Third Quarter 2019 Financial Results

Exelixis, Inc.

Wednesday, October 30, 2019

Nasdaq: EXEL

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Safe Harbor Statement

This presentation, including any oral presentation accompanying it, contains forward-looking statements, including, without limitation, statements related to: Exelixis' anticipation of starting additional cabozantinib pivotal trials from emerging COSMIC-021 data, including potential future pivotal trials in CPRC and NSCLC, and Exelixis' expectations to start sharing key data from some of the ongoing pivotal trials in 2020; Exelixis' continuing strategic goals to grow revenues, manage expenses carefully and reinvest free cash to build a diversified business capable of long-term, sustainable growth; Exelixis' updated financial guidance for 2019 cost of goods sold, R&D and SG&A expenses (including non-cash expenses related to stock-based compensation), and effective tax rate; RCC market trends and sequencing dynamics and the commercial potential for CABOMETYX in the RCC market; Exelixis' belief that the potential approval of ICI or ICI combination therapies in the 1L HCC setting could create more opportunities for CABOMETYX in 2L+ and later-line settings; Exelixis' belief that future growth for cabozantinib in RCC, HCC and beyond may be driven by new indications in which cabozantinib is evaluated in combination with ICI therapy; Exelixis' expectations for results of CheckMate 9ER in early 2020 and the preparation of future regulatory filings, if warranted by the data; and Exelixis' strong foundation for potential long-term future growth through continued investment in R&D with future additional cabozantinib label-enabling trials and potential new product candidates. Any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and are based upon Exelixis' current plans, assumptions, beliefs, expectations, estimates and projections. Forward-looking statements involve risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of these risks and uncertainties, which include, without limitation: the degree of market acceptance of CABOMETYX, COMETRIQ, COTELLIC and MINNEBRO in the territories where they are approved, and Exelixis' ability to obtain or maintain coverage and reimbursement for these products; the effectiveness of CABOMETYX, COMETRIQ, COTELLIC and MINNEBRO in comparison to competing products; the level of costs associated with Exelixis' commercialization, research and development, in-licensing or acquisition of product candidates, and other activities; the potential failure of cabozantinib, cobimetinib, esaxerenone and other Exelixis product candidates, both alone and in combination with other therapies, to demonstrate safety and/or efficacy in clinical testing; uncertainties inherent in the drug discovery and product development process; Exelixis' dependence on its relationships with its collaboration partners, including their pursuit of regulatory approvals for partnered compounds in new indications, their adherence to their obligations under relevant collaboration agreements and the level of their investment in the resources necessary to complete clinical trials or successfully commercialize partnered compounds in the territories where they are approved; risks and uncertainties related to regulatory review and approval processes, including that regulatory authorities may not approve Exelixis' products as treatments for the indications in which approval has been sought; Exelixis' continuing compliance with applicable legal and regulatory requirements; unexpected concerns that may arise as a result of the occurrence of adverse safety events or additional data analyses of clinical trials evaluating cabozantinib, cobimetinib or esaxerenone; Exelixis' dependence on third-party vendors for the manufacture and supply of its products; Exelixis' ability to protect its intellectual property rights; market competition, including the potential for competitors to obtain approval for generic versions of Exelixis' marketed products; changes in economic and business conditions; and other factors discussed under the caption "Risk Factors" in Exelixis' Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on October 30, 2019, and in Exelixis' future filings with the SEC. All forward-looking statements in this presentation are based on information available to Exelixis as of the date of this presentation, and Exelixis undertakes no obligation to update or revise any forward-looking statements contained herein.

This presentation includes certain non-GAAP financial measures as defined by the SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix.

Today's Agenda

Introduction	**Susan Hubbard** EVP, Public Affairs and Investor Relations
Overview	**Michael M. Morrissey, Ph.D.** President & CEO
Financial Results & Guidance	**Chris Senner** EVP & CFO
Commercial Update	**PJ Haley** SVP, Commercial
Development Update	**Gisela Schwab, M.D.** President, Product Development and Medical Affairs & CMO
Q&A	All, joined by: **Peter Lamb, Ph.D.** EVP, Scientific Strategy & CSO

Overview

Michael M. Morrissey, Ph.D.

President and CEO

Third Quarter 2019 Highlights

Financial Highlights

Total revenues of ~$272M; Non-GAAP* net income of $108M or $0.34/share diluted; Cash of $1.25B**

Cabozantinib Performance

Cabozantinib net franchise revenue of ~$192M, >$1B globally over 4 consecutive quarters

Cabozantinib Development Program

Four ongoing pivotal trials including CheckMate 9ER in 1L RCC; Potential future pivotal trials in CRPC and NSCLC

R&D and Pipeline Progress

Advancing XL092 and other internally/externally sourced assets to build diversified oncology product pipeline

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We seek to grow revenues, manage expenses carefully and reinvest free cash to build a diversified business capable of long-term, sustainable growth.

**A reconciliation to the most directly comparable GAAP measure is at the end of this presentation.*
***Cash and investments include cash and cash equivalents, short- and long-term investments and short- and long-term restricted cash and investments.*

1L = first-line
RCC = renal cell carcinoma

CRPC = castration-resistant prostate cancer
NSCLC = non-small cell lung cancer

Financial Update

Chris Senner

EVP and CFO

GAAP Financial Highlights: Q3’19

(in millions, except per share amounts)

	Q3’18	Q2’19	Q3’19	YoY Delta	QoQ Delta
Total revenues	**$225.4 M**	**$240.3 M**	**$271.7 M**	**+21%**	**+13%**
Cost of goods sold	$7.4 M	$7.5 M	$7.5 M	+2%	0%
R&D expenses	$44.7 M	$81.9 M	$97.3 M	+117%	+19%
SG&A expenses	$48.1 M	$58.8 M	$51.3 M	+7%	-13%
Total operating expenses	**$100.2 M**	**$148.3 M**	**$156.1 M**	**+56%**	**+5%**
Other income (expense), net	$3.8 M	$7.8 M	$7.1 M	+87%	-9%
Provision for income taxes	$(2.3) M	$(20.7) M	$(25.2) M	N.M.†	+22%
Net income	$126.6 M	$79.0 M	$97.5 M	-23%	+23%
Net income per share, diluted	**$0.41**	**$0.25**	**$0.31**	**-24%**	**+24%**
Ending cash and investments *	**$750.3 M**	**$1,161.0 M**	**$1,248.4 M**	**+66%**	**+8%**

Amounts may not sum due to rounding.

** Cash and investments include cash and cash equivalents, short- and long-term investments and short- and long-term restricted cash and investments.*

† N.M. = Not meaningful

Non-GAAP Financial Highlights: Q3'19

(in millions, except per share amounts)

	Q3'18	Q2'19	Q3'19	YoY Delta	QoQ Delta
Total revenues	**$225.4 M**	**$240.3 M**	**$271.7 M**	**+21%**	**+13%**
Cost of goods sold	$7.4 M	$7.5 M	$7.5 M	+2%	0%
R&D expenses [(a)(b)]	$41.5 M	$76.8 M	$93.0 M	+124%	+21%
SG&A expenses [(a)(b)]	$41.5 M	$48.9 M	$42.4 M	+2%	-13%
Total operating expenses [(a)]	**$90.5 M**	**$133.2 M**	**$143.0 M**	**+58%**	**+7%**
Other income (expense), net	$3.8 M	$7.8 M	$7.1 M	+87%	-9%
Provision for income taxes [(a)]	$(2.5) M	$(24.1) M	$(28.2) M	N.M.†	+17%
Net income [(a)]	$136.2 M	$90.7 M	$107.6 M	-21%	+19%
Net income per share, diluted [(a)]	**$0.44**	**$0.29**	**$0.34**	**-23%**	**+17%**
Ending cash and investments *	**$750.3 M**	**$1,161.0 M**	**$1,248.4 M**	**+66%**	**+8%**

Amounts may not sum due to rounding.

[(a)] *A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.*

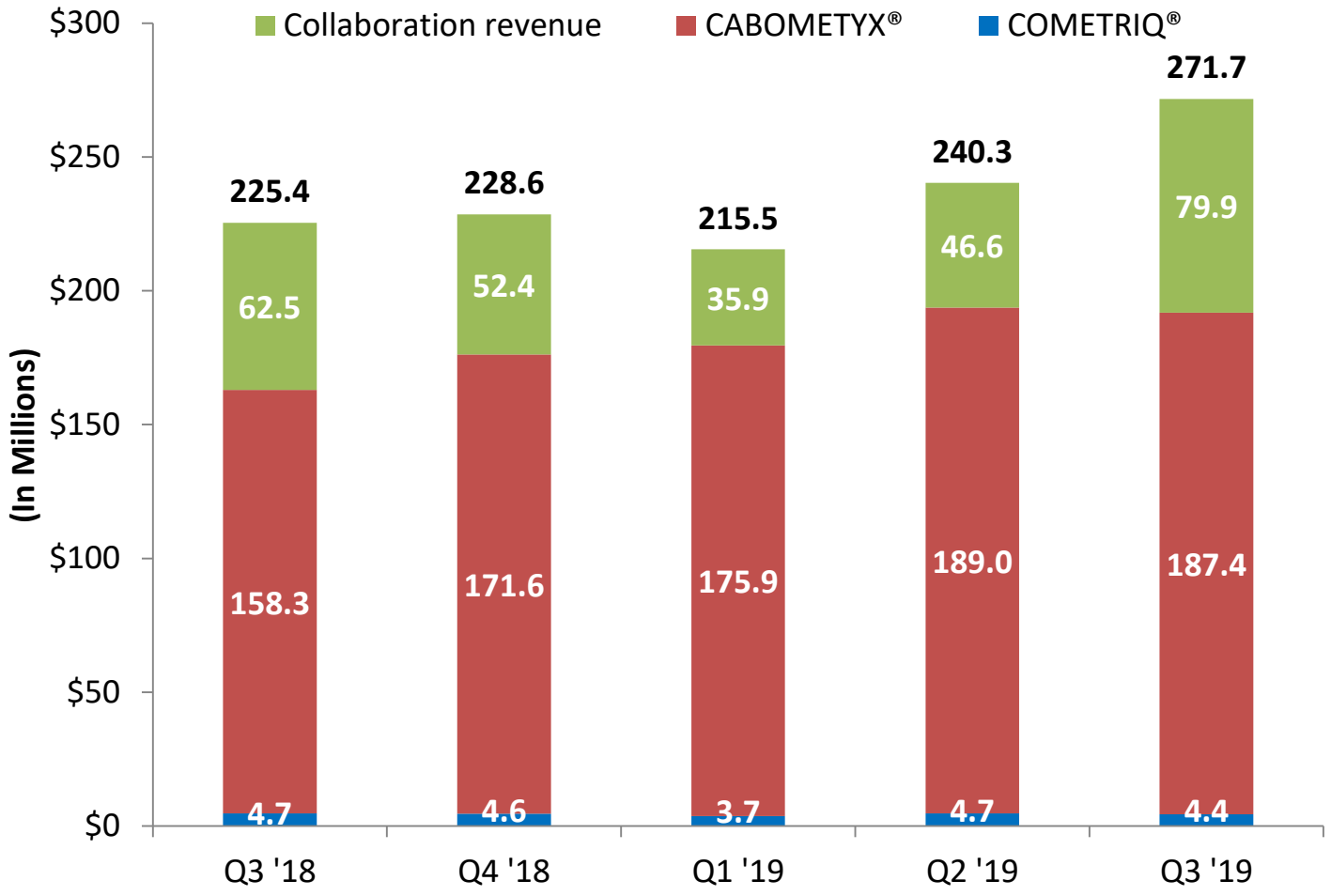
[(b)] *Amounts reflect non-GAAP adjustment before tax effect.*

** Cash and investments include cash and cash equivalents, short- and long-term investments and short- and long-term restricted cash and investments.*

† N.M. = Not meaningful

Q3’19 Total Revenue

(See press release at www.exelixis.com for full details)



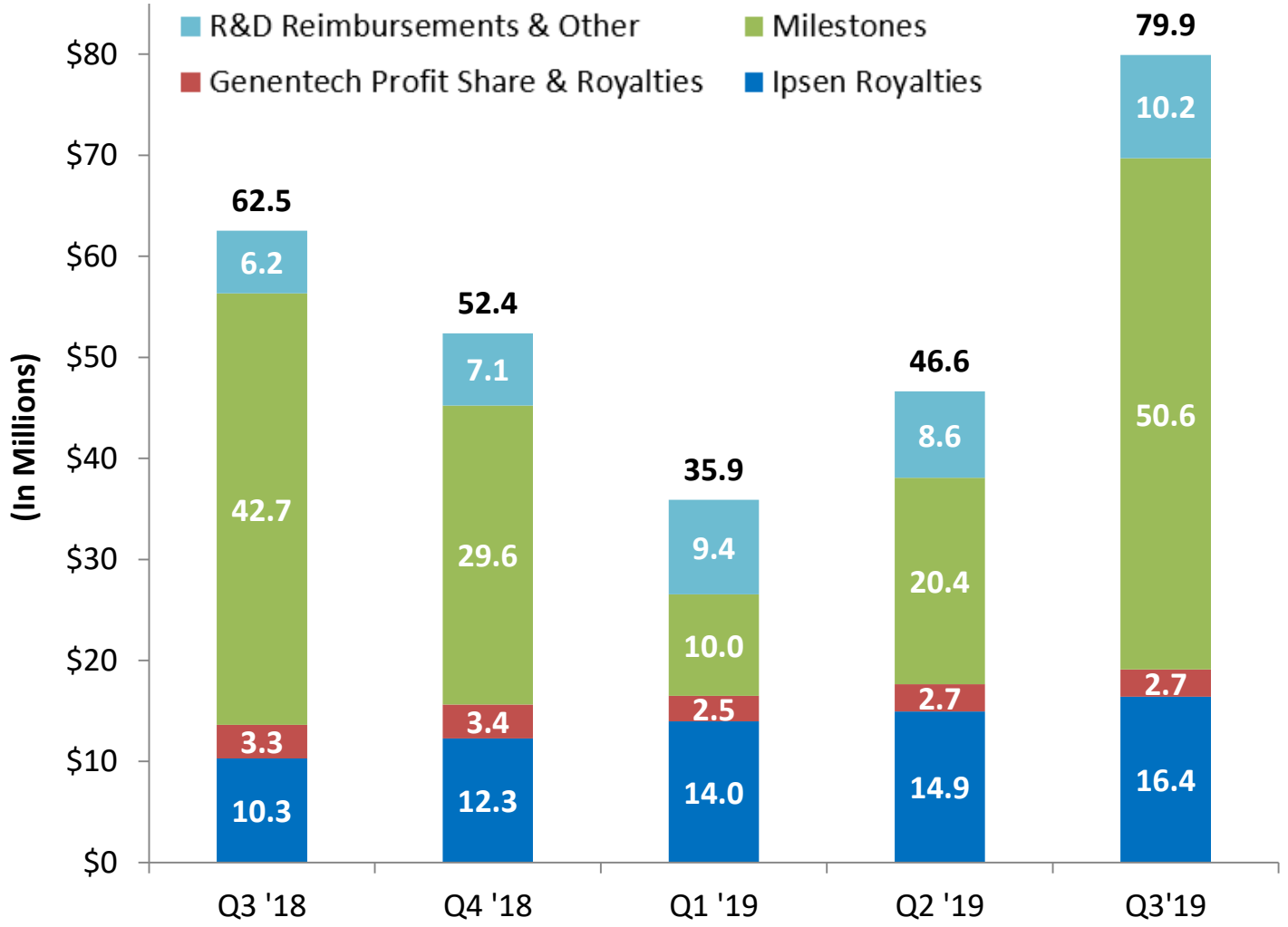
Q3’19 Notes

- Total revenues of $271.7M
- $191.8M in net product revenues, including $187.4M in CABOMETYX and $4.4M in COMETRIQ net product revenues
- Collaboration revenue for Q3’19 include:
  - $16.4M in royalties from Ipsen
  - $50.0M milestone from Ipsen

Amounts may not sum due to rounding.

Collaboration Revenue Detail

(See press release at www.exelixis.com for full details)



Q3'18 – Q3'19 Notes

- Ipsen royalty rate:
  - 22% from Q3'18 to Q3'19
- Genentech collaboration:
  - Q3'19 ex-US Cotellic® royalties $1.6M
  - Q3'19 US profit share $1.1M
- Major milestones by quarter:
  - Q3'19: Ipsen milestone for four consecutive quarters of cumulative sales exceeding $250M
  - Q2'19: Daiichi Sankyo Minnebro® launch
  - Q1'19: Takeda RCC NDA filing in Japan
  - Q4'18: Ipsen Ph 3 1L HCC initiation and Takeda Ph 3 1L RCC
  - Q3'18: Ipsen 2L HCC EU approval and Ipsen 2L RCC Canada approval

Amounts may not sum due to rounding.

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
NDA = new drug application

EU = European Union
1L = first-line
2L = second-line

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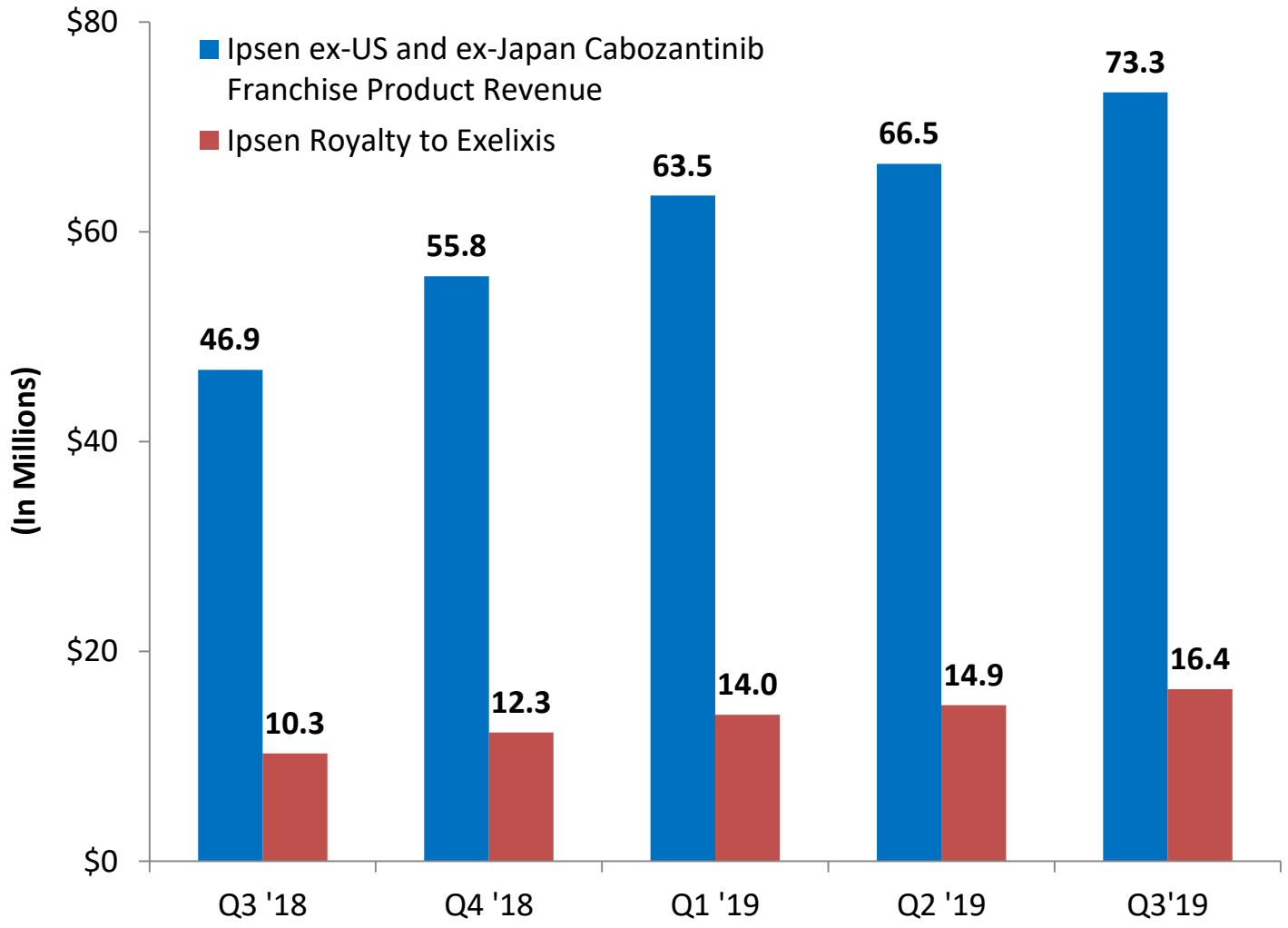
Ipsen Royalties

(See press release at www.exelixis.com for full details)

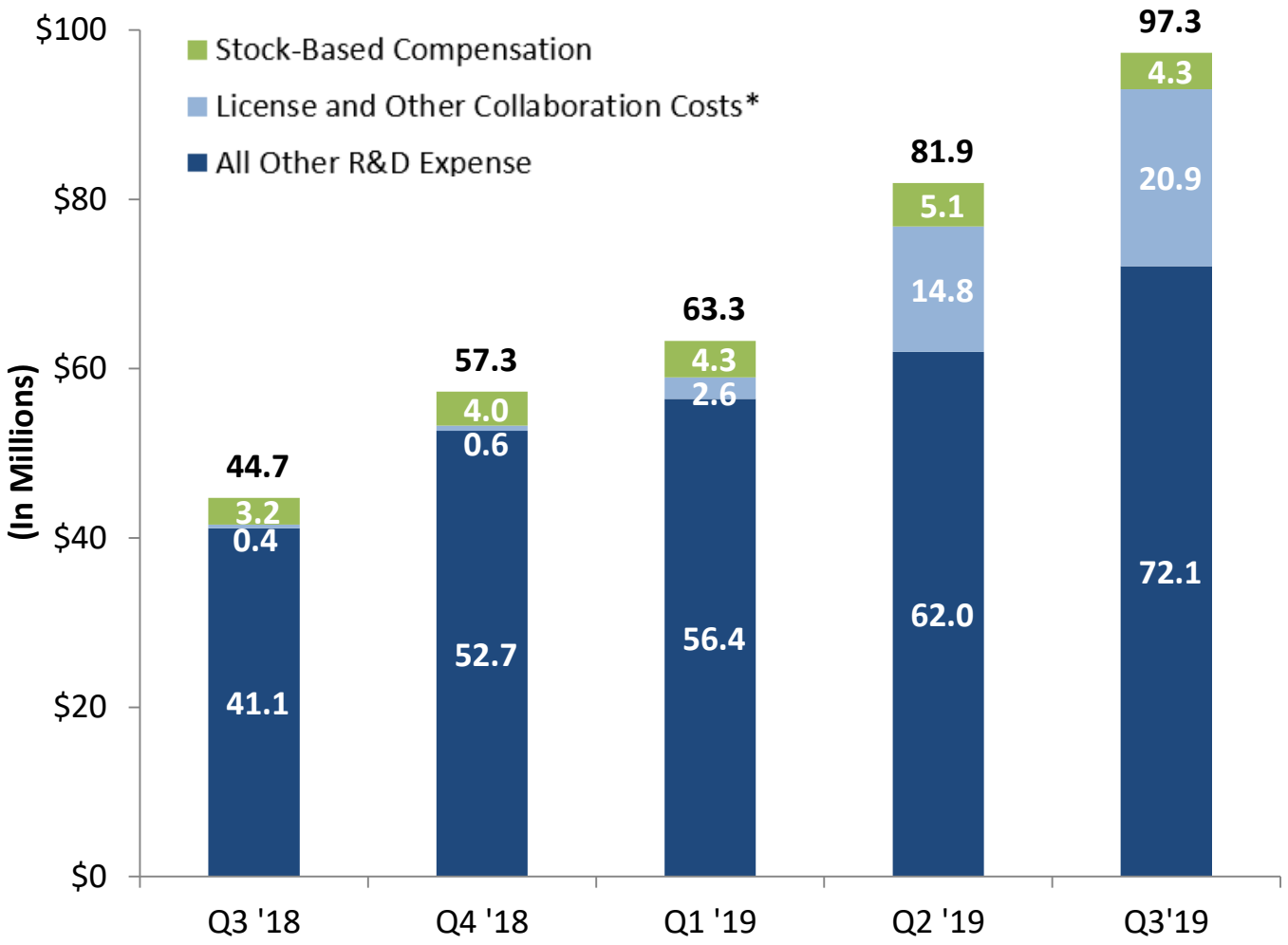


Q3'19 Notes

- Q3'19 Ipsen ex-US and ex-Japan cabozantinib franchise product revenue of $73.3M
- Q3'19 Ipsen royalty to Exelixis of $16.4M
- Ipsen royalty rate of 22% from Q3'18 to Q3'19

Q3’19 R&D Expense

(See press release at www.exelixis.com for full details)



Q3'19 Notes

- GAAP R&D expenses of $97.3M
- Non-GAAP** R&D expenses of $93.0M (excl. stock-based compensation, before tax effect)
- Increase in R&D expenses vs. Q2’19 primarily due to clinical trial costs and license expense related to the collaboration with Aurigene

Amounts may not sum due to rounding.
**License and other collaboration costs includes upfront and R&D funding for our in-licensing agreements.*
***A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.*

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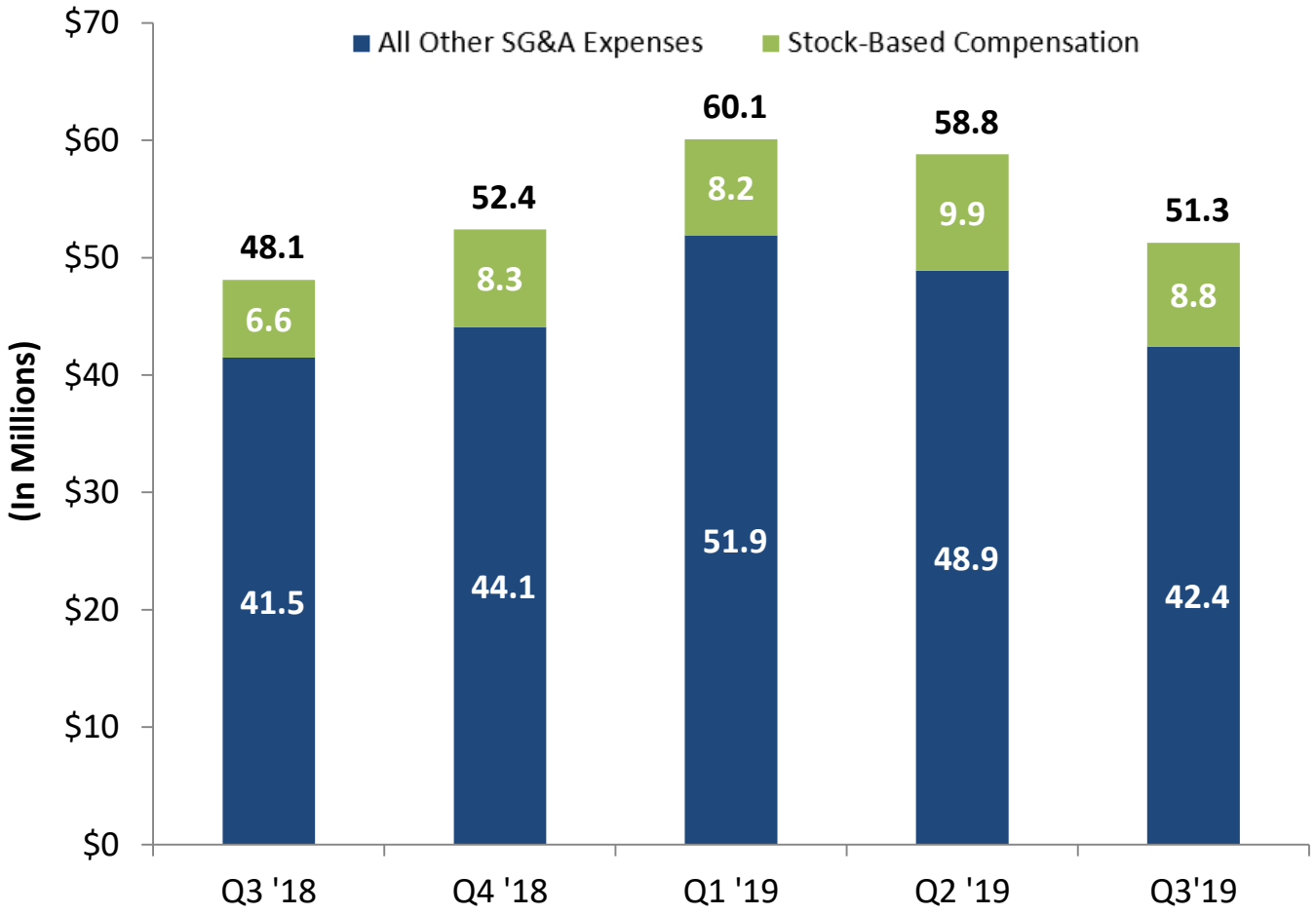
Q3’19 SG&A Expense

(See press release at www.exelixis.com for full details)



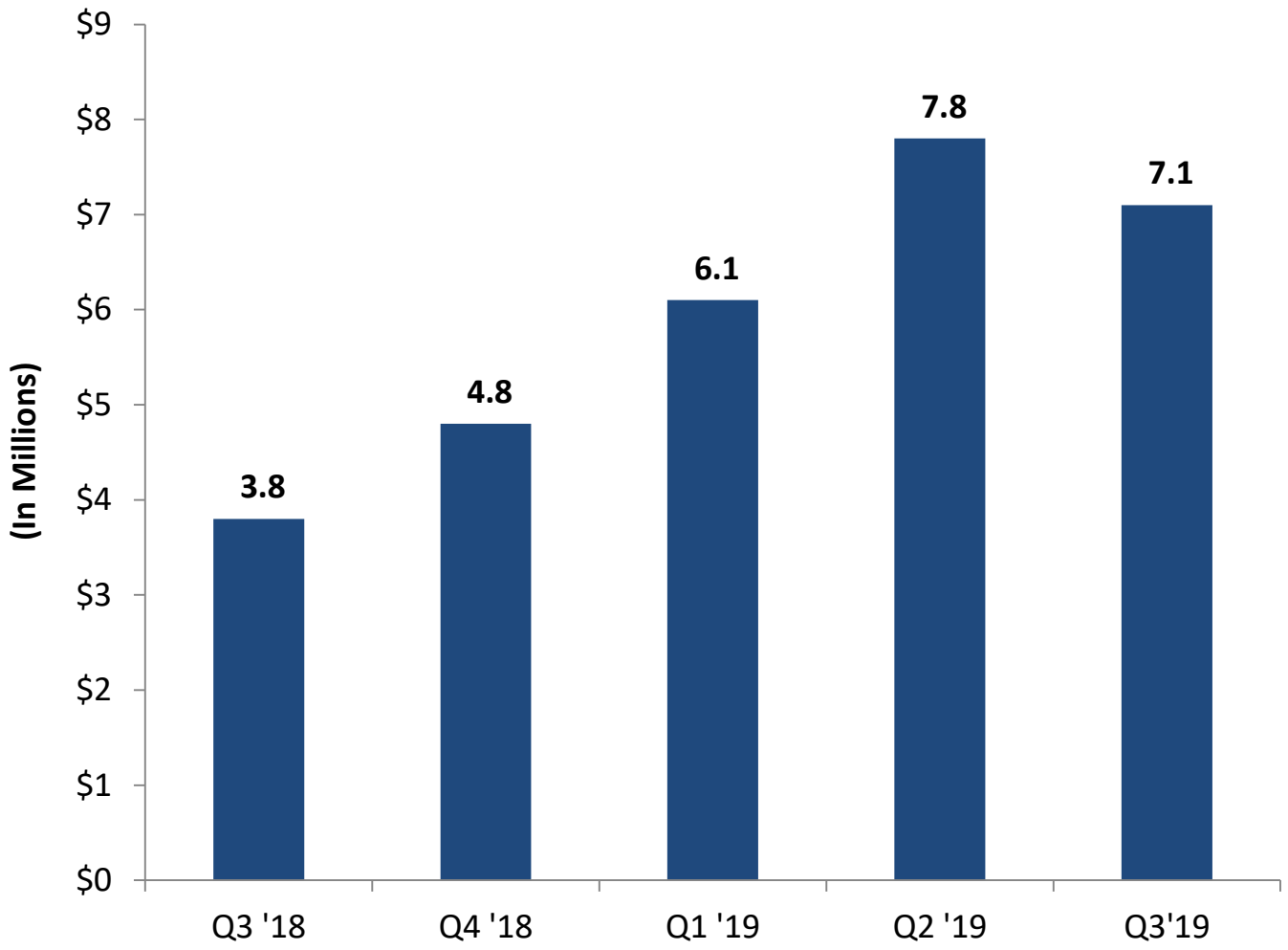
Q3'19 Notes

- GAAP SG&A expenses of $51.3M
- Non-GAAP SG&A expenses of $42.4M (excl. stock-based compensation, before tax effect)
- Decrease in GAAP SG&A expenses vs. Q2’19 primarily due to lower consulting & outside services spend, lower FTE expenses, and lower stock compensation

Amounts may not sum due to rounding.
A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

Q3’19 Other Income (Expense), net

(See press release at www.exelixis.com for full details)

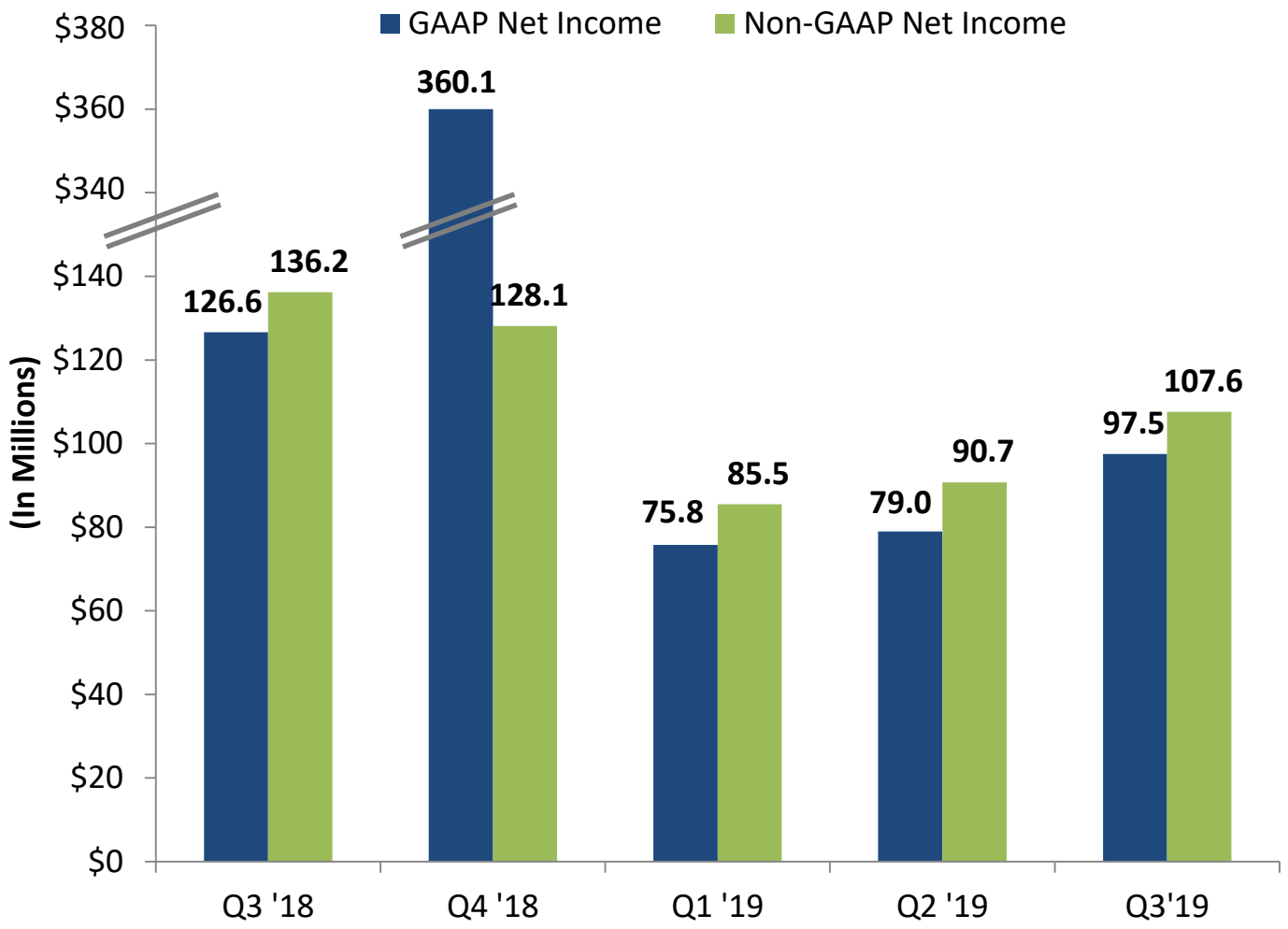


Q3'19 Notes

- Other income (expense), net in Q3'19 of $7.1M, primarily consists of interest income from growing cash balance
  - Q2’19 included $0.7M of other income from equity investments
- Past five quarters primarily reflect interest income

Q3’19 Net Income

(See press release at www.exelixis.com for full details)



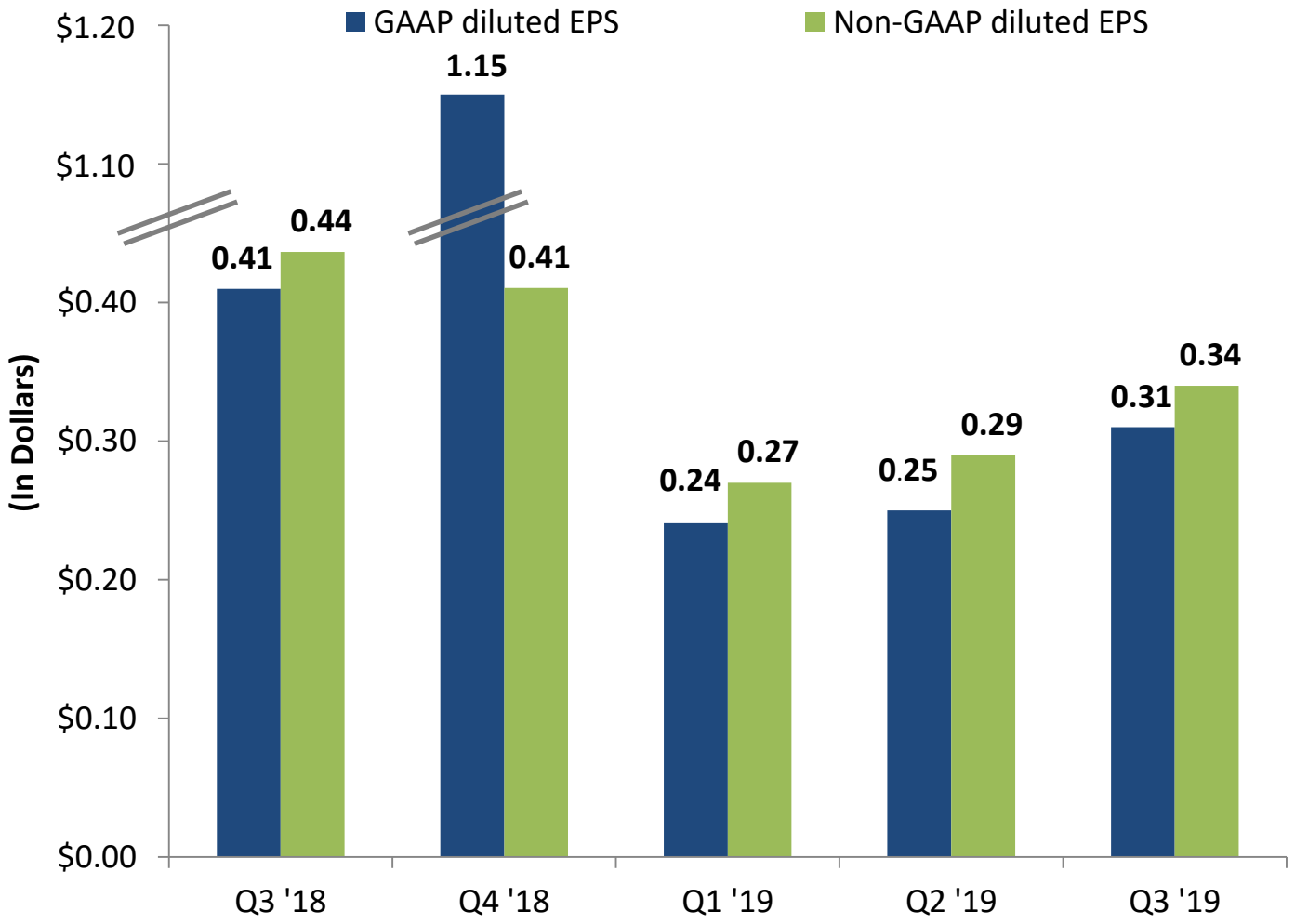
Q3'19 Notes

- GAAP net income of $97.5M
- Non-GAAP net income of $107.6M
- Non-GAAP net income excludes stock-based compensation expense, net of tax effect
- Increase in GAAP net income vs. Q2’19 primarily due to collaboration revenue recognized from a milestone

A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

Q3’19 Diluted Earnings Per Share (EPS)

(See press release at www.exelixis.com for full details)



Q3'19 Notes

- GAAP diluted EPS of $0.31
- Non-GAAP diluted EPS of $0.34
- Non-GAAP diluted EPS excludes stock-based compensation expense, net of tax effect
- Increase in GAAP diluted EPS vs. Q2’19 primarily due to collaboration revenue recognized from a milestone

A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

Full Year 2019 Financial Guidance*

	Current Guidance *(updated on October 30, 2019)*	Previous Guidance *(as provided on July 31, 2019)*
COGS**	**4 - 5% of net product revenue**	**4 - 5% of net product revenue**
R&D Expenses	**Approximately $350M** Includes **$20M** in non-cash stock-based compensation	**$330M - $350M** Includes **$25M** in non-cash stock-based compensation
SG&A Expenses	**Approximately $240M** Includes **$40M** in non-cash stock-based compensation	**$220M - $240M** Includes **$40M** in non-cash stock-based compensation
Tax Rate	**21 - 23%**	**21 - 23%**

The above amounts are intended to present GAAP guidance.
**The financial guidance above reflects GAAP amounts.*
***COGS = Cost of goods sold*

Commercial Update

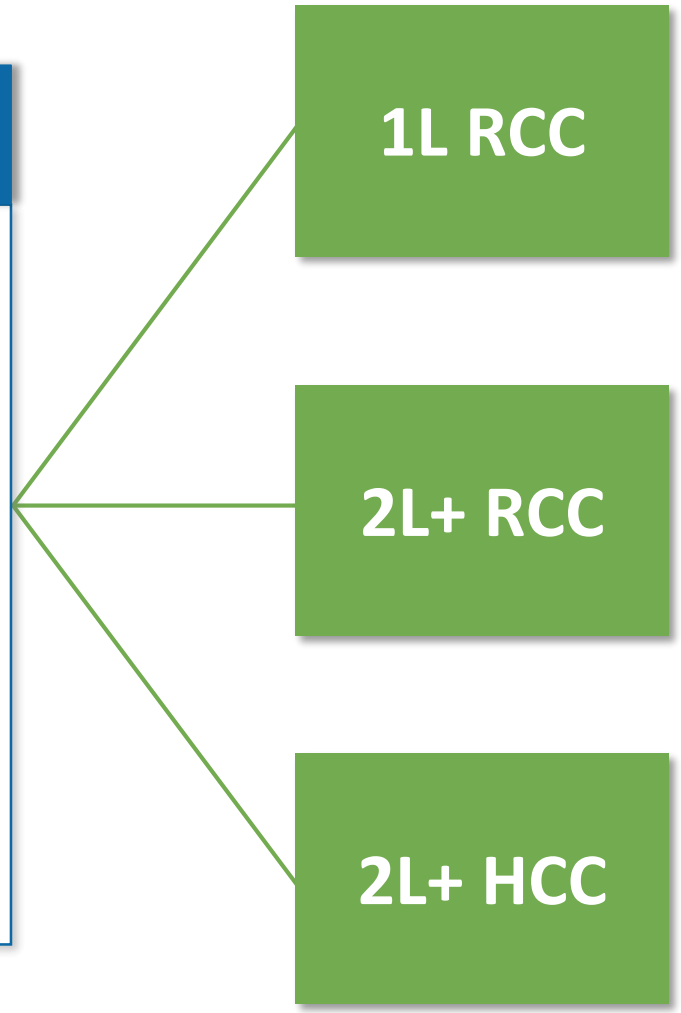
PJ Haley

SVP, Commercial

CABOMETYX Commercial Performance

Q3'19 Highlights

- CABOMETYX remains #1 prescribed TKI in a growing TKI market
- Prescriber base increased by 40% Y/Y and 7% Q/Q
- Demand growth: 14% Y/Y and -4% Q/Q
- Utilization across academic / community, clinical risk groups and lines of therapy



- ICI combinations impacted 1L TKI monotherapy market
- CABOMETYX captured majority of 2L patients pre-treated with ICI combinations
- TKI market expected to grow
- CABOMETYX continued to grow
- Potential positive impact if ICI combinations move to 1L

Sources: Exelixis Internal Data
IQVIA National Prescription Audit™ , 09/2019
IQVIA BrandImpact 09/2019

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
TKI = tyrosine kinase inhibitor

ICI = immune checkpoint inhibitor
1L = first-line
2L = second-line

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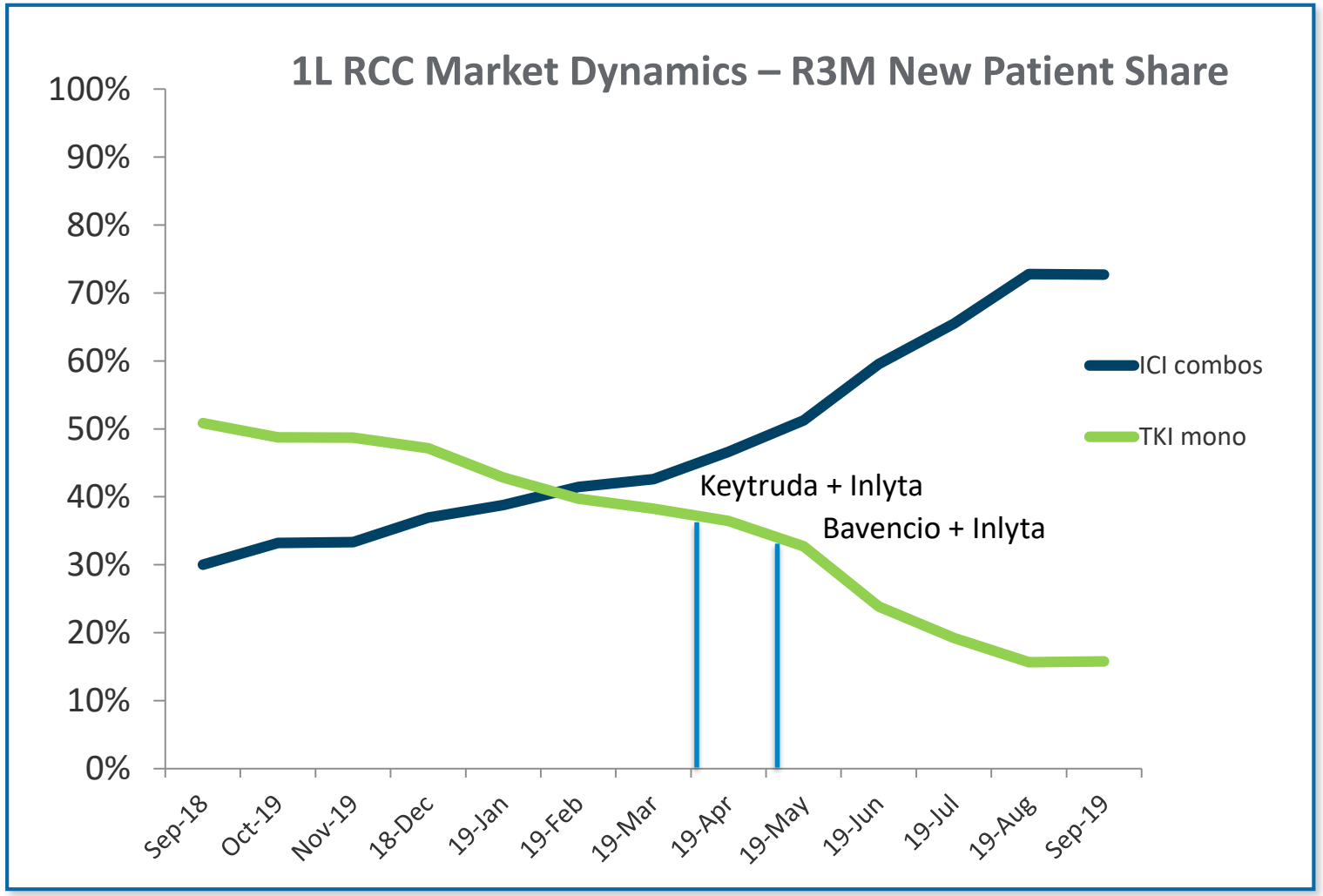
Q3’19: 1L RCC Market Dynamics



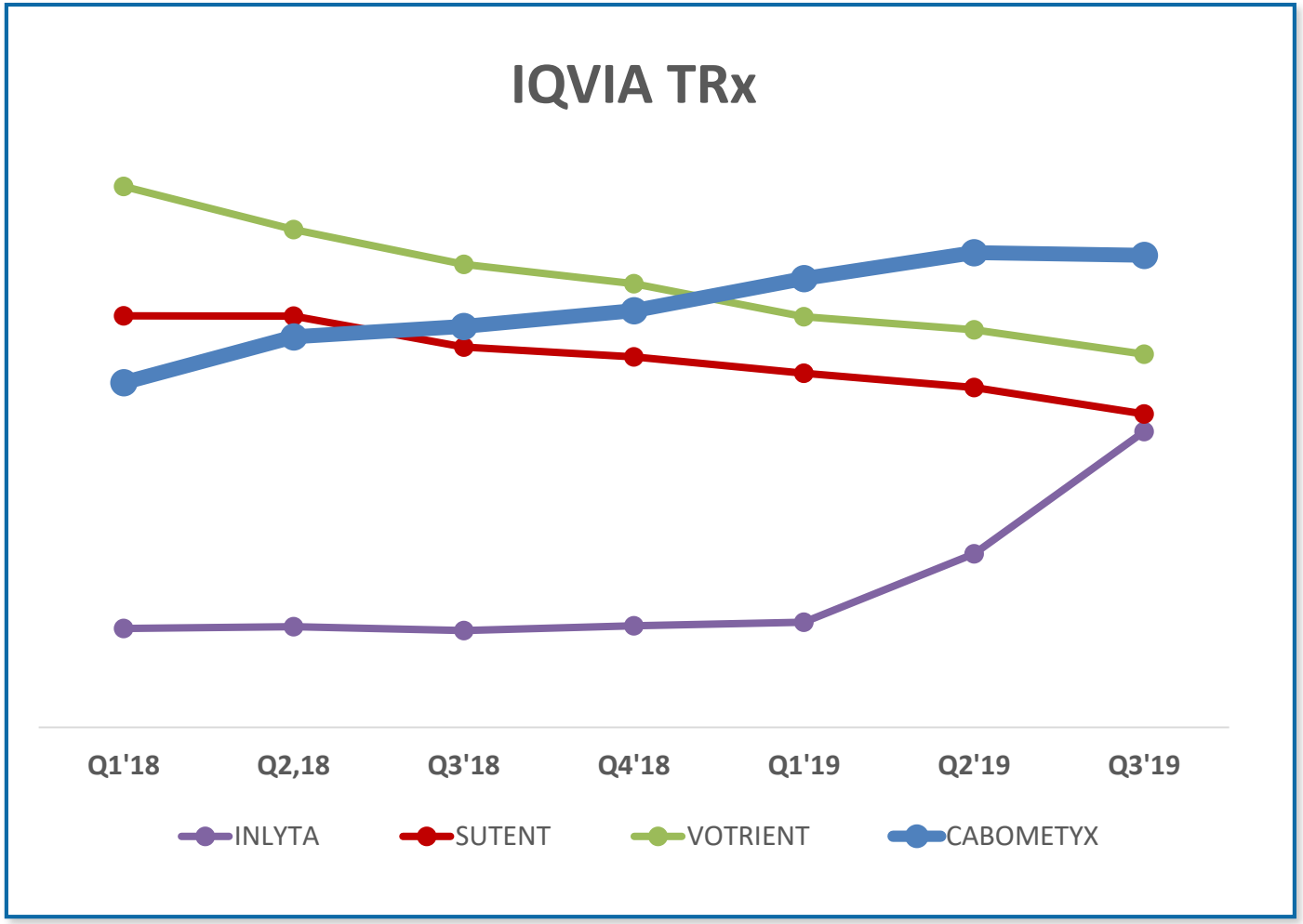
- ICI combinations now dominate 1L share, as expected
- TKI monotherapy class declined due to recent ICI combination launches
- 1L CABOMETYX new patient market share stabilized

Sources: IQVIA BrandImpact 09/2019

1L = first-line
RCC = renal cell carcinoma
R3M = rolling three month

TKI = tyrosine kinase inhibitor
ICI = immune checkpoint inhibitor

CABOMETYX Remains the #1 TKI in a Growing Market



TRx Volume Growth

	Q/Q	Y/Y
TKI Market	+5%	+8%
CABOMETYX	-1%	+18%
INLYTA	+70%	+205%
VOTRIENT	-6%	-19%
SUTENT	-8%	-18%

Sources: IQVIA, IQVIA National Prescription Audit™ , 09/2019
TKI market defined as CABOMETYX, INLYTA, VOTRIENT, SUTENT,
Rx data inclusive of all indications (not limited to RCC)

TKI = tyrosine kinase inhibitor
TRx = total prescriptions
Rx = prescriptions

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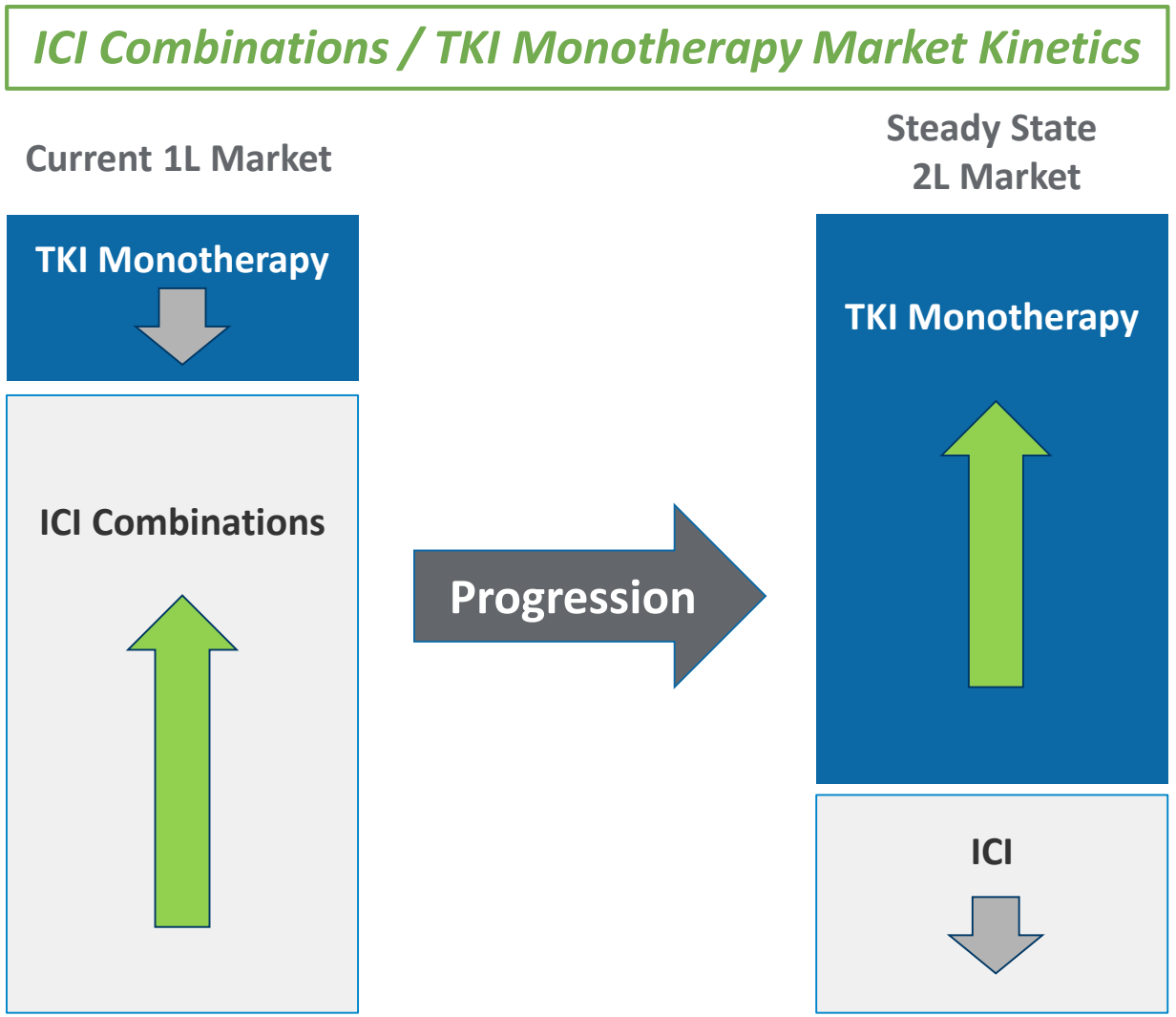
Q3’19: 2L RCC Market Dynamics

- 1L ICI combinations duration is longer than 1L TKI monotherapy duration
  - Transition of 1L ICI combination patients to 2L has yet to reach steady state
- 2L TKI monotherapy may continue to grow as more patients receive 1L ICI combinations
- CABOMETYX is currently capturing the majority of 2L patients pre-treated with ICI combinations



Sources: IQVIA BrandImpact 09/2019

RCC = renal cell carcinoma
TKI = tyrosine kinase inhibitor
ICI = immune checkpoint inhibitor

1L = first-line
2L = second-line

Q3’19 CABOMETYX Franchise Summary

CABOMETYX remained #1 prescribed TKI in a growing market

As predicted, 1L RCC dominated by ICI combinations due to market dynamics

- Transition of 1L ICI combination patients to 2L has yet to reach steady state

CABOMETYX continued to capture majority of 2L+ RCC TKI monotherapy market

CABOMETYX growth in RCC and beyond may be driven by new indications in combination with ICI therapy

- CheckMate 9ER study expected to read out in early 2020

CABOMETYX 2L+ HCC continued to grow

- Potential approval of ICI combinations in 1L could create more TKI opportunities in 2L+

Sources: Exelixis Internal Data
IQVIA National Prescription Audit™ , 09/2019
IQVIA BrandImpact 09/2019

TKI = tyrosine kinase inhibitor
ICI = immune checkpoint inhibitor
RCC = renal cell carcinoma

HCC = hepatocellular carcinoma
1L = first-line
2L = second-line

Clinical Development Update

Gisela Schwab, M.D.

President, Product Development and Medical Affairs & CMO

Late-Stage Development Program to Maximize Cabozantinib's Potential

Four Ongoing Phase 3 Pivotal Trials

CheckMate 9ER

Ph 3 Pivotal Trial in 1L RCC

Study of Cabo + Nivo vs. Sunitinib in previously untreated RCC

BMS-sponsored; co-funding from Exelixis and partners

COSMIC-313

Ph 3 Pivotal Trial in 1L RCC

Randomized, double-blind, controlled study of Cabo + Nivo + Ipi in previously untreated RCC

In collaboration w/BMS

COSMIC-311

Ph 3 Pivotal Trial in DTC

Single agent placebo-controlled study in RAI refractory DTC patients previously treated w/VEGFR inhibitors

Exelixis-sponsored

COSMIC-312

Ph 3 Pivotal Trial in 1L aHCC

Randomized, open-label study of Cabo + Atezo vs. Sorafenib in previously untreated aHCC

In collaboration with Roche and Ipsen

DTC = differentiated thyroid cancer
RAI = radioactive iodine
1L = first-line
RCC = renal cell carcinoma
aHCC = advanced hepatocellular carcinoma
BMS = Bristol-Myers Squibb

COSMIC-021: Phase 1b Trial of Cabozantinib + Atezolizumab in Multiple Tumors

(Exelixis-sponsored study in collaboration with Roche)

COSMIC -021

Dose Escalation (RCC)

- Oral cabozantinib + IV atezolizumab
- Confirmed doses to be evaluated in expansion cohorts: cabozantinib 40 mg/day + atezolizumab 1200mg Q3W

**** Cabozantinib active as a single agent in this histology***

20 Original Expansion Cohorts

UC* (n=30) Prior platinum-chemotherapy	**UC*** (n=30) Cis-ineligible, treatment naïve
UC* (n=30) Cis-eligible, treatment naïve	**UC*** (n=30-80) Prior ICI therapy
ccRCC* (n=30) Clear cell, treatment naïve	**CRPC* (n=30 → expanded to 80)** Prior enzalutamide or abiraterone
NSCLC* (n=30) Treatment naïve	**NSCLC* (n=30 → expanded to 80)** Prior ICI therapy
NSCLC* (n=30) Prior EGFR-targeting TKI	**nccRCC* (n=30)** Non-clear cell, treatment naïve
TNBC* (n=30) Prior systemic therapy	**EOC* (n=30)** Platinum-resistant or refractory
EC* (n=30) Prior systemic therapy	**HCC* (n=30)** Child-Pugh score of A; systemic therapy naive
GEJ* Carcinoma (n=30) Prior platinum or fluoropyrimidine chemotherapy	**Colorectal adenocarcinoma (n=30)** Prior fluoropyrimidine chemotherapy
Head & neck w/squamous cell histology (n=30) Prior platinum chemotherapy	**DTC* (n=30)** Radio-refractory or iodine-131 ineligible
CABOMETYX Single Agent: UC* Prior ICI therapy	**CABOMETYX Single Agent: NSCLC*** Prior ICI therapy

4 New Expansion Cohorts

CRPC* (n=30)
Prior enzalutamide or abiraterone (received docetaxel therapy)

CRPC* (n=30)
Prior enzalutamide or abiraterone (not received docetaxel therapy)

CRPC* (n=30)
CABOMETYX Single Agent (Exploratory)

CRPC* (n=30)
Atezolizumab Single Agent (Exploratory)

UC = urothelial carcinoma
ccRCC = clear cell renal cell carcinoma
TKI = tyrosine kinase inhibitor
NSCLC = non-small cell lung cancer
Cis = cisplatin
nccRCC = non-clear cell renal cell carcinoma
TNBC = triple-negative breast cancer
CRPC = castration-resistant prostate cancer
ICI = immune checkpoint inhibitor
EOC = epithelial ovarian cancer
EC = endometrial cancer
HCC = hepatocellular carcinoma
GEJ = gastric or gastroesophageal junction
DTC = differentiated thyroid cancer

Regulatory Updates from Our Commercial Partners

Ipsen – obtained regulatory approvals for cabozantinib in 48 countries to-date

- Recent 1L RCC approval in Canada
- Continues regulatory submissions across global territories (ex-US, ex-Japan)

Commercial Partnerships

IPSEN Innovation for patient care

Takeda

Genentech A Member of the Roche Group

Daiichi-Sankyo

Takeda – completed NDA filing in April 2019 with Japanese regulatory authorities for cabozantinib in patients with advanced RCC

1L = first-line
RCC = renal cell carcinoma
NDA = new drug application

Closing

Michael M. Morrissey, Ph.D.

President and CEO

Maintaining Momentum in Third Quarter 2019

Important momentum across all components of our business

- Driven by the strength of CABOMETYX® against competitive ICI combination therapies and ex-US performance with Ipsen

Cabozantinib achieved >$1B in global net product revenue over four consecutive quarters

Strong foundation for potential long-term growth

- Continued investment in R&D, additional cabozantinib label-enabling trials and potential new product candidates

We remain committed to making every day count as we discover, develop, and commercialize the next generation of medicines for patients with cancer.

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ICI = immune checkpoint inhibitors

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Q&A Session

Financial Appendix

GAAP to Non-GAAP Reconciliation

(in millions, except per share amounts)

Non-GAAP Financial Measures

To supplement Exelixis' financial results presented in accordance with GAAP, Exelixis uses certain non-GAAP financial measures in this presentation and the accompanying tables. This presentation and the tables that follow present certain financial information on a GAAP and a non-GAAP basis for Exelixis for the periods specified, along with reconciliations of the non-GAAP financial measures presented to the most directly comparable GAAP measures. Exelixis believes that the presentation of these non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. In particular, Exelixis believes that each of these non-GAAP financial measures, when considered together with its financial information prepared in accordance with GAAP, can enhance investors' and analysts' ability to meaningfully compare Exelixis' results from period to period, and to identify operating trends in Exelixis' business. Exelixis also regularly uses these non-GAAP financial measures internally to understand, manage and evaluate its business and to make operating decisions.

These non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Exelixis encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP financial information and the reconciliation between these presentations, to more fully understand Exelixis' business. Reconciliations between GAAP and non-GAAP results are presented in the tables that follow.

	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Research and development expense reconciliation:					
GAAP Research and development expense	$ 44.7	$ 57.3	$ 63.3	$ 81.9	$ 97.3
Adjustments:					
Stock-based compensation[1]	3.2	4.0	4.3	5.1	4.3
Non-GAAP Research and development expense	$ 41.5	$ 53.3	$ 59.0	$ 76.8	$ 93.0
Selling, general and administrative expense reconciliation:					
GAAP Selling, general and administrative expense	$ 48.1	$ 52.4	$ 60.1	$ 58.8	$ 51.3
Adjustments:					
Stock-based compensation[1]	6.6	8.3	8.2	9.9	8.8
Non-GAAP Selling, general and administrative expense	$ 41.5	$ 44.1	$ 51.9	$ 48.9	$ 42.4
Operating expense reconciliation:					
GAAP Operating expense	$ 100.2	$ 117.0	$ 130.9	$ 148.3	$ 156.1
Adjustments:					
Stock-based compensation - Research and development[1]	3.2	4.0	4.3	5.1	4.3
Stock-based compensation - Selling, general and administrative[1]	6.6	8.3	8.2	9.9	8.8
Total adjustments	9.8	12.3	12.5	15.1	13.1
Non-GAAP Operating expense	$ 90.4	$ 104.7	$ 118.4	$ 133.2	$ 143.0
Provision for income tax reconciliation:					
GAAP Provision for income tax	$ (2.3)	$ 243.70	$ (14.9)	$ (20.7)	$ (25.2)
Adjustments:					
Income tax benefit resulting from the release of the valuation allowance[2]	-	(244.1)	-	-	-
Income tax effect of stock-based compensation - Research and development[3]	(0.1)	(0.1)	(1.0)	(1.1)	(1.0)
Income tax effect of stock-based compensation - Selling, general and administrative[3]	(0.1)	(0.1)	(1.8)	(2.2)	(2.0)
Total adjustments	(0.2)	(244.3)	(2.8)	(3.4)	(3.0)
Non-GAAP Provision for income tax	$ (2.5)	$ (0.6)	$ (17.7)	$ (24.1)	$ (28.2)

Amounts may not sum due to rounding.

GAAP to Non-GAAP Reconciliation (continued)

(in millions, except per share amounts)

	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Net Income reconciliation:					
GAAP Net Income	$ 126.6	$ 360.1	$ 75.8	$ 79.0	$ 97.5
Adjustments:					
Stock-based compensation - Research and development[1]	3.2	4.0	4.3	5.1	4.3
Stock-based compensation - Selling, general and administrative[1]	6.6	8.3	8.2	9.9	8.8
Income tax effect of the stock-based compensation adjustments[3]	(0.2)	(0.2)	(2.8)	(3.4)	(3.0)
Income tax effect of releasing the valuation allowance[2]	-	(244.1)	-	-	-
Total adjustments	9.6	(232.0)	9.7	11.7	10.2
Non-GAAP Net Income	$ 136.2	$ 128.1	$ 85.5	$ 90.7	$ 107.6
Net Income per share - diluted:					
GAAP Net Income per share - diluted	$ 0.41	$ 1.15	$ 0.24	$ 0.25	$ 0.31
Adjustments:					
Stock-based compensation - Research and development[1]	0.01	0.01	0.01	0.02	0.01
Stock-based compensation - Selling, general and administrative[1]	0.02	0.03	0.03	0.03	0.03
Income tax effect of the stock-based compensation adjustments[3]	-	-	(0.01)	(0.01)	(0.01)
Income tax effect of releasing the valuation allowance[2]	-	(0.78)	-	-	-
Total adjustments	0.03	(0.74)	0.03	0.04	0.03
Non-GAAP Net Income per share - diluted	$ 0.44	$ 0.41	$ 0.27	$ 0.29	$ 0.34
Shares used in computing net income per share, diluted	312.3	312.4	314.6	314.9	315.5

[1] Non-cash stock-based compensation expense used for GAAP reporting in accordance with ASC 718

[2] Represents the non-cash income tax benefit related to the release of substantially all of the valuation allowance against the company's deferred tax assets on December 31, 2018.

[3] Income tax effect on the non-cash stock-based compensation expense adjustments

Amounts may not sum due to rounding.

Collaboration Revenue

Royalty & Collaboration Revenue Detail

Amounts in millions

Partner	Compound	Description	Q318	Q418	Q119	Q219	Q319
			Revenue under 606				
Roche (Genentech)	**Cotellic**	**Profit Share & Royalties on Ex-U.S. sales**	**$ 3.3**	**$ 3.4**	**$ 2.5**	**$ 2.7**	**$ 2.7**
Ipsen Royalties	**Cabozantinib**	**Royalties on Ex-U.S. sales**	**$ 10.3**	**$ 12.3**	**$ 14.0**	**$ 14.9**	**$ 16.4**
Milestones:							
Ipsen	Cabozantinib	Amortization of Milestones Triggered prior to Q1'18	0.6	1.0	0.3	0.2	0.2
Ipsen	Cabozantinib	$50M M/S 1L RCC Approval	0.2	0.4	0.1	0.1	0.1
Ipsen	Cabozantinib	$5M M/S 2L RCC Canada Approval	5.0	-	-	-	-
Ipsen	Cabozantinib	$40M M/S EMA 2L HCC Approval	36.9	0.3	0.1	-	0.1
Ipsen	Cabozantinib	$20M M/S initiation Phase 3 1L HCC	-	18.6	0.1	-	-
Ipsen	Cabozantinib	$50M Net sales 4 consecutive quarters >$250M	-	-	-	-	50.0
Takeda	Cabozantinib	$10M M/S initiation of Phase 3 1L RCC	-	9.3	-	-	-
Takeda	Cabozantinib	$16M M/S Japan NDA filing[1]	-	-	9.4	0.1	0.2
Daiichi Sankyo	MR CS-3150/MINNEBRO		-	-	-	20.0	
		Subtotal Milestones	**$ 42.7**	**$ 29.6**	**$ 10.0**	**$ 20.4**	**$ 50.6**
R&D Reimbursements & Other:							
Ipsen	Cabozantinib	R&D reimbursement and Product Supply	3.7	3.9	6.7	6.9	8.9
Ipsen	Cabozantinib	$200M Upfront fee	0.6	1.4	0.6	0.2	0.3
Takeda	Cabozantinib	R&D reimbursement and Product Supply	1.8	1.6	2.0	1.3	0.9
Takeda	Cabozantinib	$50M Upfront fee	0.1	0.2	0.1	0.1	0.1
Daiichi Sankyo & royalties	MR CS-3150/MINNEBRO		-	-	-	0.1	-
		Subtotal R&D Reimbursments & Other	**$ 6.2**	**$ 7.1**	**$ 9.4**	**$ 8.6**	**$ 10.2**
TOTAL COLLABORATION REVENUE			**$ 62.5**	**$ 52.4**	**$ 35.9**	**$ 46.6**	**$ 79.9**

[1] Milestone amount has been updated in accordance with the Takeda Second Amendment to the Collaboration and License Agreement, executed on May 7, 2019

Amounts may not sum due to rounding.
On January 1, 2018, we adopted Accounting Standards Codification Topic 606 which impacted the timing of revenue recognition related to contracts with our collaboration partners.

Third Quarter 2019 Financial Results

Exelixis, Inc.

Wednesday, October 30, 2019

Nasdaq: EXEL

EXELIXIS®

25 YEARS Resilient Together