31, 2000, compared to \$5.4 million for the first quarter of 1999. Investing activities consist primarily of purchases of property, equipment and short-term investments. Cash used in investing activities decreased year-over-year primarily due to increased capital expenditures fully offset by a decrease in purchases of short-term investments, net. We expect to continue to make significant investments in research and development and our administrative infrastructure, including the purchase of property and equipment to support our expanding operations.

Our financing activities used cash of \$15,000 for the three months ended March 31, 2000, and provided cash of \$16.1 million for the first quarter of 1999. The 1999 activity consisted primarily of proceeds from sales of preferred stock and proceeds from the issuance of notes payable. The 2000 activity consisted primarily of proceeds from exercise of stock options and warrants offset by payments on notes payable and capital lease obligations.

We believe that our current cash and cash equivalents, short-term investments and funding to be received from collaborators, together with the proceeds from our initial public offering in April 2000, will be sufficient to satisfy our anticipated cash needs for at least the next two years. However, it is possible that we will seek additional financing within this timeframe. We may raise additional funds through public or private financing, collaborative relationships or other arrangements. We cannot assure you that additional funding, if sought, will be available or, even if available, will be available on terms favorable to us. Further, any additional equity financing may be dilutive to stockholders, and debt financing, if available, may involve restrictive covenants. Our failure to raise capital when needed may harm our business and operating results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position, operating results or cash flows due to changes in U.S. interest rates. This exposure is directly related to our normal operating activities. Our cash, cash equivalents and short-term investments are invested with high quality issuers and are generally of a short-term nature. Interest rates payable on our notes and lease obligations are generally fixed. As a result, we do not believe that near-term changes in interest rates will have a material effect on our future results of operations.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

a. Not applicable

b. Not applicable

- c. During the quarter ended March 31, 2000, we granted options to purchase 1,450,895 shares of common stock to employees and consultants under our 1997 Equity Incentive Plan.

During the quarter ended March 31, 2000, employees and consultants exercised options for 4,584,992 shares of common stock. Also during the period, we issued 21,696 shares of common stock pursuant to the exercise of warrants held by investors.

The issuance of the above restricted securities were deemed to be exempt from registration under the Securities Act of 1933, as amended ("the Act") in reliance upon Section 4(2) of the Act or Rule 701 promulgated under Section 3(b) of the Act.

- d. On April 14, 2000, we completed our initial public offering of 9,100,000 shares of our common stock at an initial public offering price of \$13.00 per share for aggregate proceeds of approximately \$118.3 million. The managing underwriters in the offering were Goldman, Sachs & Co., Credit Suisse First Boston and SG Cowen. The shares of the common stock sold in the offering were registered under the Act in a Registration Statement on Form S-1, as amended (No. 333-96335). The Securities and Exchange Commission declared the Registration Statement effective on April 10, 2000.

We paid a total of approximately \$8.3 million in underwriting discounts and commissions and expect other costs and expenses, other than underwriting discounts and commissions, will total approximately \$1.4 million in connection with the offering. After deducting the underwriting discounts and commissions and the offering costs and expenses, our estimated net proceeds from the offering were approximately \$108.6 million. Furthermore, on May 1, 2000, the underwriters exercised their over-allotment option for an additional 1,365,000 shares of common stock, resulting in additional net proceeds to us of approximately \$16.5 million.

We intend to use the net proceeds for research and development activities, working capital and other general corporate purposes and capital expenditures. We are currently assessing the specific uses and allocations for these funds. The net proceeds were invested in short-term marketable securities at April 30, 2000.

Item 4. Submission of Matters to a Vote of Security Holders

1. By action taken by written consent effective January 31, 2000, our stockholders of record on December 31, 1999 approved an increase in the number of shares available for issuance under our 1997 Equity Incentive Plan by 2,000,000 shares to an aggregate of 11,142,000 shares. As of the record date for taking such action, we had outstanding 38,848,739 shares of our common stock, calculated on an as-if-converted to common stock basis but prior to giving effect to our subsequent 4-for-3 reverse stock split of our common stock. We did not receive written consents from each stockholder. We received 22,620,378 votes (a 58% majority) approving the increase in the number of shares available for issuance under our 1997 Equity Incentive Plan.

2. By action taken by written consent effective January 31, 2000, our stockholders of record on December 31, 1999 also approved an amendment to our Restated Certificate of Incorporation to change our name from "Exelixis Pharmaceuticals, Inc." to "Exelixis, Inc." As of the record date for taking such action, we had outstanding (i) 8,345,168 shares of our common stock, prior to giving effect to our subsequent 4-for-3 reverse stock split of our common stock, (ii) 5,328,571 shares of our series A preferred stock, (iii) 12,300,000 shares of our series B preferred stock, (iv) 7,875,000 shares of our series C preferred stock and (v) 5,000,000 shares of our series D preferred stock. We did not receive written consents from each stockholder. We received the following votes approving the amendment to our Restated Certificate of Incorporation to change our name from "Exelixis Pharmaceuticals, Inc." to "Exelixis, Inc.":

PART I. FINANCIAL INFORMATION

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Item 1. Financial Statements

Condensed Balance Sheets **
March 31, 2000 and December 31, 1999

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PART II. OTHER INFORMATION

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Item 5. Other Information - Risk Factors **

Item 6. Exhibits and Reports on Form 8-K **

SIGNATURE **

- In February 2000, we submitted an information statement to our stockholders of record on January 31, 2000 in connection with our initial public offering asking them to approve certain matters. By action taken by written consent effective as of March 15, 2000, our stockholders approved each of these matters, as set forth below. As of the record date for taking such actions, we had outstanding 41,136,392 shares of our common stock, calculated on an as-if-converted to common stock basis but prior to giving effect to our subsequent 4-for-3 reverse stock split of our common stock. We did not receive written consents from each stockholder. Set forth below are each of the matters voted upon and the results of the voting from the stockholders that returned written consents to us:

A. Approval of the Certificate of Amendment to the Restated Certificate of Incorporation to effect the 4-for-3 reverse stock split:

Common Stock	8,240,593	(99% majority)
Series A Preferred	4,471,418	(84% supramajority)
Series B Preferred	12,075,000	(98% supramajority)
Series C Preferred	7,168,658	(95% supramajority)

Series C Preferred	7,400,000	(95% supramajority)
Series D Preferred	5,000,000	(100% supramajority)

- Approval of the Amendment and Restatement of our Restated Certificate of Incorporation to be effective following our initial public offering:

Approve: 37,540,502
 Disapprove: 104,608

- Approval of the Amendment and Restatement of our Bylaws:

Approve: 37,550,450
 Disapprove: 101,983

- Approval of the form of Indemnity Agreement to be entered into with our directors and executive officers:

Approve: 37,550,450
 Disapprove: 101,983

- Approval of adoption of our 2000 Non-Employee Directors' Stock Option Plan:

Approve: 37,640,933
 Disapprove: 10,000

- Approval of adoption of our 2000 Employee Stock Purchase Plan:

Approve: 37,538,950
 Disapprove: 111,983

- Approval of adoption of our 2000 Equity Incentive Plan:

Approve: 37,650,933
 Disapprove: 0

Item 5. Other Information - Risk Factors

We have a history of net losses. We expect to continue to incur net losses, and we may not achieve or maintain profitability.

We have incurred net losses each year since our inception, including a net loss of approximately \$7.3 million for the quarter ended March 31, 2000. As of that date, we had an accumulated deficit of approximately \$62.0 million. We expect these losses to continue and anticipate negative cash flow for the foreseeable future. The size of these net losses will depend, in part, on the rate of growth, if any, in our license and contract revenues and on the level of our expenses. Our research and development expenditures and general and administrative costs have exceeded our revenues to date, and we expect to spend significant additional amounts to fund research and development in order to enhance our core technologies and undertake product development. As a result, we expect that our operating expenses will increase significantly in the near term and, consequently, we will need to generate significant additional revenues to achieve profitability. Even if we do increase our revenues and achieve profitability, we may not be able to sustain or increase profitability.

We will need additional capital in the future, which may not be available to us.

Our future capital requirements will be substantial, and will depend on many factors including:

- payments received under collaborative agreements;
- the progress and scope of our collaborative and independent research and development projects;

- our need to develop manufacturing and marketing capabilities to commercialize products; and
- the filing, prosecution and enforcement of patent claims.

We anticipate that our current cash and cash equivalents, short-term investments and funding to be received from collaborators, together with the proceeds from our initial public offering in April 2000 and interest earned thereon, will enable us to maintain our currently planned operations for at least the next two years. Changes to our current operating plan may require us to consume available capital resources significantly sooner than we expect. We may be unable to raise sufficient additional capital when we need it, on favorable terms, or at all. If our capital resources are insufficient to meet future capital requirements, we will have to raise additional funds. The sale of equity or convertible debt securities in the future may be dilutive to our stockholders, and debt financing arrangements may require us to pledge certain assets and enter into covenants that would restrict our ability to incur further indebtedness. If we are unable to obtain adequate funds on reasonable terms, we may be required to curtail operations significantly or to obtain funds by entering into financing, supply or collaboration agreements on unattractive terms.

Difficulties we may encounter managing our growth may divert resources and limit our ability to successfully expand our operations.

We have experienced a period of rapid and substantial growth that has placed, and our anticipated growth in the future will continue to place, a strain on our administrative and operational infrastructure. As our operations expand, we expect that we will need to manage additional relationships with various collaborative partners, suppliers and other third parties. Our ability to manage our operations and growth effectively requires us to continue to improve our operational, financial and management controls, reporting systems and procedures. We may not be able to successfully implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls.

We are dependent on our collaborations with major companies. If we are unable to achieve milestones or develop products or are unable to renew or enter into new collaborations, our revenues may decrease and our activities may fail to lead to commercialized products.

Substantially all of our revenues to date have been derived from collaborative research and development agreements. Revenues from research and development collaborations depend upon continuation of the collaborations, the achievement of milestones and royalties derived from future products developed from our research. If we are unable to successfully achieve milestones or our collaborators fail to develop successful products, we will not earn the revenues contemplated under such collaborative agreements. In addition, some of our collaborations are exclusive and preclude us from entering into additional collaborative arrangements with other parties in the area or field of exclusivity.

We currently have collaborative research agreements with Bayer, Pharmacia (formerly Pharmacia and Upjohn) and Bristol-Myers Squibb. Our current collaborative agreement with Bayer is scheduled to expire in 2008, after which it will automatically be extended for one-year terms unless terminated by either party upon 12-month written notice. Our agreement permits Bayer to terminate our collaborative activities prior to 2008 upon the occurrence of specified conditions, such as the failure to agree on key strategic issues after a period of years or the acquisition of Exelixis by certain specified third parties. Similarly, our collaborative agreement with Pharmacia allows either party to terminate our research collaboration at the conclusion of its third year in 2002, at the conclusion of its fifth year in 2004, or any subsequent year. The Pharmacia agreement may also be terminated in the event of a conflict over material third-party intellectual property rights. Our collaborative agreement with Bristol-Myers Squibb expires in September 2002, unless terminated earlier by Bristol-Myers Squibb in the event that we fail to deliver specified gene targets prior to the first anniversary of our agreement. In addition, both our agreements with Bayer and Pharmacia are subject to termination at an earlier date if certain specified individuals are no longer employed by us and we are unable to find replacements acceptable to Bayer or Pharmacia, as the case may be. In the case of Pharmacia, the right is triggered if either of two specified individuals directly involved in the research program cease to be employed by us. In the case of Bayer, the right is triggered if two or more of our Chief Executive Officer, Chief Scientific Officer, Agricultural Biotechnology Program Leader and Chief Information Officer cease to have a relationship with us within six months of each other.

If these existing agreements are not renewed or if we are unable to enter into new collaborative agreements on commercially acceptable

terms, our revenues and product development efforts may be adversely affected.

Conflicts with our collaborators could jeopardize the outcome of our collaborative agreements and our ability to commercialize products.

We intend to conduct proprietary research programs in specific disease and agricultural product areas that are not covered by our collaborative agreements. Our pursuit of opportunities in agricultural and pharmaceutical markets could, however, result in conflicts with our collaborators in the event that any of our collaborators takes the position that our internal activities overlap with those areas that are exclusive to our collaborative agreements, and we should be precluded from such internal activities. Moreover, disagreements with our collaborators could develop over rights to our intellectual property. In addition, our collaborative agreements may have provisions that give rise to disputes regarding the rights and obligations of the parties. Any conflict with our collaborators could lead to the termination of our collaborative agreements, delay collaborative activities, reduce our ability to renew agreements or obtain future collaboration agreements or result in litigation or arbitration and would negatively impact our relationship with existing collaborators.

We have limited or no control over the resources that our collaborators may choose to devote to our joint efforts. Our collaborators may breach or terminate their agreements with us or fail to perform their obligations thereunder. Further, our collaborators may elect not to develop products arising out of our collaborative arrangements or may fail to devote sufficient resources to the development, manufacture, market or sale of such products. Certain of our collaborators could also become our competitors in the future. If our collaborators develop competing products, preclude us from entering into collaborations with their competitors, fail to obtain necessary regulatory approvals, terminate their agreements with us prematurely or fail to devote sufficient resources to the development and commercialization of our products, our product development efforts could be delayed and may fail to lead to commercialized products.

We are deploying unproven technologies, and we may not be able to develop commercially successful products.

You must evaluate us in light of the uncertainties and complexities affecting a biotechnology company. Our technologies are still in the early stages of development. Our research and operations thus far have allowed us to identify a number of product targets for use by our collaborators and our own internal development programs. We are not certain, however, of the commercial value of any of our current or future targets, and we may not be successful in expanding the scope of our research into new fields of pharmaceutical or pesticide research, or other agricultural applications such as enhancing plant traits to produce superior crop yields, disease resistance or increased nutritional content. Significant research and development, financial resources and personnel will be required to capitalize on our technology, develop commercially viable products and obtain regulatory approval for such products.

We have no experience in developing, manufacturing and marketing products and may be unable to commercialize proprietary products.

Initially, we will rely on our collaborators to develop and commercialize products based on our research and development efforts. We have no experience in using the targets that we identify to develop our own proprietary products. In order for us to commercialize products, we would need to significantly enhance our capabilities with respect to product development, and establish manufacturing and marketing capabilities, either directly or through outsourcing or licensing arrangements. We may not be able to enter into such outsourcing or licensing agreements on commercially reasonable terms, or at all.

Since our technologies have many potential applications and we have limited resources, our focus on a particular area may result in our failure to capitalize on more profitable areas.

We have limited financial and managerial resources. This requires us to focus on product candidates in specific industries and forego opportunities with regard to other products and industries. For example, depending on our ability to allocate resources, a decision to concentrate on a particular agricultural program may mean that we will not have resources available to apply the same technology to a pharmaceutical project. While our technologies may permit us to work in both areas, resource commitments may require trade-offs resulting in delays in the development of certain programs or research areas, which may place us at a competitive disadvantage. Our decisions impacting resource allocation may not lead to the development of viable commercial products and may divert resources from more profitable market opportunities.

Our competitors may develop products and technologies that make ours obsolete.

The biotechnology industry is highly fragmented and is characterized by rapid technological change. In particular, the area of gene research is a rapidly evolving field. We face, and will continue to face, intense competition from large biotechnology and pharmaceutical companies, as well as academic research institutions, clinical reference laboratories and government agencies that are pursuing research activities similar to ours. Some of our competitors have entered into collaborations with leading companies within our target markets, including some of our existing collaborators. Our future success will depend on our ability to maintain a competitive position with respect to technological advances.

Any products that are developed through our technologies will compete in highly competitive markets. Further, our competitors may be more effective at using their technologies to develop commercial products. Many of the organizations competing with us have greater capital resources, larger research and development staffs and facilities, more experience in obtaining regulatory approvals, and more extensive product manufacturing and marketing capabilities. As a result, our competitors may be able to more easily develop technologies and products that would render our technologies and products, and those of our collaborators, obsolete and noncompetitive.

If we are unable to adequately protect our intellectual property, third parties may be able to use our technology, which could adversely affect our ability to compete in the market.

Our success will depend in part on our ability to obtain patents and maintain adequate protection of the intellectual property related to our technologies and products. The patent positions of biotechnology companies, including our patent position, are generally uncertain and involve complex legal and factual questions. We will be able to protect our intellectual property rights from unauthorized use by third parties only to the extent that our technologies are covered by valid and enforceable patents or are effectively maintained as trade secrets. The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the U.S., and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. We will apply for patents covering our technologies and products as and when we deem appropriate. However, these applications may be challenged or may fail to result in issued patents. Our existing patents and any future patents we obtain may not be sufficiently broad to prevent others from practicing our technologies or from developing competing products. Furthermore, others may independently develop similar or alternative technologies or design around our patents. In addition, our patents may be challenged, invalidated or fail to provide us with any competitive advantages.

We rely on trade secret protection for our confidential and proprietary information. We have taken security measures to protect our proprietary information and trade secrets, but these measures may not provide adequate protection. While we seek to protect our proprietary information by entering into confidentiality agreements with employees, collaborators and consultants, we cannot assure you that our proprietary information will not be disclosed, or that we can meaningfully protect our trade secrets. In addition, our competitors may independently develop substantially equivalent proprietary information or may otherwise gain access to our trade secrets.

Litigation or third party claims of intellectual property infringement could require us to spend substantial time and money and adversely affect our ability to develop and commercialize products.

Our commercial success depends in part on our ability to avoid infringing patents and proprietary rights of third parties, and not breaching any licenses that we have entered into with regard to our technologies. Other parties have filed, and in the future are likely to file, patent applications covering genes and gene fragments, techniques and methodologies relating to model systems, and products and technologies that we have developed or intend to develop. If patents covering technologies required by our operations are issued to others, we may have to rely on licenses from third parties, which may not be available on commercially reasonable terms, or at all.

Third parties may accuse us of employing their proprietary technology without authorization. In addition, third parties may obtain patents that relate to our technologies and claim that use of such technologies infringes these patents. Regardless of their merit, such claims could require us to incur substantial costs, including the diversion of management and technical personnel, in defending ourselves against any such claims or enforcing our patents. In the event that a successful claim of infringement is brought against us, we may be required to pay damages and obtain one or more licenses from third parties. We may not be able to obtain these licenses at a reasonable cost, or at all. Defense of any lawsuit or failure to obtain any of these licenses could adversely affect our ability to develop and commercialize products.

The loss of key personnel or the inability to attract and retain additional personnel could impair our ability to expand our operations.

We are highly dependent on the principal members of our management and scientific staff, the loss of whose services might adversely impact the achievement of our objectives and the continuation of existing collaborations. In addition, recruiting and retaining qualified scientific personnel to perform future research and development work will be critical to our success. We do not currently have sufficient executive management and technical personnel to fully execute our business plan. There is currently a shortage of skilled executives and employees with technical expertise, and this shortage is likely to continue. As a result, competition for skilled personnel is intense and turnover rates are high. Although we believe we will be successful in attracting and retaining qualified personnel, competition for experienced scientists from numerous companies, academic and other research institutions may limit our ability to do so.

Our business operations will require additional expertise in specific industries and areas applicable to products identified and developed through our technologies. These activities will require the addition of new personnel, including management and technical personnel and the development of additional expertise by existing employees. The inability to attract such personnel or to develop this expertise could prevent us from expanding our operations in a timely manner, or at all.

Our collaborations with outside scientists may be subject to restriction and change.

We work with scientific advisors and collaborators at academic and other institutions who assist us in our research and development efforts. These scientists are not our employees and may have other commitments that would limit their availability to us. Although our scientific advisors and collaborators generally agree not to do competing work, if a conflict of interest between their work for us and their work for another entity arises, we may lose their services. In addition, although our scientific advisors and collaborators sign agreements not to disclose our confidential information, it is possible that valuable proprietary knowledge may become publicly known through them.

Our potential therapeutic products are subject to a lengthy and uncertain regulatory process that may not result in the necessary regulatory approvals, which could adversely affect our ability to commercialize products.

The Food and Drug Administration, or FDA, must approve any drug or biologic product before it can be marketed in the U.S. Any products resulting from our research and development efforts must also be approved by the regulatory agencies of foreign governments before the product can be sold outside the U.S. Before a new drug application or biologics license application can be filed with the FDA, the product candidate must undergo extensive clinical trials, which can take many years and may require substantial expenditures. The regulatory process also requires preclinical testing. Data obtained from preclinical and clinical activities are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. In addition, delays or rejections may be encountered based upon changes in regulatory policy for product approval during the period of product development and regulatory agency review. The clinical development and regulatory approval process is expensive and time consuming. Any failure to obtain regulatory approval could delay or prevent us from commercializing products.

Our efforts to date have been primarily limited to identifying targets. Significant research and development efforts will be necessary before any products resulting from such targets can be commercialized. If regulatory approval is granted to any of our products, this approval may impose limitations on the uses for which a product may be marketed. Further, once regulatory approval is obtained, a marketed product and its manufacturer are subject to continual review, and discovery of previously unknown problems with a product or manufacturer may result in restrictions and sanctions with respect to the product, manufacturer and relevant manufacturing facility, including withdrawal of the product from the market.

Social issues may limit the public acceptance of genetically engineered products, which could reduce demand for our products.

Although our technology is not dependent on genetic engineering, genetic engineering plays a prominent role in our approach to product development. For example, research efforts focusing on plant traits may involve either selective breeding or modification of existing genes in the plant under study. Public attitudes may be influenced by claims that genetically engineered products are unsafe for consumption or pose a danger to the environment. Such claims may prevent our genetically engineered products from gaining public acceptance. The commercial success of our future products will

depend, in part, on public acceptance of the use of genetically engineered products including drugs and plant and animal products.

The subject of genetically modified organisms has received negative publicity, which has aroused public debate. For example, certain countries in Europe are considering regulations that may ban products or require express labeling of products that contain genetic modifications or are "genetically modified." Adverse publicity has resulted in greater regulation internationally and trade restrictions on imports of genetically altered products. If similar action is taken in the U.S., genetic research and genetically engineered products could be subject to greater domestic regulation, including stricter labeling requirements. To date, our business has not been hampered by these activities. However, such publicity in the future may prevent any products resulting from our research from gaining market acceptance and reduce demand for our products.

Laws and regulations may reduce our ability to sell genetically engineered products that we or our collaborators develop in the future.

We or our collaborators may develop genetically engineered agricultural and animal products. The field testing, production and marketing of genetically engineered products are subject to regulation by federal, state, local and foreign governments. Regulatory agencies administering existing or future regulations or legislation may prevent us from producing and marketing genetically engineered products in a timely manner or under technically or commercially feasible conditions. In addition, regulatory action or private litigation could result in expenses, delays or other impediments to our product development programs and the commercialization of products.

The FDA has released a policy statement stating that it will apply the same regulatory standards to foods developed through genetic engineering as it applies to foods developed through traditional plant breeding. Genetically engineered food products will be subject to premarket review, however, if these products raise safety questions or are deemed to be food additives. Our products may be subject to lengthy FDA reviews and unfavorable FDA determinations if they raise questions regarding safety or our products are deemed to be food additives.

The FDA has also announced that it will not require genetically engineered agricultural products to be labeled as such, provided that these products are as safe and have the same nutritional characteristics as conventionally developed products. The FDA may reconsider or change its policies, and local or state authorities may enact labeling requirements, either of which could have a material adverse effect on our ability or the ability of our collaborators to develop and market products resulting from our efforts.

We use hazardous chemicals and radioactive and biological materials in our business. Any claims relating to improper handling, storage or disposal of these materials could be time consuming and costly.

Our research and development processes involve the controlled use of hazardous materials, including chemicals, radioactive and biological materials. Our operations produce hazardous waste products. We cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. Federal, state and local laws and regulations govern the use, manufacture, storage, handling and disposal of hazardous materials. We may be sued for any injury or contamination that results from our use or the use by third parties of these materials, and our liability may exceed our insurance coverage and our total assets. Compliance with environmental laws and regulations may be expensive, and current or future environmental regulations may impair our research, development and production efforts.

In addition, our collaborators may use hazardous materials in connection with our collaborative efforts. To our knowledge, their work is performed in accordance with applicable biosafety regulations. In the event of a lawsuit or investigation, however, we could be held responsible for any injury caused to persons or property by exposure to, or release of, these hazardous materials use by these parties. Further, we may be required to indemnify our collaborators against all damages and other liabilities arising out of our development activities or products produced in connection with these collaborations.

If product liability lawsuits are successfully brought against us, we could face substantial liabilities that exceed our resources.

We may be held liable if any product we or our collaborators develop causes injury or is found otherwise unsuitable during product testing, manufacturing, marketing or sale. Although we intend to obtain general liability and product liability insurance, this insurance may be prohibitively expensive, or may not fully cover our potential liabilities. Inability to obtain sufficient insurance coverage at an acceptable cost or to otherwise protect ourselves

against potential product liability claims could prevent or inhibit the commercialization of products developed by us or our collaborators.

Our facilities are located near known earthquake fault zones, and the occurrence of an earthquake or other catastrophic disaster could cause damage to our facilities and equipment, which could require us to cease or curtail operation.

Given our location, our facilities are vulnerable to damage from earthquakes. We are also vulnerable to damage from other types of disasters, including fire, floods, power loss, communications failures and similar events. If any disaster were to occur, our ability to operate our business at our facilities would be seriously, or potentially completely, impaired. In addition, the unique nature of our research activities could cause significant delays in our programs and make it difficult for us to recover from a disaster. The insurance we maintain may not be adequate to cover our losses resulting from disasters or other business interruptions. Accordingly, an earthquake or other disaster could materially and adversely harm our ability to conduct business.

We expect that our quarterly results of operations will fluctuate, and this fluctuation could cause our stock price to decline, causing investor losses.

Our quarterly operating results have fluctuated in the past and are likely to fluctuate in the future. A number of factors, many of which we cannot control, could subject our operating results and stock price to volatility, including:

- recognition of upfront licensing or other fees;
- payments of non-refundable upfront or licensing fees to third parties;
- acceptance of our technologies and platforms;
- the success rate of our discovery efforts leading to milestones and royalties;
- the introduction of new technologies or products by our competitors;
- the timing and willingness of collaborators to commercialize our products;
- our ability to enter into new collaborative relationships;
- the termination or non-renewal of existing collaborations; and
- general and industry-specific economic conditions that may affect our collaborators' research and development expenditures.

A large portion of our expenses, including expenses for facilities, equipment and personnel, are relatively fixed in the short term. In addition, we expect operating expenses to increase significantly during the remainder of 2000. Accordingly, if our revenues decline or do not grow as anticipated due to the expiration of existing contracts, our failure to obtain new contracts, our inability to meet milestones or other factors, we may not be able to correspondingly reduce our operating expenses. Failure to achieve anticipated levels of revenues could therefore significantly harm our operating results for a particular fiscal period.

Due to the possibility of fluctuations in our revenues and expenses, we believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance. As a result, in some future quarters, our operating results may not meet the expectations of

stock market analysts and investors, which could result in a decline in the price of our stock.

Our stock price may be extremely volatile.

Our common stock began to publicly trade on April 11, 2000.

We believe the trading price of our common stock will remain highly volatile and may fluctuate substantially due to factors such as the following:

- the announcement of new products or services by us or our competitors;
- quarterly variations in our or our competitors' results of operations;
- failure to achieve operating results projected by securities analysts;
- changes in earnings estimates or recommendations by securities analysts;
- developments in the biotechnology industry; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

These factors and fluctuations, as well as general economic, political and market conditions, may materially adversely affect the market price of our common stock.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert management's attention and resources, which could have a material and adverse effect on our business.

Future sales of our common stock may depress our stock price.

If our stockholders sell substantial amounts of our common stock (including shares issued upon the exercise of outstanding options and warrants) in the public market, the market price of our common stock could fall. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deemed appropriate. On October 8, 2000, a significant number of shares of our common stock held by existing shareholders will be freely tradable, subject in some instances to the volume and other limitations of Rule 144. Sales of these shares and other shares of common stock held by existing stockholders could cause the market price of our common stock to decline.

Some of our existing stockholders can exert control over us, and may not make decisions that are in the best interests of all stockholders.

Due to their combined stock holdings, our officers, directors and principal stockholders (stockholders holding more than 5% of our common stock) acting together, may be able to exert significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our company, even when a change may be in the best interests of our stockholders. In addition, the interests of these stockholders may not always coincide with our interests as a company or the interests of other stockholders. Accordingly, these stockholders could cause us to enter into transactions or agreements that you would not approve.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

The exhibits listed on the accompanying index to exhibits are filed or incorporated by reference (as stated therein) as part of this Quarterly Report on Form 10-Q.

b. Reports on Form 8-K

No reports on Form 8-K were filed by Exelixis during the three months ended March 31, 2000.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 15, 2000

Approve: 7,538,950
Disapprove: 111,983

Exelixis, Inc.
/s/ Glen Y. Sato

INDEX TO EXHIBITS

Glen Y. Sato
Chief Financial Officer, Vice President of Legal Affairs and Secretary
(Principal Financial and Accounting Officer)

+ Filed with Exelixis' Registration Statement on Form S-1, Registration No. 333-96335, declared effective by the Securities and Exchange Commission on April 10, 2000, and incorporated herein by reference.

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED UNLESS SUCH SALE OR TRANSFER IS IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS OR SOME OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS IS AVAILABLE WITH RESPECT THERETO.

Exelixis, Inc.

Common Stock Warrant

Warrant No. w-12

For Value Received, Exelixis, Inc., a Delaware corporation (the "Company"), with its principal office at 260 Littlefield Avenue, South San Francisco, CA 94080, hereby certifies that Slough Estates USA Inc., a Delaware corporation (the "Holder") is entitled, upon surrender of this Warrant with the notice of exercise annexed hereto duly executed at the principal office of the Company, to purchase from the Company 94,500 shares of common stock of the Company, subject to adjustment as provided in Section 4. Such shares shall be fully paid and nonassessable shares of Common Stock, \$.001 par value, of the Company (the "Common Stock") purchased at a price per share of nine dollars and seventy-five cents (\$9.75) (the "Purchase Price"), subject to the provisions set forth herein. Until such time as this Warrant is exercised in full or expires, the Purchase Price and the securities issuable upon exercise of this Warrant are subject to adjustment as hereinafter provided. The person or persons on whose name or names any certificate representing shares of Common Stock is issued hereunder shall be deemed to have become Holder of record of the shares represented thereby as at the close of business on the date this Warrant is exercised with respect to such shares, whether or not the transfer books of the Company shall be closed. The shares of Common Stock deliverable upon such exercise, as adjusted from time to time, are hereinafter sometimes referred to as "Warrant Shares."

1. **Term.** The purchase right represented by this Warrant is exercisable, in whole or in part, at any time and from time to time from the date of grant through the date which is five (5) years after the closing of the Company's initial public offering of its Common Stock effected pursuant to a Registration Statement on Form S-1 (or its successor) filed under the Securities Act of 1933, as amended (the "Act").

2. **Method of Exercise; Payment; Issuance of New Warrant.**

1. **General.** Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by Holder hereof, in whole or in part and from time to time, by the surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) at the principal office of the Company and by the payment to the Company, by cash, check

or wire transfer, of an amount equal to the then applicable Purchase Price multiplied by the number of Warrant Shares then being purchased. The person or persons in whose name(s) any certificate(s) representing shares of Common Stock shall be issuable upon exercise of this Warrant shall be deemed to have become Holder(s) of record of, and shall be treated for all purposes as the record Holder(s) of, the shares represented thereby (and such shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for the shares of stock so purchased shall be delivered to Holder hereof as soon as possible and in any event within thirty days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant of like tenor representing the portion of the Warrant Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to Holder hereof as soon as possible and in any event within such thirty-day period.

2. **Net Issue Exercise.** Notwithstanding any provisions herein to the contrary, if the fair market value of one share of the Company's Common Stock is greater than the Purchase Price (at the date of calculation as set forth below), in lieu of exercising this Warrant for cash, Holder may elect to receive Warrant Shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) in which event the Company shall issue to Holder a number of Warrant Shares computed using the following formula:

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

A

Where X = the number of shares of Warrant Shares to be issued to Holder

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

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

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

For purposes of the above calculation, fair market value of one share of Common Stock shall be determined as follows: (i) if the class of stock of which the Warrant Shares are a part is listed on a national stock exchange, on the NASDAQ National Market System or on any other over-the-counter market, then such fair market value shall be the closing price per share reported for such class on such national stock exchange or on the NASDAQ National Market System, or the average of the final "bid" and "asked" prices reported on such over-the-counter market, as applicable, at the close of business on the date of calculation, as reported in the Wall Street Journal; and (ii) if the class of stock of which the Warrant Shares are a part is not listed on any national stock exchange, on the NASDAQ National Market System or on any other over-the-counter market, then the Board of Directors of the Company shall determine such fair market value as of the date of calculation in its reasonable good faith judgment, and shall (upon written request by Holder) advise Holder of such determination prior to any decision by the registered Holder to exercise its purchase rights under this Warrant.

3. **Stock Fully Paid; Reservation of Shares.** All Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant. The Company will take all such actions as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any domestic securities exchange upon which the Common Stock may be listed; provided, however, that the Company shall not be required to effect a registration under the Act or state securities laws with respect to such exercise. The covenant set forth in the immediately preceding sentence is based in part on the representations made by Holder in Section 7 and assumes no change in currently applicable law that would make such actions impracticable.

4. **Adjustment of Purchase Price and Number of Shares.** The number and kind of securities purchasable upon the exercise of this Warrant and the Purchase Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

1. **Reclassification or Merger.** In case of any reclassification, change or conversion of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is the acquiring and the surviving corporation and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant), or in case of any sale of all or substantially all of the assets of the Company, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to Holder a new Warrant (in form and substance satisfactory to Holder), so that Holder shall have the right to receive, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification, change or merger by a Holder of the number of shares of Common Stock then purchasable under this Warrant. Such new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4. The provisions of this Section 4.1 shall similarly apply to successive reclassifications, changes, mergers and transfers.
2. **Subdivision or Combination of Shares.** If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its outstanding shares of Common Stock, the Purchase Price shall be proportionately decreased in the case of a subdivision or increased in the case of a combination, effective at the close of business on the date the subdivision or combination becomes effective.
3. **Stock Dividends and Other Distributions.** If the Company at any time while this Warrant is outstanding and unexpired shall (i) pay a dividend with respect to Common Stock payable in Common Stock, or (ii) make any other distribution with respect to Common Stock (except any distribution specifically provided for in the foregoing subparagraphs (a) and (b)) of Common Stock, then the Purchase Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Purchase Price in effect immediately prior to such date of determination by a fraction (i) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution.
4. **Adjustment of Number of Shares.** Upon each adjustment in the Purchase Price, the number of Warrant Shares purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Warrant Shares purchasable immediately prior to such adjustment in the Purchase Price by a fraction, the numerator of which shall be the Purchase Price immediately prior to such adjustment and the denominator of which shall be the Purchase Price immediately thereafter.

5. Notice of Certain Events

1. **Notice of Adjustments.** Whenever the Purchase Price or the number of Warrant Shares purchasable hereunder shall be adjusted pursuant to Section 4 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Purchase Price and the number of Warrant Shares purchasable hereunder after giving effect to such adjustment, shall be mailed (without regard to Section 8.2 hereof, by first class mail, postage prepaid) to Holder.

2. **Other Notices.** If at any time:

(a) the Company shall declare any cash dividend upon its Common Stock;

(b) the Company shall declare any dividend upon its Common Stock payable in stock or make any special dividend or other distribution to the holders of its Common Stock;

(c) the Company shall offer for subscription pro rata to all holders of its Common Stock any additional shares of stock of any class or other rights;

(d) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation or other entity;

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

(f) there shall be an initial public offering of Company securities;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to Holder at the address of Holder as shown on the books of the Company, (1) at least ten (10) days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up or public offering, and (2) in the case of any such event, at least ten (10) days' prior written notice of the date when the same shall take place, provided, however, Holder shall make a best efforts attempt to respond to such notice as early as possible after the receipt thereof. Any notice given in accordance with the foregoing clause (1) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (2) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, conversion or public offering, as the case may be.

6. **Fractional Interest.** In no event shall any fractional share of Common Stock be issued upon any exercise of this Warrant. If, upon exercise of this Warrant as an entirety, Holder would, except as provided in this Section 6, be entitled to receive a fractional share of Common Stock, then the Company shall issue the next higher number of full shares of Common Stock, issuing a full share with respect to such fractional share.

7. Compliance with Securities Act; Disposition of Warrant or Shares of Common Stock.

1. **Compliance with Securities Act.** Holder, by acceptance hereof, agrees that this Warrant, and the shares of Common Stock to be issued upon exercise hereof are being acquired for investment and that Holder will not offer, sell or otherwise dispose of this Warrant, or any shares of Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Act. Upon exercise of this Warrant, unless the Warrant Shares being acquired are registered under the Act or an exemption from such registration is available, Holder shall confirm in writing that the shares of Common Stock so purchased are being acquired for investment and not with a view toward distribution or resale. This Warrant and all shares of Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped or imprinted with a legend in substantially the following form:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL FOR HOLDER, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 7 OF THE WARRANT UNDER WHICH THESE SECURITIES WERE ISSUED, DIRECTLY OR INDIRECTLY."

2. **Representations of Holder.** In addition, in connection with the issuance of this Warrant, Holder specifically represents to the Company by acceptance of this Warrant as follows:

a. Holder is aware of the Company's business affairs and financial condition, and has acquired information about the Company sufficient to reach an informed and knowledgeable

decision to acquire this Warrant. Holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof for purposes of the Act.

- b. Holder understands that this Warrant has not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. In this connection, Holder understands that, in the view of the SEC, the statutory basis for such exemption may be unavailable if Holder's representation was predicated solely upon a present intention to hold the Warrant for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Warrant, or for a period of one year or any other fixed period in the future.
- c. Holder further understands that this Warrant must be held indefinitely unless subsequently registered under the Act and any applicable state securities laws, or unless exemptions from registration are otherwise available. Moreover, Holder understands that the Company is under no obligation to register this Warrant.
- d. Holder is aware of the provisions of Rule 144 and 144A, promulgated under the Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions, if applicable, including, among other things: The availability of certain public information about the Company, the resale occurring not less than two years after the party has purchased and paid for the securities to be sold; the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934, as amended) and the amount of securities being sold during any three-month period not exceeding the specified limitations stated therein.
- e. Holder further understands that at the time it wishes to sell this Warrant there may be no public market upon which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public information requirements of Rule 144 and 144A, and that, in such event, Holder may be precluded from selling this Warrant under Rule 144 and 144A even if the two-year minimum holding period had been satisfied.
- f. Holder further understands that in the event all of the requirements of Rule 144 and 144A are not satisfied, registration under the Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 and 144A are not exclusive, the Staff of the SEC has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 and 144A will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

3. Disposition of Warrant or Shares. With respect to any offer, sale or other disposition of this Warrant or any shares of Common Stock acquired pursuant to the exercise of this Warrant prior to registration of such Warrant or shares, Holder hereof and each subsequent Holder agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of Holder's counsel, if reasonably requested by the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the Act as then in effect or any federal or state law then in effect) of this Warrant or such shares of Common Stock and indicating whether or not under the Act certificates for this Warrant or such shares of Common Stock to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. Promptly upon receiving such written notice and reasonably satisfactory opinion, if so requested, the Company, as promptly as practicable, shall notify Holder that Holder may sell or otherwise dispose of this Warrant or such shares of Common Stock, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 7.3 that the opinion of counsel for Holder is not reasonably satisfactory to the Company, the Company shall so notify Holder promptly after such determination has been made and shall specify in detail the legal analysis supporting any such conclusion. Notwithstanding the foregoing, this Warrant or such shares of Common Stock may, as to such federal laws, be offered, sold or otherwise disposed of in accordance with Rule 144 or 144A under the Act, provided that the Company shall have been furnished with such information as the Company may reasonably request to provide a reasonable assurance that the provisions of Rule 144 or 144A have been satisfied. Each certificate representing this Warrant or the shares of Common Stock thus transferred (except a transfer pursuant to Rule 144 or 144A) shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for Holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

4. Excepted Transfers. Neither any restrictions of any legend described in this Warrant nor the requirements of Section 7.3 above shall apply to any transfer without

any additional consideration of, or grant of a security interest in, this Warrant or any part hereof (i) to a partner of Holder if Holder is a partnership, (ii) by Holder to a partnership of which Holder is a general partner, or (iii) to any affiliate of Holder if Holder is a corporation; *provided, however*, in any such transfer, the transferee shall on the Company's request agree in writing to be bound by the terms of this Warrant as if an original signatory hereto.

5. **Rights as Shareholders; Information.** Holder shall not be entitled to vote or receive dividends or be deemed a holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Warrant Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to Holder such information, documents and reports as are generally distributed to holders of any class or series of the securities of the Company concurrently with the distribution thereof to the shareholders and will, upon written request by Holder to the Chief Financial Officer of the Company from time to time (but not more often than twice in any 12-month period) provide to Holder copies of the following documents within a reasonable time after such request (but in all events only to the extent that, and no sooner than the time that, such documents have been made available to the Company's stockholders): (i) the Company's most recent audited annual financial statements or, if audited statements are not available, then the Company's unaudited annual financial statements as of the end of the Company's most recently ended fiscal year and (ii) unaudited quarterly financial statements for each quarter of the Company's fiscal year since the date of the annual financial statements delivered pursuant to clause (i) above. Notwithstanding the preceding sentence, during any period in which the Company has outstanding a class of publicly-traded securities or is for any reason a reporting company under the Securities Exchange Act of 1934, it shall be sufficient compliance to provide copies of its most recent Form 10-K and annual report, any Form 10-Qs and/or 8-Ks filed by the Company with the SEC since the date of such Form 10-K, and any proxy statements.
6. **Market Standoff.** Holder, by acceptance hereof, agrees that Holder will not, without the prior written consent of the lead underwriter of the initial public offering of the Common Stock of the Company pursuant to a Public Offering, directly or indirectly offer to sell, contract to sell (including, without limitation, any short sale), grant any option for the sale of, acquire any option to dispose of, or otherwise dispose of any Warrant Shares for a period of 180 days following the day on which the registration statement filed on behalf of the Company in connection with the Public Offering shall become effective by order of the SEC.

8. Miscellaneous

1. **Modification and Waiver.** This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.
2. **Notices.** Any notice, request, communication or other document required or permitted to be given or delivered to Holder hereof or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.
3. **Binding Effect on Successors.** This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Common Stock issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of Holder hereof. The Company will, at the time of the exercise or conversion of this Warrant, in whole or in part, upon request of Holder hereof but at the Company's expense, acknowledge in writing its continuing obligation to Holder hereof in respect of any rights (including, without limitation, any right to registration of the shares of Registrable Securities) to which Holder hereof shall continue to be entitled after such exercise or conversion in accordance with this Warrant; *provided*, that the failure of Holder hereof to make any such request shall not affect the continuing obligation of the Company to Holder hereof in respect of such rights.
4. **Lost Warrants or Stock Certificates.** The Company covenants to Holder hereof that, upon receipt of evidence reasonably satisfactory to the Company (such as an affidavit of Holder) of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate, the Company will make and deliver a new Warrant or stock

certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

5. **Descriptive Headings.** The descriptive headings of the several paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.
6. **Governing Law.** This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.
7. **Survival of Representations, Warranties and Agreements.** All representations and warranties of the Company and Holder hereof contained herein shall survive the date of grant, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and Holder hereof contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.
8. **Remedies.** In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, Holder (in the case of a breach by the Company), or the Company (in the case of a breach by Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.
9. **Acceptance.** Receipt of this Warrant by Holder hereof shall constitute acceptance of and agreement to the foregoing terms and conditions.
10. **No Impairment of Rights.** The Company will not, by amendment of its Certificate of Incorporation or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of Holder against impairment.
11. **Entire Agreement.** This Warrant constitutes the entire agreement between the parties pertaining to the subject matter herein and supersedes all prior and contemporaneous agreements, representation and undertakings of the parties.
12. **Attorneys' Fees.** In any litigation, arbitration or other legal proceeding between the Company and Holder relating to or arising out of this Warrant, the prevailing party shall be entitled to recover all its fees, costs and expenses incurred in connection with such proceeding, including (but not limited to) reasonable fees and expenses of attorneys and accountants and including (but not limited to) all such fees, costs and expenses incurred in connection with any appeals and/or in connection with the enforcement of any judgment or award rendered in such proceeding.

In Witness Whereof, the Company has duly caused this Warrant to be signed by its duly authorized officer and to be dated as of April 1, 2000.

Exelixis, Inc.

By: _____

Name: Glen Y. Sato

Title: Chief Financial Officer

EXHIBIT A

Subscription Form

Dated _____, _____

Exelixis, Inc.

260 Littlefield Avenue

South San Francisco, CA 94080

Attention: Chief Financial Officer

Ladies and Gentlemen:

The undersigned hereby elects to exercise the warrant issued to it by Exelixis, Inc. (the "Company") and dated April 1, 2000, Warrant No. ____ (the "Warrant") and to purchase thereunder _____ shares of the Common Stock of the Company (the "Shares") at a purchase price of _____ Dollars (\$ _____) per Share or an aggregate purchase price of _____ Dollars (\$ _____) (the "Purchase Price"); or

The undersigned hereby elects to convert _____ percent (___%) of the value of the Warrant pursuant to the provisions of Section 2.2 of the Warrant.

Pursuant to the terms of the Warrant the undersigned has delivered the Purchase Price herewith in full in cash or by certified check or wire transfer (unless the second alternative above has been marked).

Very truly yours,

By: _____

Title: _____

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED UNLESS SUCH SALE OR TRANSFER IS IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS OR SOME OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS IS AVAILABLE WITH RESPECT THERETO.

Exelixis, Inc.

Common Stock Warrant

Warrant No. w-11

For Value Received, Exelixis, Inc., a Delaware corporation (the "Company"), with its principal office at 260 Littlefield Avenue, South San Francisco, CA 94080, hereby certifies that Bristow Investments, L.P., a California limited partnership (the "Holder") is entitled, upon surrender of this Warrant with the notice of exercise annexed hereto duly executed at the principal office of the Company, to purchase from the Company 8,400 shares of common stock of the Company, subject to adjustment as provided in Section 4. Such shares shall be fully paid and nonassessable shares of Common Stock, \$.001 par value, of the Company (the "Common Stock") purchased at a price per share of nine dollars and seventy-five cents (\$9.75) (the "Purchase Price"), subject to the provisions set forth herein. Until such time as this Warrant is exercised in full or expires, the Purchase Price and the securities issuable upon exercise of this Warrant are subject to adjustment as hereinafter provided. The person or persons on whose name or names any certificate representing shares of Common Stock is issued hereunder shall be deemed to have become Holder of record of the shares represented thereby as at the close of business on the date this Warrant is exercised with respect to such shares, whether or not the transfer books of the Company shall be closed. The shares of Common Stock deliverable upon such exercise, as adjusted from time to time, are hereinafter sometimes referred to as "Warrant Shares."

- 1. Term.** The purchase right represented by this Warrant is exercisable, in whole or in part, at any time and from time to time from the date of grant through the date which is five (5) years after the closing of the Company's initial public offering of its Common Stock effected pursuant to a Registration Statement on Form S-1 (or its successor) filed under the Securities Act of 1933, as amended (the "Act").
- 2. Method of Exercise; Payment; Issuance of New Warrant.**

1. General. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by Holder hereof, in whole or in part and from time to time, by the surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) at the principal office of the Company and by the payment to the Company, by cash, check or wire transfer, of an amount equal to the then applicable Purchase Price multiplied by the number of Warrant Shares then being purchased. The person or persons in whose name(s) any certificate(s) representing shares of Common Stock shall be issuable upon exercise of this Warrant shall be deemed to have become Holder(s) of record of, and shall be treated for all purposes as the record Holder(s) of, the shares represented thereby (and such shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for the shares of stock so purchased shall be delivered to Holder hereof as soon as possible and in any event within thirty days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant of like tenor representing the portion of the Warrant Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to Holder hereof as soon as possible and in any event within such thirty-day period.

2. **Net Issue Exercise.** Notwithstanding any provisions herein to the contrary, if the fair market value of one share of the Company's Common Stock is greater than the Purchase Price (at the date of calculation as set forth below), in lieu of exercising this Warrant for cash, Holder may elect to receive Warrant Shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) in which event the Company shall issue to Holder a number of Warrant Shares computed using the following formula:

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

A

Where X = the number of shares of Warrant Shares to be issued to Holder

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

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

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

For purposes of the above calculation, fair market value of one share of Common Stock shall be determined as follows: (i) if the class of stock of which the Warrant Shares are a part is listed on a national stock exchange, on the NASDAQ National Market System or on any other over-the-counter market, then such fair market value shall be the closing price per share reported for such class on such national stock exchange or on the NASDAQ National Market System, or the average of the final "bid" and "asked" prices reported on such over-the-counter market, as applicable, at the close of business on the date of calculation, as reported in the Wall Street Journal; and (ii) if the class of stock of which the Warrant Shares are a part is not listed on any national stock exchange, on the NASDAQ National Market System or on any other over-the-counter market, then the Board of Directors of the Company shall determine such fair market value as of the date of calculation in its reasonable good faith judgment, and shall (upon written request by Holder) advise Holder of such determination prior to any decision by the registered Holder to exercise its purchase rights under this Warrant.

3. **Stock Fully Paid; Reservation of Shares.** All Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all taxes, liens and charges with

respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant. The Company will take all such actions as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any domestic securities exchange upon which the Common Stock may be listed; provided, however, that the Company shall not be required to effect a registration under the Act or state securities laws with respect to such exercise. The covenant set forth in the immediately preceding sentence is based in part on the representations made by Holder in Section 7 and assumes no change in currently applicable law that would make such actions impracticable.

4. Adjustment of Purchase Price and Number of Shares.

The number and kind of securities purchasable upon the exercise of this Warrant and the Purchase Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

- 1. Reclassification or Merger.** In case of any reclassification, change or conversion of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is the acquiring and the surviving corporation and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant), or in case of any sale of all or substantially all of the assets of the Company, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to Holder a new Warrant (in form and substance satisfactory to Holder), so that Holder shall have the right to receive, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification, change or merger by a Holder of the number of shares of Common Stock then purchasable under this Warrant. Such new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4. The provisions of this Section 4.1 shall similarly apply to successive reclassifications, changes, mergers and transfers.
- 2. Subdivision or Combination of Shares.** If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its outstanding shares of Common Stock, the Purchase Price shall be proportionately decreased in the case of a subdivision or increased in the case of a combination, effective at the close of business on the date the subdivision or combination becomes effective.
- 3. Stock Dividends and Other Distributions.** If the Company at any time while this Warrant is outstanding and unexpired shall (i) pay a dividend with respect to Common Stock payable in Common Stock, or (ii) make any other distribution with respect to Common Stock (except any distribution specifically provided for in the foregoing subparagraphs (a) and (b)) of Common Stock, then the Purchase Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Purchase Price in effect immediately prior to such date of determination by a fraction (i) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution.
- 4. Adjustment of Number of Shares.** Upon each adjustment in the Purchase Price, the number of Warrant Shares purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Warrant Shares purchasable immediately prior to such adjustment in the Purchase Price by a fraction, the numerator of which shall be the Purchase Price immediately prior to such adjustment and the denominator of which shall be the Purchase Price immediately thereafter.

5. Notice of Certain Events

1. **Notice of Adjustments.** Whenever the Purchase Price or the number of Warrant Shares purchasable hereunder shall be adjusted pursuant to Section 4 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Purchase Price and the number of Warrant Shares purchasable hereunder after giving effect to such adjustment, shall be mailed (without regard to Section 8.2 hereof, by first class mail, postage prepaid) to Holder.

2. **Other Notices.** If at any time:

(a) the Company shall declare any cash dividend upon its Common Stock;

(b) the Company shall declare any dividend upon its Common Stock payable in stock or make any special dividend or other distribution to the holders of its Common Stock;

(c) the Company shall offer for subscription pro rata to all holders of its Common Stock any additional shares of stock of any class or other rights;

(d) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation or other entity;

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

(f) there shall be an initial public offering of Company securities;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to Holder at the address of Holder as shown on the books of the Company, (1) at least ten (10) days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up or public offering, and (2) in the case of any such event, at least ten (10) days' prior written notice of the date when the same shall take place, provided, however, Holder shall make a best efforts attempt to respond to such notice as early as possible after the receipt thereof. Any notice given in accordance with the foregoing clause (1) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (2) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, conversion or public offering, as the case may be.

6. **Fractional Interest.**

In no event shall any fractional share of Common Stock be issued upon any exercise of this Warrant. If, upon exercise of this Warrant as an entirety,

Holder would, except as provided in this Section 6, be entitled to receive a fractional share of Common Stock, then the Company shall issue the next higher number of full shares of Common Stock, issuing a full share with respect to such fractional share.

7. Compliance with Securities Act; Disposition of Warrant or Shares of Common Stock.

1. **Compliance with Securities Act.** Holder, by acceptance hereof, agrees that this Warrant, and the shares of Common Stock to be issued upon exercise hereof are being acquired for investment and that Holder will not offer, sell or otherwise dispose of this Warrant, or any shares of Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Act. Upon exercise of this Warrant, unless the Warrant Shares being acquired are registered under the Act or an exemption from such registration is available, Holder shall confirm in writing that the shares of Common Stock so purchased are being acquired for investment and not with a view toward distribution or resale. This Warrant and all shares of Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped or imprinted with a legend in substantially the following form:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL FOR HOLDER, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 7 OF THE WARRANT UNDER WHICH THESE SECURITIES WERE ISSUED, DIRECTLY OR INDIRECTLY."

2. **Representations of Holder.** In addition, in connection with the issuance of this Warrant, Holder specifically represents to the Company by acceptance of this Warrant as follows:
- a. Holder is aware of the Company's business affairs and financial condition, and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire this Warrant. Holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof for purposes of the Act.
 - b. Holder understands that this Warrant has not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. In this connection, Holder understands that, in the view of the SEC, the statutory basis for such exemption may be unavailable if Holder's representation was predicated solely upon a present intention to hold the Warrant for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Warrant, or for a period of one year or any other fixed period in the future.
 - c. Holder further understands that this Warrant must be held indefinitely unless subsequently registered under the Act and any applicable state securities laws, or unless exemptions from registration are otherwise available. Moreover, Holder understands that the Company is under no obligation to register this Warrant.
 - d. Holder is aware of the provisions of Rule 144 and 144A, promulgated under the Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions, if applicable, including, among other things: The availability of certain public information about the Company, the resale occurring not less than two years after the party has purchased and paid for the securities to be sold; the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934, as amended) and the amount of securities being sold during any three-month period not exceeding the specified limitations stated therein.

e. Holder further understands that at the time it wishes to sell this Warrant there may be no public market upon which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public information requirements of Rule 144 and 144A, and that, in such event, Holder may be precluded from selling this Warrant under Rule 144 and 144A even if the two-year minimum holding period had been satisfied.

f. Holder further understands that in the event all of the requirements of Rule 144 and 144A are not satisfied, registration under the Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 and 144A are not exclusive, the Staff of the SEC has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 and 144A will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

3. Disposition of Warrant or Shares. With respect to any offer, sale or other disposition of this Warrant or any shares of Common Stock acquired pursuant to the exercise of this Warrant prior to registration of such Warrant or shares, Holder hereof and each subsequent Holder agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of Holder's counsel, if reasonably requested by the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the Act as then in effect or any federal or state law then in effect) of this Warrant or such shares of Common Stock and indicating whether or not under the Act certificates for this Warrant or such shares of Common Stock to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. Promptly upon receiving such written notice and reasonably satisfactory opinion, if so requested, the Company, as promptly as practicable, shall notify Holder that Holder may sell or otherwise dispose of this Warrant or such shares of Common Stock, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 7.3 that the opinion of counsel for Holder is not reasonably satisfactory to the Company, the Company shall so notify Holder promptly after such determination has been made and shall specify in detail the legal analysis supporting any such conclusion. Notwithstanding the foregoing, this Warrant or such shares of Common Stock may, as to such federal laws, be offered, sold or otherwise disposed of in accordance with Rule 144 or 144A under the Act, provided that the Company shall have been furnished with such information as the Company may reasonably request to provide a reasonable assurance that the provisions of Rule 144 or 144A have been satisfied. Each certificate representing this Warrant or the shares of Common Stock thus transferred (except a transfer pursuant to Rule 144 or 144A) shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for Holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

4. Excepted Transfers. Neither any restrictions of any legend described in this Warrant nor the requirements of Section 7.3 above shall apply to any transfer without any additional consideration of, or grant of a security interest in, this Warrant or any part hereof (i) to a partner of Holder if Holder is a partnership, (ii) by Holder to a partnership of which Holder is a general partner, or (iii) to any affiliate of Holder if Holder is a corporation; *provided, however*, in any such transfer, the transferee shall on the Company's request agree in writing to be bound by the terms of this Warrant as if an original signatory hereto.

5. Rights as Shareholders; Information. Holder shall not be entitled to vote or receive dividends or be deemed a holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Warrant Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to Holder such information, documents and reports as are generally distributed to holders of any class or series of the securities of the Company concurrently with the distribution thereof to the shareholders and will, upon written request by Holder to the Chief Financial Officer of the Company from time to time (but not more often than twice in any 12-month period) provide to Holder copies of the

following documents within a reasonable time after such request (but in all events only to the extent that, and no sooner than the time that, such documents have been made available to the Company's stockholders): (i) the Company's most recent audited annual financial statements or, if audited statements are not available, then the Company's unaudited annual financial statements as of the end of the Company's most recently ended fiscal year and (ii) unaudited quarterly financial statements for each quarter of the Company's fiscal year since the date of the annual financial statements delivered pursuant to clause (i) above. Notwithstanding the preceding sentence, during any period in which the Company has outstanding a class of publicly-traded securities or is for any reason a reporting company under the Securities Exchange Act of 1934, it shall be sufficient compliance to provide copies of its most recent Form 10-K and annual report, any Form 10-Qs and/or 8-Ks filed by the Company with the SEC since the date of such Form 10-K, and any proxy statements.

6. Market Standoff.

Holder, by acceptance hereof, agrees that Holder will not, without the prior written consent of the lead underwriter of the initial public offering of the Common Stock of the Company pursuant to a Public Offering, directly or indirectly offer to sell, contract to sell (including, without limitation, any short sale), grant any option for the sale of, acquire any option to dispose of, or otherwise dispose of any Warrant Shares for a period of 180 days following the day on which the registration statement filed on behalf of the Company in connection with the Public Offering shall become effective by order of the SEC.

8. Miscellaneous

- 1. Modification and Waiver.** This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.
- 2. Notices.** Any notice, request, communication or other document required or permitted to be given or delivered to Holder hereof or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.
- 3. Binding Effect on Successors.** This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Common Stock issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of Holder hereof. The Company will, at the time of the exercise or conversion of this Warrant, in whole or in part, upon request of Holder hereof but at the Company's expense, acknowledge in writing its continuing obligation to Holder hereof in respect of any rights (including, without limitation, any right to registration of the shares of Registrable Securities) to which Holder hereof shall continue to be entitled after such exercise or conversion in accordance with this Warrant; *provided*, that the failure of Holder hereof to make any such request shall not affect the continuing obligation of the Company to Holder hereof in respect of such rights.
- 4. Lost Warrants or Stock Certificates.** The Company covenants to Holder hereof that, upon receipt of evidence reasonably satisfactory to the Company (such as an affidavit of Holder) of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate, the Company will make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.
- 5. Descriptive Headings.** The descriptive headings of the several paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

6. **Governing Law.** This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.

7. **Survival of Representations, Warranties and Agreements.** All representations and warranties of the Company and Holder hereof contained herein shall survive the date of grant, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and Holder hereof contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

8. **Remedies.** In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, Holder (in the case of a breach by the Company), or the Company (in the case of a breach by Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

9. **Acceptance.** Receipt of this Warrant by Holder hereof shall constitute acceptance of and agreement to the foregoing terms and conditions.

10. **No Impairment of Rights.** The Company will not, by amendment of its Certificate of Incorporation or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of Holder against impairment.

11. **Entire Agreement.**
This Warrant constitutes the entire agreement between the parties pertaining to the subject matter herein and supersedes all prior and contemporaneous agreements, representation and undertakings of the parties.

12. **Attorneys' Fees.** In any litigation, arbitration or other legal proceeding between the Company and Holder relating to or arising out of this Warrant, the prevailing party shall be entitled to recover all its fees, costs and expenses incurred in connection with such proceeding, including (but not limited to) reasonable fees and expenses of attorneys and accountants and including (but not limited to) all such fees, costs and expenses incurred in connection with any appeals and/or in connection with the enforcement of any judgment or award rendered in such proceeding.

In Witness Whereof, the Company has duly caused this Warrant to be signed by its duly authorized officer and to be dated as of April 1, 2000.

Exelixis, Inc.

By: _____

Name: Glen Y. Sato

Title: Chief Financial Officer

EXHIBIT A

Subscription Form

Dated _____, _____

Exelixis, Inc.

260 Littlefield Avenue

South San Francisco, CA 94080

Attention: Chief Financial Officer

Ladies and Gentlemen:

_____ The undersigned hereby elects to exercise the warrant issued to it by Exelixis, Inc. (the "Company") and dated April 1, ____, 2000, Warrant No. ____ (the "Warrant") and to purchase thereunder _____ shares of the Common Stock of the Company (the "Shares") at a purchase price of _____ Dollars (\$_____) per Share or an aggregate purchase price of _____ Dollars (\$_____) (the "Purchase Price"); or

_____ The undersigned hereby elects to convert _____ percent (____%) of the value of the Warrant pursuant to the provisions of Section 2.2 of the Warrant.

Pursuant to the terms of the Warrant the undersigned has delivered the Purchase Price herewith in full in cash or by certified check or wire transfer (unless the second alternative above has been marked).

Very truly yours,

By: _____

Title: _____

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED UNLESS SUCH SALE OR TRANSFER IS IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS OR SOME OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS IS AVAILABLE WITH RESPECT THERETO.

Exelixis, Inc.

Common Stock Warrant

Warrant No. w-13

For Value Received, Exelixis, Inc., a Delaware corporation (the "Company"), with its principal office at 260 Littlefield Avenue, South San Francisco, CA 94080, hereby certifies that the Laurence and Magdalena Shushan Family Trust (the "Holder") is entitled, upon surrender of this Warrant with the notice of exercise annexed hereto duly executed at the principal office of the Company, to purchase from the Company 2,100 shares of common stock of the Company, subject to adjustment as provided in Section 4. Such shares shall be fully paid and nonassessable shares of Common Stock, \$.001 par value, of the Company (the "Common Stock") purchased at a price per share of nine dollars and seventy-five cents (\$9.75) (the "Purchase Price"), subject to the provisions set forth herein. Until such time as this Warrant is exercised in full or expires, the Purchase Price and the securities issuable upon exercise of this Warrant are subject to adjustment as hereinafter provided. The person or persons on whose name or names any certificate representing shares of Common Stock is issued hereunder shall be deemed to have become Holder of record of the shares represented thereby as at the close of business on the date this Warrant is exercised with respect to such shares, whether or not the transfer books of the Company shall be closed. The shares of Common Stock deliverable upon such exercise, as adjusted from time to time, are hereinafter sometimes referred to as "Warrant Shares."

- 1. Term.** The purchase right represented by this Warrant is exercisable, in whole or in part, at any time and from time to time from the date of grant through the date which is five (5) years after the closing of the Company's initial public offering of its Common Stock effected pursuant to a Registration Statement on Form S-1 (or its successor) filed under the Securities Act of 1933, as amended (the "Act").
- 2. Method of Exercise; Payment; Issuance of New Warrant.**

1. General. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by Holder hereof, in whole or in part and from time to time, by the surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) at the principal office of the Company and by the payment to the Company, by cash, check or wire transfer, of an amount equal to the then applicable Purchase Price multiplied by the number of Warrant Shares then being purchased. The person or persons in whose name(s) any certificate(s) representing shares of Common Stock shall be issuable upon exercise of this Warrant shall be deemed to have become Holder(s) of record of, and shall be treated for all purposes as the record Holder(s) of, the shares represented thereby (and such shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for the shares of stock so purchased shall be delivered to Holder hereof as soon as possible and in any event within thirty days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant of like tenor representing the portion of the Warrant Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to Holder hereof as soon as possible and in any event within such thirty-day period.

2. **Net Issue Exercise.** Notwithstanding any provisions herein to the contrary, if the fair market value of one share of the Company's Common Stock is greater than the Purchase Price (at the date of calculation as set forth below), in lieu of exercising this Warrant for cash, Holder may elect to receive Warrant Shares equal to the value (as determined below) of this Warrant (or the portion thereof being canceled) by surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A duly executed) in which event the Company shall issue to Holder a number of Warrant Shares computed using the following formula:

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

A

Where X = the number of shares of Warrant Shares to be issued to Holder

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

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

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

For purposes of the above calculation, fair market value of one share of Common Stock shall be determined as follows: (i) if the class of stock of which the Warrant Shares are a part is listed on a national stock exchange, on the NASDAQ National Market System or on any other over-the-counter market, then such fair market value shall be the closing price per share reported for such class on such national stock exchange or on the NASDAQ National Market System, or the average of the final "bid" and "asked" prices reported on such over-the-counter market, as applicable, at the close of business on the date of calculation, as reported in the Wall Street Journal; and (ii) if the class of stock of which the Warrant Shares are a part is not listed on any national stock exchange, on the NASDAQ National Market System or on any other over-the-counter market, then the Board of Directors of the Company shall determine such fair market value as of the date of calculation in its reasonable good faith judgment, and shall (upon written request by Holder) advise Holder of such determination prior to any decision by the registered Holder to exercise its purchase rights under this Warrant.

3. **Stock Fully Paid; Reservation of Shares.** All Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all taxes, liens and charges with

respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant. The Company will take all such actions as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any domestic securities exchange upon which the Common Stock may be listed; provided, however, that the Company shall not be required to effect a registration under the Act or state securities laws with respect to such exercise. The covenant set forth in the immediately preceding sentence is based in part on the representations made by Holder in Section 7 and assumes no change in currently applicable law that would make such actions impracticable.

4. Adjustment of Purchase Price and Number of Shares.

The number and kind of securities purchasable upon the exercise of this Warrant and the Purchase Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

- 1. Reclassification or Merger.** In case of any reclassification, change or conversion of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is the acquiring and the surviving corporation and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant), or in case of any sale of all or substantially all of the assets of the Company, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to Holder a new Warrant (in form and substance satisfactory to Holder), so that Holder shall have the right to receive, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification, change or merger by a Holder of the number of shares of Common Stock then purchasable under this Warrant. Such new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4. The provisions of this Section 4.1 shall similarly apply to successive reclassifications, changes, mergers and transfers.
- 2. Subdivision or Combination of Shares.** If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its outstanding shares of Common Stock, the Purchase Price shall be proportionately decreased in the case of a subdivision or increased in the case of a combination, effective at the close of business on the date the subdivision or combination becomes effective.
- 3. Stock Dividends and Other Distributions.** If the Company at any time while this Warrant is outstanding and unexpired shall (i) pay a dividend with respect to Common Stock payable in Common Stock, or (ii) make any other distribution with respect to Common Stock (except any distribution specifically provided for in the foregoing subparagraphs (a) and (b)) of Common Stock, then the Purchase Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Purchase Price in effect immediately prior to such date of determination by a fraction (i) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (ii) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution.
- 4. Adjustment of Number of Shares.** Upon each adjustment in the Purchase Price, the number of Warrant Shares purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Warrant Shares purchasable immediately prior to such adjustment in the Purchase Price by a fraction, the numerator of which shall be the Purchase Price immediately prior to such adjustment and the denominator of which shall be the Purchase Price immediately thereafter.

5. Notice of Certain Events

1. **Notice of Adjustments.** Whenever the Purchase Price or the number of Warrant Shares purchasable hereunder shall be adjusted pursuant to Section 4 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Purchase Price and the number of Warrant Shares purchasable hereunder after giving effect to such adjustment, shall be mailed (without regard to Section 8.2 hereof, by first class mail, postage prepaid) to Holder.

2. **Other Notices.** If at any time:

(a) the Company shall declare any cash dividend upon its Common Stock;

(b) the Company shall declare any dividend upon its Common Stock payable in stock or make any special dividend or other distribution to the holders of its Common Stock;

(c) the Company shall offer for subscription pro rata to all holders of its Common Stock any additional shares of stock of any class or other rights;

(d) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation or other entity;

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

(f) there shall be an initial public offering of Company securities;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to Holder at the address of Holder as shown on the books of the Company, (1) at least ten (10) days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up or public offering, and (2) in the case of any such event, at least ten (10) days' prior written notice of the date when the same shall take place, provided, however, Holder shall make a best efforts attempt to respond to such notice as early as possible after the receipt thereof. Any notice given in accordance with the foregoing clause (1) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (2) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, conversion or public offering, as the case may be.

6. **Fractional Interest.**

In no event shall any fractional share of Common Stock be issued upon any exercise of this Warrant. If, upon exercise of this Warrant as an entirety,

Holder would, except as provided in this Section 6, be entitled to receive a fractional share of Common Stock, then the Company shall issue the next higher number of full shares of Common Stock, issuing a full share with respect to such fractional share.

7. Compliance with Securities Act; Disposition of Warrant or Shares of Common Stock.

1. **Compliance with Securities Act.** Holder, by acceptance hereof, agrees that this Warrant, and the shares of Common Stock to be issued upon exercise hereof are being acquired for investment and that Holder will not offer, sell or otherwise dispose of this Warrant, or any shares of Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Act. Upon exercise of this Warrant, unless the Warrant Shares being acquired are registered under the Act or an exemption from such registration is available, Holder shall confirm in writing that the shares of Common Stock so purchased are being acquired for investment and not with a view toward distribution or resale. This Warrant and all shares of Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped or imprinted with a legend in substantially the following form:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL FOR HOLDER, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 7 OF THE WARRANT UNDER WHICH THESE SECURITIES WERE ISSUED, DIRECTLY OR INDIRECTLY."

2. **Representations of Holder.** In addition, in connection with the issuance of this Warrant, Holder specifically represents to the Company by acceptance of this Warrant as follows:
 - a. Holder is aware of the Company's business affairs and financial condition, and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire this Warrant. Holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof for purposes of the Act.
 - b. Holder understands that this Warrant has not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Holder's investment intent as expressed herein. In this connection, Holder understands that, in the view of the SEC, the statutory basis for such exemption may be unavailable if Holder's representation was predicated solely upon a present intention to hold the Warrant for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Warrant, or for a period of one year or any other fixed period in the future.
 - c. Holder further understands that this Warrant must be held indefinitely unless subsequently registered under the Act and any applicable state securities laws, or unless exemptions from registration are otherwise available. Moreover, Holder understands that the Company is under no obligation to register this Warrant.
 - d. Holder is aware of the provisions of Rule 144 and 144A, promulgated under the Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions, if applicable, including, among other things: The availability of certain public information about the Company, the resale occurring not less than two years after the party has purchased and paid for the securities to be sold; the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934, as amended) and the amount of securities being sold during any three-month period not exceeding the specified limitations stated therein.

e. Holder further understands that at the time it wishes to sell this Warrant there may be no public market upon which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public information requirements of Rule 144 and 144A, and that, in such event, Holder may be precluded from selling this Warrant under Rule 144 and 144A even if the two-year minimum holding period had been satisfied.

f. Holder further understands that in the event all of the requirements of Rule 144 and 144A are not satisfied, registration under the Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 and 144A are not exclusive, the Staff of the SEC has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 and 144A will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

3. Disposition of Warrant or Shares. With respect to any offer, sale or other disposition of this Warrant or any shares of Common Stock acquired pursuant to the exercise of this Warrant prior to registration of such Warrant or shares, Holder hereof and each subsequent Holder agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of Holder's counsel, if reasonably requested by the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the Act as then in effect or any federal or state law then in effect) of this Warrant or such shares of Common Stock and indicating whether or not under the Act certificates for this Warrant or such shares of Common Stock to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. Promptly upon receiving such written notice and reasonably satisfactory opinion, if so requested, the Company, as promptly as practicable, shall notify Holder that Holder may sell or otherwise dispose of this Warrant or such shares of Common Stock, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 7.3 that the opinion of counsel for Holder is not reasonably satisfactory to the Company, the Company shall so notify Holder promptly after such determination has been made and shall specify in detail the legal analysis supporting any such conclusion. Notwithstanding the foregoing, this Warrant or such shares of Common Stock may, as to such federal laws, be offered, sold or otherwise disposed of in accordance with Rule 144 or 144A under the Act, provided that the Company shall have been furnished with such information as the Company may reasonably request to provide a reasonable assurance that the provisions of Rule 144 or 144A have been satisfied. Each certificate representing this Warrant or the shares of Common Stock thus transferred (except a transfer pursuant to Rule 144 or 144A) shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for Holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

4. Excepted Transfers. Neither any restrictions of any legend described in this Warrant nor the requirements of Section 7.3 above shall apply to any transfer without any additional consideration of, or grant of a security interest in, this Warrant or any part hereof (i) to a partner of Holder if Holder is a partnership, (ii) by Holder to a partnership of which Holder is a general partner, or (iii) to any affiliate of Holder if Holder is a corporation; *provided, however*, in any such transfer, the transferee shall on the Company's request agree in writing to be bound by the terms of this Warrant as if an original signatory hereto.

5. Rights as Shareholders; Information. Holder shall not be entitled to vote or receive dividends or be deemed a holder of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon Holder, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Warrant Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to Holder such information, documents and reports as are generally distributed to holders of any class or series of the securities of the Company concurrently with the distribution thereof to the shareholders and will, upon written request by Holder to the Chief Financial Officer of the Company from time to time (but not more often than twice in any 12-month period) provide to Holder copies of the

following documents within a reasonable time after such request (but in all events only to the extent that, and no sooner than the time that, such documents have been made available to the Company's stockholders): (i) the Company's most recent audited annual financial statements or, if audited statements are not available, then the Company's unaudited annual financial statements as of the end of the Company's most recently ended fiscal year and (ii) unaudited quarterly financial statements for each quarter of the Company's fiscal year since the date of the annual financial statements delivered pursuant to clause (i) above. Notwithstanding the preceding sentence, during any period in which the Company has outstanding a class of publicly-traded securities or is for any reason a reporting company under the Securities Exchange Act of 1934, it shall be sufficient compliance to provide copies of its most recent Form 10-K and annual report, any Form 10-Qs and/or 8-Ks filed by the Company with the SEC since the date of such Form 10-K, and any proxy statements.

6. Market Standoff.

Holder, by acceptance hereof, agrees that Holder will not, without the prior written consent of the lead underwriter of the initial public offering of the Common Stock of the Company pursuant to a Public Offering, directly or indirectly offer to sell, contract to sell (including, without limitation, any short sale), grant any option for the sale of, acquire any option to dispose of, or otherwise dispose of any Warrant Shares for a period of 180 days following the day on which the registration statement filed on behalf of the Company in connection with the Public Offering shall become effective by order of the SEC.

8. Miscellaneous

- 1. Modification and Waiver.** This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.
- 2. Notices.** Any notice, request, communication or other document required or permitted to be given or delivered to Holder hereof or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to Holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.
- 3. Binding Effect on Successors.** This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Common Stock issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of Holder hereof. The Company will, at the time of the exercise or conversion of this Warrant, in whole or in part, upon request of Holder hereof but at the Company's expense, acknowledge in writing its continuing obligation to Holder hereof in respect of any rights (including, without limitation, any right to registration of the shares of Registrable Securities) to which Holder hereof shall continue to be entitled after such exercise or conversion in accordance with this Warrant; *provided*, that the failure of Holder hereof to make any such request shall not affect the continuing obligation of the Company to Holder hereof in respect of such rights.
- 4. Lost Warrants or Stock Certificates.** The Company covenants to Holder hereof that, upon receipt of evidence reasonably satisfactory to the Company (such as an affidavit of Holder) of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate, the Company will make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.
- 5. Descriptive Headings.** The descriptive headings of the several paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

6. **Governing Law.** This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.

7. **Survival of Representations, Warranties and Agreements.** All representations and warranties of the Company and Holder hereof contained herein shall survive the date of grant, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and Holder hereof contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

8. **Remedies.** In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, Holder (in the case of a breach by the Company), or the Company (in the case of a breach by Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

9. **Acceptance.** Receipt of this Warrant by Holder hereof shall constitute acceptance of and agreement to the foregoing terms and conditions.

10. **No Impairment of Rights.** The Company will not, by amendment of its Certificate of Incorporation or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of Holder against impairment.

11. **Entire Agreement.**
This Warrant constitutes the entire agreement between the parties pertaining to the subject matter herein and supersedes all prior and contemporaneous agreements, representation and undertakings of the parties.

12. **Attorneys' Fees.** In any litigation, arbitration or other legal proceeding between the Company and Holder relating to or arising out of this Warrant, the prevailing party shall be entitled to recover all its fees, costs and expenses incurred in connection with such proceeding, including (but not limited to) reasonable fees and expenses of attorneys and accountants and including (but not limited to) all such fees, costs and expenses incurred in connection with any appeals and/or in connection with the enforcement of any judgment or award rendered in such proceeding.

In Witness Whereof, the Company has duly caused this Warrant to be signed by its duly authorized officer and to be dated as of April 1, 2000.

Exelixis, Inc.

By: _____

Name: Glen Y. Sato

Title: Chief Financial Officer

EXHIBIT A

Subscription Form

Dated _____, _____

Exelixis, Inc.

260 Littlefield Avenue

South San Francisco, CA 94080

Attention: Chief Financial Officer

Ladies and Gentlemen:

_____ The undersigned hereby elects to exercise the warrant issued to it by Exelixis, Inc. (the "Company") and dated April 1, ____, 2000, Warrant No. ____ (the "Warrant") and to purchase thereunder _____ shares of the Common Stock of the Company (the "Shares") at a purchase price of _____ Dollars (\$_____) per Share or an aggregate purchase price of _____ Dollars (\$_____) (the "Purchase Price"); or

_____ The undersigned hereby elects to convert _____ percent (____%) of the value of the Warrant pursuant to the provisions of Section 2.2 of the Warrant.

Pursuant to the terms of the Warrant the undersigned has delivered the Purchase Price herewith in full in cash or by certified check or wire transfer (unless the second alternative above has been marked).

Very truly yours,

By: _____

Title: _____

FIRST AMENDMENT TO BUILD-TO-SUIT LEASE

This First Amendment to Build-to-Suit Lease ("First Amendment") is made and entered into as of March 29, 2000, by and between BRITANNIA POINTE GRAND LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord"), and EXELIXIS, INC. (formerly known as Exelixis Pharmaceuticals, Inc.), a Delaware corporation ("Tenant"), with reference to the following facts:

A. Landlord and Tenant are parties to a Build-to-Suit Lease dated as of May 12, 1999 (the "Lease") covering, among other things, a building presently under construction ("Building 1") on certain property owned by Landlord (the "Phase 1 Property") on Harbor Way in the City of South San Francisco, County of San Mateo, State of California. The Lease also includes various options and rights on the part of Tenant to have a second building constructed by Landlord, subject to certain conditions set forth in the Lease, on either the Phase 2-A Property or the Phase 2-B Property as defined in the Lease. Terms used in this First Amendment as defined terms but not defined herein shall have the meanings assigned to such terms in the Lease.

B. By letter dated September 27, 1999, Landlord (through its counsel) gave Tenant a Phase 2-B Acquisition Notice under Section 1.1(c)(iii) of the Lease, notifying Tenant that Landlord had Acquired the Phase 2-B Property. By letter dated December 20, 1999, Tenant exercised its option under Section 1.1(c) of the Lease to have a building constructed on the Phase 2-B Property and leased to Tenant, subject to the parties entering into a mutually acceptable lease agreement.

C. Landlord and Tenant have now reached mutual agreement on the terms and conditions to be applicable to the construction, leasing and occupancy of a new building to be constructed on the Phase 2-B Property and, in compliance with Section 1.1(c)(iii)(A) of the Lease, are entering into this First Amendment to set forth such terms and conditions in a written lease amendment.

NOW, THEREFORE, in reliance upon the foregoing recitals and upon the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Leasing of Building 2; Connector Bridge.

(a) Landlord shall construct and lease to Tenant, and Tenant shall lease from Landlord, subject to all of the terms and conditions of the Lease as amended by this First Amendment, a two-story office and laboratory building of approximately 49,000 square feet ("Building 2") to be located on the real property described as the Phase 2-B Property in the Lease and more particularly described on Exhibit A attached to this First Amendment and incorporated herein by this reference (the "Phase 2 Property").

(b) Substantially concurrently with the construction of Building 2, Landlord shall also construct, for the exclusive use of Tenant and its employees, suppliers, shippers, customers and invitees during the term of the Lease, an elevated connector bridge between Building 1 and Building 2 (the "Connector Bridge"). Upon substantial completion of the

Connector Bridge and delivery of possession and use of the Connector Bridge to Tenant, the Connector Bridge shall be construed to be part of the Buildings for all purposes under the Lease, except that the square footage of the Connector Bridge shall not be taken into account in determining minimum rental amounts for Building 1 and/or Building 2 under Section 3.1(c) of the Lease, as amended.

(c) Exhibit A to the Lease is hereby amended by replacing the description of the Phase 2-B Property as set forth therein with the more precise description set forth in Exhibit A attached to this First Amendment. For purposes of this First Amendment and of the Lease as amended hereby, references to "the Phase 2 Property" shall be construed to refer to the Phase 2 Property as described in Exhibit A attached to this First Amendment.

(d) The location of Building 2 on the Phase 2 Property and the general design and layout of Building 2 as presently contemplated by the parties are shown on Exhibit B attached hereto and incorporated herein by this reference, subject to any subsequent modifications made by Landlord or by mutual agreement of the parties in accordance with the terms of the Lease as amended hereby. To the extent of any conflict between Exhibit B attached hereto and the Site Plan attached as Exhibit B to the Lease, Exhibit B attached hereto shall be controlling with respect to Building 2 and the Phase 2 Property.

2. Term. The Termination Date for the Lease shall be determined in accordance with the provisions of the Lease and is not affected by this First Amendment. Section 2.1(b) of the Lease is amended to read in its entirety as follows:

"(b) Tenant's minimum rental and Operating Expense obligations with respect to Building 2 and the Phase 2 Property shall commence on the earlier of (i) the date which is six (6) months after the date Landlord delivers to Tenant a Structural Completion Certification for Building 2 pursuant to the Workletter attached to this Lease as Exhibit C, as amended by the First Amendment to this Lease (subject to any adjustments authorized or required under the provisions of such Exhibit C, as amended), correctly notifying Tenant that Landlord's construction of the shell of Building 2 pursuant to Article V and Exhibit C is substantially complete, but in no event earlier than the date (adjusted for any Tenant Delay, as defined in Exhibit C, which delays Landlord's completion of the construction of the Connector Bridge) on which the construction of the Connector Bridge is substantially completed in all material respects, subject only to completion of Punch List Work (as defined in Exhibit C), or (ii) the date Tenant takes occupancy of and commences operation of its business in Building 2, the earlier of such dates being herein called the "Phase 2 Rent Commencement Date", and shall end on the Termination Date, unless sooner terminated or extended (if applicable) as hereinafter provided. The parties presently contemplate that the delivery of the Structural Completion Certificate for Building 2 will occur on approximately September 1, 2000 and that the Phase 2 Rent Commencement Date will occur on approximately March 1, 2001."

3. Delay in Possession. For purposes of the first sentence of Section 2.3 of the Lease, Exhibit D attached to this First Amendment and incorporated herein by this reference (as hereafter modified, updated or supplemented by the parties from time to time) sets forth the Estimated Construction Schedule that Landlord shall use its best reasonable efforts to meet with respect to the construction of Landlord's work on Building 2 and the Connector Bridge.

4. Minimum Rental. Except as otherwise expressly provided below, the rental provisions set forth in Section 3.1 of the Lease shall be construed to apply solely to Building 1 and the Phase 1 Property and, as applied to Building 1 and the Phase 1 Property, are not affected by this First Amendment. The rental provisions applicable to Building 2 and the Phase 2 Property are as follows:

(a) Tenant shall pay to Landlord as minimum rental for Building 2, in advance, without deduction, offset, notice or demand, on or before the Phase 2 Rent Commencement Date and on or before the first day of each subsequent calendar month of the term of the Lease, the amounts per month set forth below in the column headed "Monthly Minimum Rental," subject to adjustment in accordance with the terms of this Paragraph 4 (provided, however, that the "Months" indicated in the left-hand column of the following table are to be measured from the Phase 1 Rent Commencement Date, with the result that if, for example, the Phase 1 Rent Commencement Date occurs on May 1, 2000 and the Phase 2 Rent Commencement Date occurs on March 1, 2001, Tenant shall pay minimum rental for Building 2 at the rate indicated for Months 001-012 for the months of March 2001 and April 2001, then shall pay minimum rental for Building 2 at the rate indicated for Months 013-024 beginning with the month of May 2001, since that will be Month 013 as measured from the Phase 1 Rent Commencement Date):

<u>Months</u>	<u>Monthly Minimum Rental</u>
001 - 012	\$ 131,810 (\$2.69/sq ft)
013 - 024	151,410 (\$3.09/sq ft)
025 - 036	155,330 (\$3.17/sq ft)
037 - 048	159,250 (\$3.25/sq ft)
049 - 060	163,660 (\$3.34/sq ft)
061 - 072	168,070 (\$3.43/sq ft)
073 - 084	171,990 (\$3.51/sq ft)
085 - 096	176,890 (\$3.61/sq ft)
097 - 108	163,660 (\$3.34/sq ft)
109 - 120	168,560 (\$3.44/sq ft)
121 - 132	174,440 (\$3.56/sq ft)
133 - 144	161,210 (\$3.29/sq ft)
145 - 156	167,090 (\$3.41/sq ft)
157 - 168	155,820 (\$3.18/sq ft)
169 - 180	162,190 (\$3.31/sq ft)
181 - 192	168,560 (\$3.44/sq ft)
193 - 204	174,930 (\$3.57/sq ft)

If the obligation to pay minimum rental hereunder commences on other than the first day of a calendar month or if the term of the Lease terminates on other than the last day of a calendar month, the minimum rental for such month shall be prorated based on the number of days the minimum rental obligation with respect to Building 2 is in effect during such month. If an increase in minimum rental becomes effective on a day other than the first day of a calendar month, the minimum rental for that month shall be the sum of the two applicable rates, each prorated for the portion of the month during which such rate is in effect.

(b) If Tenant properly exercises its right to extend the term of the Lease pursuant to Section 2.6 thereof, the minimum rental for both Buildings during the extended term(s) shall be determined in accordance with the procedure set forth in Sections 3.1(b) and 3.1(c) (if applicable) of the Lease.

(c) The minimum rental amounts specified in this Paragraph 4 are based upon an estimated area of 49,000 square feet for Building 2. If the actual area of Building 2 (measured from the exterior faces of exterior walls and from the dripline of any overhangs, except that in the case of any two-story recesses or overhangs, the area to the dripline of the overhang shall be counted as part of the area of the first story but not as part of the area of the second story), when completed, is greater or less than 49,000 square feet, then the minimum rental amounts otherwise applicable under this First Amendment with respect to Building 2 shall be adjusted for each rental period in strict proportion to the ratio between the actual area of Building 2 (determined on the basis of measurement described above in this sentence) and the assumed area of 49,000 square feet. Measurement of building area under this paragraph shall be made initially by Landlord's architect, subject to review and approval by Tenant's architect.

(d) The minimum rental amounts specified in Paragraph 4(a) assume that Landlord will incur, in the form of required payments to the City of South San Francisco, the Redevelopment Agency of the City of South San Francisco, and/or the owners and occupants of the parcels constituting the Phase 2 Property in connection with the eminent domain proceedings presently underway for the acquisition of such parcels (including, but not limited to, any required payments of compensation for condemned fee or leasehold interests, loss of goodwill, relocation expenses, attorneys' fees and other compensable items for which Landlord is responsible under applicable law or under the terms of its Disposition and Development Agreement with the Redevelopment Agency of the City of South San Francisco), aggregate acquisition costs of \$2,505,000.00 for the Phase 2 Property. If, upon final completion of all eminent domain proceedings and all related litigation concerning the acquisition of the Phase 2 Property, Landlord's aggregate actual acquisition costs for the Phase 2 Property as described in the preceding sentence exceed \$2,505,000.00, then fifty percent (50%) of the amount of such excess shall constitute "Excess Acquisition Costs" and Tenant shall pay to Landlord, as additional monthly rental for Building 2 during each month beginning on the Phase 2 Rent Commencement Date and continuing throughout the initial term of the Lease, an amount determined as follows:

(i) During the period from the Phase 2 Rent Commencement Date until the first anniversary of the Phase 2 Rent Commencement Date, such additional monthly rental shall be equal to the amount necessary and sufficient to amortize the Excess Acquisition Costs on a level payment basis over the period from the Phase 2 Rent Commencement Date until the scheduled expiration date for the initial Term of the Lease, with an imputed return at the rate of twelve percent (12%) per annum; and

(ii) During each subsequent one-year period from the first anniversary of the Phase 2 Rent Commencement Date until the expiration of the initial Term of the Lease (including, if applicable, any final period of less than one year between such expiration date and the immediately preceding anniversary of the Phase 2 Rent Commencement Date), such additional monthly rental shall be equal to one hundred four percent (104%) of the additional monthly rental in effect during the immediately preceding one-year period.

Landlord's sole rights with respect to recovering any portion of the Excess Acquisition Costs shall be through the additional monthly rental payable by Tenant hereunder and through those remedies available to Landlord under the Lease or under applicable law for the enforcement of rental obligations in the event of a default by Tenant under the Lease. To the extent Landlord's aggregate actual acquisition costs for the Phase 2 Property have not been finally determined as of the Phase 2 Rent Commencement Date, any rental adjustment determined to be appropriate under this paragraph upon such final determination shall be calculated retroactively to the Phase 2 Rent Commencement Date and the additional rental amounts allocable to the period from the Phase 2 Rent Commencement Date until the date of such final determination shall be paid by Tenant to Landlord in a single lump sum within thirty (30) days after Landlord gives Tenant written notice of such final determination.

(e) The Monthly Minimum Rental amounts specified in Paragraph 4(a) above assume a total Cost of Improvements (defined in accordance with Paragraph 2(c) of the Workletter attached as Exhibit C to the Lease) of \$800,000.00 for the Connector Bridge. To the extent the actual total Cost of Improvements for the Connector Bridge is greater than \$800,000.00, the excess of such actual total Cost of Improvements over \$800,000.00 shall constitute the "Excess Connector Bridge Cost" and Tenant shall pay to Landlord, as additional monthly rental for Building 2 during each month beginning on the Phase 2 Rent Commencement Date and continuing throughout the initial term of the Lease, an amount determined as follows:

(i) During the period from the Phase 2 Rent Commencement Date until the first anniversary of the Phase 2 Rent Commencement Date, such additional monthly rental shall be equal to the amount necessary and sufficient to amortize the Excess Connector Bridge Cost on a level payment basis over the period from the Phase 2 Rent Commencement Date until the scheduled expiration date for the initial Term of the Lease, with an imputed return at the rate of twelve percent (12%) per annum; and

(ii) During each subsequent one-year period from the first anniversary of the Phase 2 Rent Commencement Date until the expiration of the initial Term of the Lease (including, if applicable, any final period of less than one year between such expiration date and the immediately preceding anniversary of the Phase 2 Rent Commencement Date), such additional monthly rental shall be equal to one hundred four percent (104%) of the additional monthly rental in effect during the immediately preceding one-year period.

Landlord's sole rights with respect to recovering any portion of the Excess Connector Bridge Cost shall be through the additional monthly rental payable by Tenant hereunder and through those remedies available to Landlord under the Lease or under applicable law for the enforcement of rental obligations in the event of a default by Tenant under the Lease. To the extent Landlord's aggregate actual Cost of Improvements for the Connector Bridge has not been finally determined as of the Phase 2 Rent Commencement Date, any rental adjustment determined to be appropriate under this paragraph upon such final determination shall be calculated retroactively to the Phase 2 Rent Commencement Date and the additional rental amounts allocable to the period from the Phase 2 Rent Commencement Date until the date of such final determination shall be paid by Tenant to Landlord in a single lump sum within thirty (30) days after Landlord gives Tenant written notice of such final determination.

(f) The Tenant Improvements in Building 2 are to be constructed in a single phase. Thus, the provisions of Sections 3.1(e) and 5.1(a) of the Lease and related provisions of the Workletter regarding the phasing of Tenant Improvements in Building 2 will not be applicable.

5. Stock Warrants. Within thirty (30) days after the execution of this First Amendment, Tenant shall deliver to Landlord or Landlord's designees (which may be any partners, shareholders or affiliates of Landlord or any affiliates of any such partners, shareholders or affiliates of Landlord)

warrants registered in the name of Landlord or Landlord's designees for the acquisition of an aggregate of one hundred five thousand (105,000) shares of Tenant's common stock, subject to adjustment for reverse stock splits. Such warrants shall be in form and substance substantially identical to the warrants issued under Section 4.1 of the Lease in connection with Building 1, except that (i) the warrants shall be exercisable for a period beginning on the date of this First Amendment and ending on the fifth (5th) anniversary of the closing of the initial public offering (if any) of Tenant's common stock, and (ii) if Tenant completes an initial public offering of Tenant's common stock within twelve (12) months after the date of this First Amendment, then the exercise price per share for the warrants shall be equal to the price per share at which Tenant's initial public offering was consummated, but if Tenant does not complete such an initial public offering within such 12-month period, then the exercise price per share for the warrants shall be a price consistent with the most recent arm's-length financing consummated by Tenant at the time of execution of this First Amendment.

6. Construction. Subject to Paragraph 4(f) above, the respective responsibilities of Landlord and Tenant in connection with the construction of Building 2 and the Tenant Improvements therein and with respect to the payment of the costs of such construction shall be determined in accordance with Article 5 of the Lease and in accordance with the Workletter attached as Exhibit C to the Lease, except that (i) any references in such provisions to Building 1 and/or the Phase 1 Property shall be construed (where the context reasonably so requires) to refer instead to Building 2 and the Phase 2 Property, (ii) any references in such provisions to Exhibit D or the Estimated Construction Schedule shall be construed to refer to Exhibit D attached to this First Amendment, (iii) any references in such provisions to Common Areas of the Property shall be construed to refer to Common Areas of the Phase 2 Property as depicted on the Site Plan attached to this First Amendment as Exhibit B, and (iv) Landlord's work relating to Building 2 shall include construction of the Connector Bridge in accordance with the Approved Plans (provided that, notwithstanding any other provisions of the Lease or of this First Amendment, substantial completion of construction of the Connector Bridge or any portion thereof shall not be considered a condition to Landlord's issuance of the Structural Completion Certificate for Building 2, but shall be a condition to Landlord's issuance of the Final Completion Certificate for Building 2). The parties expressly acknowledge that the provisions in Paragraph 4(b) of the Workletter relating to the sharing of costs for the Tenant Improvements (82% to Landlord and 18% to Tenant, up to a maximum Landlord's obligation of \$115.00 per square foot [equivalent to a total Cost of Improvements of \$140.24 per square foot], with any excess to be borne entirely by Tenant, subject to any other adjustments expressly provided for in the Workletter) shall be fully applicable to Building 2 on the same basis as they applied to Building 1.

7. Property. From and after the Phase 2 Rent Commencement Date, references in the Lease to the Property shall include both the Phase 1 Property and the Phase 2 Property, unless the context otherwise clearly requires. Without limiting the generality of the foregoing, it is the parties' express intention and understanding that from and after the Phase 2 Rent Commencement Date, Tenant shall be responsible for real and personal property taxes relating to Building 2 and/or the Phase 2 Property to the extent provided in Article 6 of the Lease. With respect to Operating Expenses, however, it is Landlord's intention (consistent with the election reserved to Landlord in Section 7.1(c) of the Lease) to treat the Phase 2 Property as part of the Britannia Pointe Grand Business Park for operation, maintenance, common area and Operating Expense purposes, while operating and accounting for the Phase 1 Property separately from the balance of the Britannia Pointe Grand Business Park for such purposes. For purposes of Section 7.3 of the Lease, prior to the Phase 2 Rent Commencement Date or as soon as reasonably practicable thereafter, Landlord shall notify Tenant in writing of Tenant's Operating Cost Share for the Phase 2 Property (determined in accordance with Section 7.1(c) of the Lease based on inclusion of the Phase 2 Property with the balance of the Britannia Pointe Grand Business Park but excluding the Phase 1 Property from such calculation) and shall revise its estimate of Operating Expenses payable under the Lease to include amounts allocable to the Phase 2 Property, on the basis of that determination of Tenant's Operating Cost Share and the then applicable estimated expenses for the Britannia Pointe Grand Business Park, effective as of the Phase 2 Rent Commencement Date. If the Phase 2 Rent Commencement Date falls on other than the first day of a month, Tenant's obligation for monthly payment of estimated Operating Expenses shall be prorated accordingly, and if the Phase 2 Rent Commencement Date falls on other than the first day of a Lease Year, the proration provisions of Section 7.5 of the Lease shall apply.

8. Non-Disturbance Agreement. Within thirty (30) days after Landlord's acquisition of fee title to the Phase 2 Property, Landlord shall

deliver to Tenant a Non-Disturbance Agreement from Slough Estates USA Inc. or any other mortgagee, trustee, beneficiary, ground lessor or leaseback lessor then owning or holding a security interest in the Phase 2 Property, which Non-Disturbance Agreement shall be in form and substance substantially identical to that heretofore delivered by Landlord to Tenant with respect to the Phase 1 Property or shall otherwise be in form and substance reasonably acceptable to Tenant.

9. Security Deposit. In compliance with Section 18.1 of the Lease, on or before the Phase 2 Rent Commencement Date, Tenant shall deliver to Landlord an amount equal to the first full month's minimum monthly rental due with respect to Building 2, as determined under the provisions of Paragraph 4 of this First Amendment, which amount shall be held by Landlord as an additional Security Deposit under the Lease.

10. Brokers. Landlord agrees to pay a brokerage commission to Tenant's broker, Cornish & Carey Commercial, in connection with the consummation of this First Amendment in accordance with a separate agreement. Each party represents and warrants that no other broker participated in the consummation of this First Amendment and agrees to indemnify, defend and hold the other party harmless against any liability, cost or expense, including, without limitation, reasonable attorneys' fees, arising out of any claims for brokerage commissions or other similar compensation in connection with any conversations, prior negotiations or other dealings by the indemnifying party with any other broker.

11. Entire Agreement. The Lease, as amended by this First Amendment and the exhibits hereto, contains all the representations and the entire understanding between the parties with respect to Building 2, the Phase 2 Property and the other subject matter of this First Amendment. Any prior correspondence, memoranda or agreements are replaced in total by this First Amendment, the exhibits hereto and the Lease as amended hereby.

12. Execution and Delivery. This First Amendment may be executed in one or more counterparts and by separate parties on separate counterparts, but each such counterpart shall constitute an original and all such counterparts together shall constitute one and the same instrument.

13. Full Force and Effect. Except as expressly set forth herein, the Lease has not been modified or amended and remains in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date first set forth above.

<u>Exhibit Number</u>	<u>Description of Document</u>
3.1+	Amended and Restated Certificate of Incorporation
3.2+	Amended and Restated Bylaws
4.1+	Specimen Common Stock Certificate
4.2	Warrant, dated April 1, 2000, to Purchase 70,875 shares of common stock in favor of Slough Estates USA, Inc.
4.3	Warrant, dated April 1, 2000, to Purchase 6,300 shares of common stock in favor of Bristow Investments, L.P.
4.4	Warrant, dated April 1, 2000, to Purchase 1,575 shares of common stock in favor of Laurence and Magdalena Shushan Family Trust
10.1	First Amendment to Lease, dated March 29, 2000 between Registrant and Britannia Pointe Grand Limited Partnership
27.1	Financial Data Schedule

EXHIBIT A

REAL PROPERTY DESCRIPTION

The Phase 2 Property (being the same property previously described as the Phase 2-B Property in the Lease) consists of all that certain real property in the City of South San Francisco, County of San Mateo, State of California, more particularly described as follows:

Parcel One (former Wilson/Calpico parcel):

BEGINNING at a point on the Easterly line of that certain 50 foot wide roadway described in the Deed from Ed Reyburn Guerin and Grace F. Guerin, his wife, to Ed Rosemont, dated April 16, 1948 and recorded April 21, 1948 in Book 1454 of Official Records of San Mateo County at Page 293 (27142-H), said point of beginning being distant thereon North 00° 06' 30" East 203 feet from the Southerly boundary of that certain 15.743 acre tract of land described in the Deed from Metal and Thermit Corporation, a corporation, to Grace F. Guerin, dated June 17, 1947 and recorded July 24, 1947 in Book 1352 of Official Records of San Mateo County at Page 373 (77876-G); thence from said point of beginning, South 00° 06' 30" West 203 feet to the aforesaid Southerly boundary line of the 15.743 acre tract of land; thence along said Southerly boundary line North 89° 55' 28" East 87.12 feet to the Southeasterly corner of said 15.743 acre tract; thence Northeasterly along the Southeasterly line of said 15.743 acre tract, North 52° 10' 30" East 258.68 feet and North 33° 21' 30" East 52 feet; thence leaving the Southeasterly line of said 15.743 acre tract, Westerly in a direct line 310 feet, more or less, to the point of beginning.

APN 015-042-050

Parcel Two (former Kaul/Rizzetto parcel):

BEGINNING at a point on the Easterly line of that certain 50 foot wide roadway described in the Deed from Ed Reyburn Guerin and Grace F. Guerin, his wife, to Ed Rosemont, dated April 16, 1948 and recorded April 21, 1948 in Book 1454 of Official Records of San Mateo County at Page 293 (27142-H), said point of beginning being distant thereon North 00° 06' 30" East 294.00 feet from the Southerly boundary of that certain 15.743 acre tract of land described in the Deed from Metal and Thermit Corporation, a corporation, to Grace F. Guerin, dated June 17, 1947 and recorded July 24, 1947 in Book 1352 of Official Records of San Mateo County at Page 373 (77876-G); thence from said point of beginning, North 89° 52' 30" East 380.00 feet, more or less, to a point on the Easterly line of said 15.743 acre tract above referred to; thence South 33° 21' 30" West, along the Easterly line of said 15.743 acre tract, 110.00 feet, more or less, to the Northerly line of the lands described in the Deed from Grace F. Guerin to Pacific Coast Builders, a co-partnership, dated October 26, 1954 and recorded October 27, 1954 in Book 2677 of Official Records of San Mateo County at Page 73 (97326-L); thence along the last mentioned line Westerly 310.00 feet, more or less, to the Easterly line of that 50 foot wide roadway above mentioned; thence along the last mentioned line, North 00° 06' 30" East 91.00 feet to the point of beginning.

APN 015-042-070

EXHIBIT D

ESTIMATED CONSTRUCTION SCHEDULE

Estimated schedule is as follows, subject to modification and/or supplementation by mutual agreement of the parties from time to time during the course of the work described therein:

Task

Date

Indicator Program

3/20/00

Drive indicators	4/03/00
Drive Production	4/24 - 5/12/00
P/C & G/B	5/15 - 5/26/00
Pour P/C & G/B	6/02/00
Structural Steel Start	6/05/00
Structural Steel Complete	6/23/00
Pour 2 nd Floor	6/28/00
Pour Roof	6/30/00
Pour 1 st Floor (complete)	7/12/00
Exterior Framing	7/17 - 9/08/00
Dryvit (EFIS)	8/07 - 10/06/00
Fire Sprinklers 2 nd Floor	7/07 - 7/19/00
Fire Sprinklers 1 st Floor	7/19 - 7/28/00
Roofing	7/31 - 8/11/00
Start Tenant Improvements	7/24/00

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
 EXTRACTED FROM THE QUARTERLY REPORT PURSUANT TO SECTION
 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR
 THE QUARTERLY PERIOD ENDED MARCH 31, 2000.

1,000

	3-MOS	
	DEC-31-2000	
	JAN-01-2000	
	MAR-31-2000	
		12,001
	1,501	
	559	
	0	
	0	
	15,735	
		12,314
	0	
	29,396	
14,501		0
46,780		0
		11
	(53,116)	
29,396		5,951
	5,951	
		0
	0	
	13,228	
	0	
	158	
	(7,287)	
	0	
(7,287)		
	0	
	0	
		0
	(7,287)	
	(1.23)	
	(1.23)	

"Landlord"

BRITANNIA POINTE GRAND LIMITED
 PARTNERSHIP, a Delaware limited
 partnership

By: BRITANNIA POINTE GRAND, LLC, a
 California limited liability
 company, General Partner

By: _____

T. J. Bristow

Its Manager, President and Chief
 Financial Officer

"Tenant"

EXELIXIS, INC., a Delaware
 corporation

By: _____

George A. Scangos

President and CEO

By: _____

Its: _____