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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 June 27, 2014

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)

Delaware	**04-3257395**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

210 East Grand Ave.
South San Francisco, CA 94080
(650) 837-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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 such reports), and (2) has been subject to such filing requirements for the past 90 days). Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 24, 2014, there were 195,109,967 shares of the registrant's common stock outstanding.

EXELIXIS, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

EXELIXIS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2014 (unaudited)	December 31, 2013*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 147,340	$ 103,978
Short-term investments	86,177	138,475
Short-term restricted cash and investments	12,214	12,213
Trade and other receivables	5,034	3,941
Inventory	3,026	2,890
Prepaid expenses and other current assets	4,792	5,112
Total current assets	258,583	266,609
Long-term investments	95,513	144,299
Long-term restricted cash and investments	10,781	16,897
Property and equipment, net	4,052	4,910
Goodwill	63,684	63,684
Other assets	8,022	6,888
Total assets	$ 440,635	$ 503,287
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,638	$ 9,345
Accrued clinical trial liabilities	41,367	34,958
Accrued compensation and benefits	9,856	12,797
Other accrued liabilities	15,859	13,116
Current portion of convertible notes	94,207	10,000
Current portion of loans payable	1,077	1,762
Current portion of restructuring	3,726	4,425
Deferred revenue	1,127	1,450
Total current liabilities	171,857	87,853
Long-term portion of convertible notes	173,635	255,147
Long-term portion of loans payable	80,055	80,328
Long-term portion of restructuring	6,743	9,047
Other long-term liabilities	5,102	4,674
Total liabilities	437,392	437,049
Commitments		
Stockholders' equity:		
Preferred stock	—	—
Common stock, $0.001 par value; 400,000,000 shares authorized; issued and outstanding: 195,088,645 and 184,533,651 shares at June 30, 2014 and December 31, 2013, respectively	195	184
Additional paid-in capital	1,649,662	1,564,670
Accumulated other comprehensive income	177	146
Accumulated deficit	(1,646,791)	(1,498,762)
Total stockholders' equity	3,243	66,238
Total liabilities and stockholders' equity	$ 440,635	$ 503,287

* The condensed consolidated balance sheet as of December 31, 2013 has been derived from the audited financial statements as of that date.

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

EXELIXIS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues:				
Net product revenues	$ 6,562	$ 4,043	$ 11,467	$ 5,899
License and contract revenues	—	7,813	—	15,626
Total revenues	6,562	11,856	11,467	21,525
Operating expenses:				
Cost of goods sold	477	285	786	565
Research and development	50,976	49,077	105,823	81,812
Selling, general and administrative	16,466	13,180	31,157	23,725
Restructuring charge	331	609	377	728
Total operating expenses	68,250	63,151	138,143	106,830
Loss from operations	(61,688)	(51,295)	(126,676)	(85,305)
Other income (expense), net:				
Interest income and other, net	359	373	2,490	711
Interest expense	(12,081)	(11,239)	(23,843)	(22,296)
Total other income (expense), net	(11,722)	(10,866)	(21,353)	(21,585)
Net loss	$ (73,410)	$ (62,161)	$ (148,029)	$ (106,890)
Net loss per share, basic and diluted	$ (0.38)	$ (0.34)	$ (0.77)	$ (0.58)
Shares used in computing basic and diluted net loss per share	194,929	183,981	193,323	183,861

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

EXELIXIS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net loss	$ (73,410)	$ (62,161)	$ (148,029)	$ (106,890)
Other comprehensive income (loss) (1)	24	(365)	31	(171)
Comprehensive loss	$ (73,386)	$ (62,526)	$ (147,998)	$ (107,061)

(1) Other comprehensive income (loss) consisted solely of unrealized gains or losses, net on available for sale securities arising during the periods presented. There were no reclassification adjustments to net loss resulting from realized gains or losses on the sale of securities and there was no income tax expense related to other comprehensive income during those periods.

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

EXELIXIS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net loss	$ (148,029)	$ (106,890)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,093	1,628
Stock-based compensation expense	7,740	5,605
Accretion of debt discount	14,316	12,793
Changes in the fair value of warrants	(1,854)	—
Other	2,615	3,642
Changes in assets and liabilities:		
Trade and other receivables	(1,093)	(1,458)
Inventory	(136)	(681)
Prepaid expenses and other assets	226	224
Accounts payable, accrued compensation, and other accrued liabilities	(4,905)	379
Clinical trial liabilities	6,409	8,846
Restructuring liability	(3,003)	(3,349)
Other long-term liabilities	(479)	(374)
Deferred revenue	(323)	(14,814)
Net cash used in operating activities	(127,423)	(94,449)
Cash flows from investing activities:		
Purchases of property and equipment	(344)	(1,402)
Proceeds from sale of property and equipment	281	—
Proceeds from maturities of restricted cash and investments	10,777	9,868
Purchase of restricted cash and investments	(4,643)	(3,784)
Proceeds from maturities of investments	181,258	209,889
Purchases of investments	(82,280)	(147,751)
Net cash provided by investing activities	105,049	66,820
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	75,646	—
Proceeds from exercise of stock options and warrants	120	22
Proceeds from employee stock purchase plan	928	894
Principal payments on debt	(10,958)	(11,582)
Net cash provided by (used in) financing activities	65,736	(10,666)
Net increase (decrease) in cash and cash equivalents	43,362	(38,295)
Cash and cash equivalents at beginning of period	103,978	170,069
Cash and cash equivalents at end of period	$ 147,340	$ 131,774
Supplemental cash flow disclosure - non-cash financing activity:		
Issuance of warrants in connection with amendment to convertible notes	$ 2,762	$ —

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

EXELIXIS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Exelixis, Inc. (“Exelixis,” “we,” “our” or “us”) is a biopharmaceutical company committed to developing small molecule therapies for the treatment of cancer. Our two most advanced assets are cabozantinib, our wholly-owned inhibitor of multiple receptor tyrosine kinases, and cobimetinib (GDC-0973/XL518), a potent, highly selective inhibitor of MEK, which we out-licensed to Genentech (a member of the Roche Group) (“Genentech”). We are evaluating cabozantinib in a broad development program, including five ongoing phase 3 pivotal trials. We currently expect top-line results in 2014 from our two phase 3 pivotal trials of cabozantinib in metastatic castration-resistant prostate cancer, and from the overall survival analysis of our phase 3 EXAM pivotal trial of cabozantinib in progressive metastatic medullary thyroid cancer (“MTC”). Genentech is evaluating cobimetinib in a broad development program. On July 14, 2014, we reported positive top-line results from Genentech’s coBRIM study, a phase 3 pivotal trial evaluating cobimetinib in combination with vemurafenib in previously untreated patients with unresectable locally advanced or metastatic melanoma harboring a $BRAF^{V600}$ mutation.

We are focusing our development and commercialization efforts primarily on cabozantinib. Cabozantinib was approved by the U.S. Food and Drug Administration (“FDA”), on November 29, 2012, for the treatment of progressive, metastatic MTC, in the United States under the brand name COMETRIQ(R). COMETRIQ became commercially available in the United States in late January 2013. In March 2014, the European Commission approved cabozantinib for the treatment of adult patients with progressive, unresectable locally advanced or metastatic MTC, also under the brand name COMETRIQ. The European Commission granted conditional marketing authorization following a positive opinion from the European Committee for Medicinal Products for Human Use (“CHMP”), issued in December 2013.

Basis of Consolidation

The consolidated financial statements include the accounts of Exelixis and those of our wholly-owned subsidiaries. These entities’ functional currency is the U.S. dollar. All intercompany balances and transactions have been eliminated.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and pursuant to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the results of operations and cash flows for the period presented have been included.

Exelixis adopted a 52- or 53-week fiscal year that generally ends on the Friday closest to December 31st. Fiscal year 2013, a 52-week year, ended on December 27, 2013, and fiscal year 2014, a 53-week year, will end on January 2, 2015. For convenience, references in this report as of and for the fiscal periods ended June 27, 2014 and June 28, 2013, and as of the fiscal year ended December 27, 2013, are indicated as ended June 30, 2014, June 30, 2013, and December 31, 2013, respectively.

Operating results for the six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending January 2, 2015 or for any future period. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2013, included in our Annual Report on Form 10-K filed with the SEC on February 20, 2014.

Segment Information

We operate as a single reportable segment.

Use of Estimates

The preparation of our consolidated financial statements is in conformity with accounting principles generally accepted in the United States which requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. On an ongoing basis, management evaluates its estimates including, but not limited to, those related to inventory, revenue recognition, valuation of long-lived

assets, certain accrued liabilities including clinical trial accruals and restructuring liability, valuation of warrants, share-based compensation and the valuation of the debt and equity components of our convertible debt at issuance. We base our estimates on historical experience and on various other market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from those estimates.

Revenue Recognition

We recognize revenue from the sale of COMETRIQ and from license fees and milestones earned on research and collaboration arrangements. See "Note 1 - Organization and Summary of Significant Accounting Policies" to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a description of our policies for revenue recognition on research and collaboration agreements. We did not enter into any new collaboration agreements during the six months ended June 30, 2014. See "Note 2 - Research and Collaboration Agreements" to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a description of our existing collaboration agreements.

Net Product Revenues

We recognize revenue when it is both realized or realizable and earned, meaning persuasive evidence of an arrangement exists, delivery has occurred, title has transferred, the price is fixed or determinable, there are no remaining customer acceptance requirements, and collectability of the resulting receivable is reasonably assured. For product sales in the United States, this generally occurs upon shipment of the product to the patient by our distributor. For product sales in Europe, this occurs when our European distribution partner has accepted the product.

We sell our product, COMETRIQ, in the United States to a specialty pharmacy that benefits from customer incentives and has a right of return. We have a limited sales history and cannot reliably estimate expected returns of the product nor the discounts and rebates due to payors at the time of shipment to the specialty pharmacy. Accordingly, upon shipment to the specialty pharmacy, we record deferred revenue on our Consolidated Balance Sheets. We recognize revenue when the specialty pharmacy provides the product to a patient based on the fulfillment of a prescription. We record revenue using an analysis of prescription data from our specialty pharmacy to ascertain the date of shipment and the payor mix. This approach is frequently referred to as the "sell-through" revenue recognition model. Once the prescription has been provided to the patient, it is not subject to return unless the product is damaged.

We record revenue at the time our European distribution partner has accepted the product, a method also known as the "sell-in" revenue recognition model.

Product Sales Discounts and Allowances

We calculate gross product revenues based on the price that we charge our United States specialty pharmacy and our European distribution partner. We estimate our domestic net product revenues by deducting from our gross product revenues (a) trade allowances, such as discounts for prompt payment, (b) estimated government rebates and chargebacks, and (c) estimated costs of patient assistance programs. We initially record estimates for these deductions at the time we recognize the gross revenue. We update our estimates on a recurring basis as new information becomes available. Our European distribution partner is entitled to receive a project management fee based upon the achievement of a pre-specified revenue goal which, when deemed probable, is ratably accrued as a reduction to gross revenue. See "Note 1 - Organization and Summary of Significant Accounting Policies" to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a further description of our discounts and allowances.

Cost of Goods Sold

Cost of goods sold is related to our product revenues and consisted primarily of a 3% royalty and indirect labor costs, and to a lesser extent, the cost of manufacturing and other third party logistics costs of our product. A significant portion of the manufacturing costs for product sales were incurred prior to regulatory approval of COMETRIQ for the treatment of progressive, metastatic MTC and, therefore, were expensed as research and development costs when those costs were incurred, rather than capitalized as inventory.

In accordance with our product development and commercialization agreement with GlaxoSmithKline, we are required to pay GlaxoSmithKline a 3% royalty on the Net Sales of any product incorporating cabozantinib, including COMETRIQ. Net Sales is defined in the product development and commercialization agreement generally as the gross invoiced sales price less customer credits, rebates, chargebacks, shipping costs, customs duties, and sales tax and other similar tax payments we are required to make.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements of FASB Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition* and most industry-specific guidance throughout the Accounting Standards Codification, resulting in the creation of FASB ASC Topic 606, *Revenue from Contracts with Customers*. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Adoption will be permitted using either a retrospective or modified retrospective approach, and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. We are currently evaluating the impact of adopting this ASU, inclusive of available transitional methods on our consolidated financial statements and related disclosures.

NOTE 2: RESTRUCTURINGS

Between March 2010 and May 2013, we implemented five restructurings (referred to collectively as the “Restructurings”) to manage costs and as a consequence of our decision to focus our proprietary resources and development efforts on the development and commercialization of cabozantinib. The aggregate reduction in headcount from the Restructurings was 429 employees. Charges and credits related to the Restructurings were recorded in periods other than those in which the Restructurings were implemented as a result of sublease activities for certain of our buildings in South San Francisco, California, changes in assumptions regarding anticipated sublease activities, the effect of the passage of time on our discounted cash flow computations, previously planned employee terminations, and sales of excess equipment and other assets.

We have recorded aggregate restructuring charges of $53.7 million in connection with the Restructurings, of which $29.7 million related to facility charges, $21.7 million related to termination benefits, $2.2 million related to the impairment of excess equipment and other assets, and an additional minor amount related to legal and other fees.

For the six months ended June 30, 2014 and 2013, we recorded restructuring charges of $0.4 million and $0.7 million, respectively. The charges for both periods presented were related to the effect of the passage of time on our discounted cash flow computations for the exit, in prior periods, of certain of our South San Francisco buildings. During the six months ended June 30, 2014, those charges were partially offset by $0.1 million in recoveries recorded in connection with the sale of excess equipment and other assets.

The total outstanding restructuring liability related to the Restructurings is included in the current and long-term portion of restructuring on the accompanying Consolidated Balance Sheets. The components and changes of these liabilities during the annual periods from inception of the restructuring activities through the year ended December 31, 2013 and during the six months ended June 30, 2014 are summarized in the following table (in thousands):

	Facility Charges	Other	Total
Restructuring liability as of December 31, 2012	$ 19,202	$ 20	$ 19,222
Restructuring charge	662	569	1,231
Cash payments	(6,331)	(434)	(6,765)
Adjustments or non-cash credits including stock compensation expense	(73)	(238)	(311)
Proceeds from sale of assets	—	95	95
Restructuring liability as of December 31, 2013	13,460	12	13,472
Restructuring charge (credit)	490	(113)	377
Cash payments	(3,496)	(6)	(3,502)
Adjustments or non-cash credits	9	(86)	(77)
Proceeds from sale of assets	—	199	199
Restructuring liability as of June 30, 2014	$ 10,463	$ 6	$ 10,469

We expect to pay accrued facility charges of $10.5 million, net of cash received from our subtenants, through the end of our lease terms of the buildings, the last of which ends in 2017. With respect to our Restructurings, we expect to incur additional restructuring charges of approximately $1.1 million which relates to the effect of the passage of time on our discounted cash flow computations for the exit, in prior periods, of certain of our South San Francisco buildings. These charges will be recorded through the end of the building lease terms, the last of which ends in 2017.

The Restructurings have resulted in aggregate cash expenditures of $38.7 million, net of $12.2 million in cash received from subtenants and $2.9 million in cash received in connection with the sale of excess equipment and other assets. Net cash expenditures for the Restructurings were $3.3 million and $4.0 million during the six months ended June 30, 2014 and 2013, respectively.

The restructuring charges that we expect to incur in connection with the Restructurings are subject to a number of assumptions, and actual results may materially differ. We may also incur other material charges not currently contemplated due to events that may occur as a result of, or associated with, the Restructurings.

NOTE 3. CASH AND INVESTMENTS

The following table summarizes cash and cash equivalents, investments, and restricted cash and investments by balance sheet line item as of June 30, 2014 and December 31, 2013 (in thousands):

	June 30, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	$ 147,339	$ 2	$ (1)	$ 147,340
Short-term investments	86,046	140	(9)	86,177
Short-term restricted cash and investments	12,143	71	—	12,214
Long-term investments	95,489	47	(23)	95,513
Long-term restricted cash and investments	10,726	55	—	10,781
Total cash and investments	$ 351,743	$ 315	$ (33)	$ 352,025

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	$ 103,978	$ —	$ —	$ 103,978
Short-term investments	138,403	94	(22)	138,475
Short-term restricted cash and investments	12,173	40	—	12,213
Long-term investments	144,226	106	(33)	144,299
Long-term restricted cash and investments	16,837	60	—	16,897
Total cash and investments	$ 415,617	$ 300	$ (55)	$ 415,862

Under our loan and security agreement with Silicon Valley Bank, we are required to maintain compensating balances on deposit in one or more investment accounts with Silicon Valley Bank or one of its affiliates. The total collateral balances as of June 30, 2014 and December 31, 2013 were $82.8 million and $83.7 million, respectively, and are reflected on the accompanying Consolidated Balance Sheets in short- and long-term investments. See “Note 8 - Debt” to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013, for more information regarding the collateral balance requirements under our Silicon Valley Bank loan and security agreement.

All of our cash equivalents and investments are classified as available-for-sale. The following table summarizes our cash equivalents and investments by security type as of June 30, 2014 and December 31, 2013. The amounts presented exclude cash, but include investments classified as cash equivalents (in thousands):

	June 30, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$ 49,184	$ —	$ —	$ 49,184
Commercial paper	97,856	—	—	97,856
Corporate bonds	150,828	178	(32)	150,974
U.S. Treasury and government sponsored enterprises	26,186	126	(1)	26,311
Municipal bonds	24,246	11	—	24,257
Total investments	$ 348,300	$ 315	$ (33)	$ 348,582

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money market funds	$ 24,813	$ —	$ —	$ 24,813
Commercial paper	94,682	—	—	94,682
Corporate bonds	239,937	190	(55)	240,072
U.S. Treasury and government sponsored enterprises	44,284	102	—	44,386
Municipal bonds	6,005	8		6,013
Total investments	$ 409,721	$ 300	$ (55)	$ 409,966

There were no realized gains or losses on the sales of investments during the six months ended June 30, 2014 and 2013.

All of our investments are subject to a quarterly impairment review. During the six months ended June 30, 2014 and 2013, we did not record any other-than-temporary impairment charges on our available-for-sale securities. As of June 30, 2014, there were 25 investments in an unrealized loss position with an aggregate fair value $50.1 million. The investments in an unrealized loss position are primarily corporate bonds. All of our investments in an unrealized loss position have been so for less than one year and the unrealized losses were not attributed to credit risk, but rather associated with the changes in interest rates. Based on the scheduled maturities of our investments, we concluded that the unrealized losses in our investment securities are not other-than-temporary, as it is more likely than not that we will hold these investments for a period of time sufficient for a recovery of our cost basis.

The following summarizes the fair value of securities classified as available-for-sale by contractual maturity as of June 30, 2014 (in thousands):

	Mature within One Year	After One Year through Two Years	Fair Value
Money market funds	$ 49,184	$ —	$ 49,184
Commercial paper	97,856	—	97,856
Corporate bonds	111,449	39,525	150,974
U.S. Treasury and government sponsored enterprises	20,215	6,096	26,311
Municipal bonds	24,257	—	24,257
Total investments	$ 302,961	$ 45,621	$ 348,582

Cash is excluded from the table above. The classification of certain compensating balances and restricted investments are dependent upon the term of the underlying restriction on the asset and not the maturity date of the investment. Therefore, certain long-term investments and long-term restricted cash and investments have contractual maturities within one year.

NOTE 4. INVENTORY

Inventory consists of the following (in thousands):

	June 30, 2014	December 31, 2013
Raw materials	$ 643	$ 529
Work in process	1,871	2,280
Finished goods	512	81
Total	$ 3,026	$ 2,890

We received regulatory approval in the United States for our first product, COMETRIQ, on November 29, 2012. A significant portion of the manufacturing costs for our inventory were incurred prior to regulatory approval of COMETRIQ for the treatment of progressive, metastatic MTC and, therefore, were expensed as research and development costs when those costs were incurred, rather than capitalized as inventory.

NOTE 5. DEBT

The amortized carrying amount of our debt consists of the following (in thousands):

	June 30, 2014	December 31, 2013
Convertible Senior Subordinated Notes due 2019	$ 173,635	$ 165,296
Secured Convertible Notes due 2015	94,207	99,851
Silicon Valley Bank term loan	80,000	80,000
Silicon Valley Bank line of credit	1,132	2,090
Total debt	348,974	347,237
Less: current portion	(95,284)	(11,762)
Long-term debt	$ 253,690	$ 335,475

See “Note 8 - Debt” to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013, for additional information on the terms of our debt, including a description of the conversion features of the of 4.25% Convertible Senior Subordinated Notes due 2019 (the “2019 Notes”) and our Secured Convertible Notes due June 2015 (the “Deerfield Notes”).

Convertible Senior Subordinated Notes due 2019

In August 2012, we issued and sold $287.5 million aggregate principal amount of the 2019 Notes. As of June 30, 2014, the entire principal balance remains outstanding. The following is a summary of the liability component of the 2019 Notes (in thousands):

	June 30, 2014	December 31, 2013
Net carrying amount of the liability component	$ 173,635	$ 165,296
Unamortized discount of the liability component	113,865	122,204
Face amount of the 2019 Notes	$ 287,500	$ 287,500

The debt discount and debt issuance costs will be amortized as interest expense through August 2019. The following is a summary of interest expense for the 2019 Notes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Stated coupon interest	$ 3,054	$ 3,054	$ 6,143	$ 6,109
Amortization of debt discount and debt issuance costs	4,397	4,001	8,692	7,910
Total interest expense	$ 7,451	$ 7,055	$ 14,835	$ 14,019

The balance of unamortized fees and costs was $3.6 million and $4.0 million as of June 30, 2014 and December 31, 2013, respectively, which is included in Other assets on the accompanying Consolidated Balance Sheets.

Secured Convertible Notes due June 2015

In June 2010, we entered into a note purchase agreement with entities affiliated with Deerfield Management Company, L.P. (“Deerfield”), pursuant to which, on July 1, 2010, we sold to Deerfield an aggregate of $124.0 million in principal amount of the Deerfield Notes. As of June 30, 2014 and December 31, 2013, the remaining outstanding principal balance on the Deerfield Notes was $104.0 million and $114.0 million, respectively, which, subject to certain limitations, is payable in cash or in stock at our discretion. The following is a summary of interest expense for the Deerfield Notes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Stated coupon interest	$ 1,495	$ 1,496	$ 2,975	$ 2,975
Amortization of debt discount and debt issuance costs	2,931	2,478	5,626	4,883
Total interest expense	$ 4,426	$ 3,974	$ 8,601	$ 7,858

The balance of unamortized fees and costs was $2.9 million and $1.4 million as of June 30, 2014 and December 31, 2013, respectively, which is included in Other assets on the accompanying Consolidated Balance Sheets.

On January 22, 2014, the note purchase agreement was amended to provide us with an option to extend the maturity date of our indebtedness under the note purchase agreement to July 1, 2018 (the "Extension Option"). Under the terms of the Extension Option, which expires on March 31, 2015, we have the right to require Deerfield Partners, L.P. and Deerfield International Master Fund, L.P. (the "New Deerfield Purchasers") to acquire $100 million principal amount of the Deerfield Notes and extend the maturity date to July 1, 2018. If we exercise the Extension Option, the Deerfield Notes would bear interest on and after July 2, 2015 at the rate of 7.5% per annum to be paid in cash, quarterly in arrears, and 7.5% per annum to be paid in kind, quarterly in arrears, for a total interest rate of 15% per annum. We are under no obligation to exercise the Extension Option.

In connection with the amendment to the note purchase agreement, on January 22, 2014 we issued to the New Deerfield Purchasers two-year warrants (the "2014 Deerfield Warrants") to purchase an aggregate of 1,000,000 shares of our common stock at an exercise price of $9.70 per share, which exercise price is subject to change in the event we exercise the Extension Option. See "Note 6 - Common Stock and Warrants" for further information on those warrants.

We determined that the amendment resulted in the Deerfield Notes being modified. In connection with the amendment, we recorded a $2.8 million deferred commitment fee upon the issuance of the 2014 Deerfield Warrants. See "Note 6 - Common Stock and Warrants" for further information on those warrants. The deferred commitment fee is included in Other assets and will be amortized into interest expense as a yield adjustment through the current maturity date of the Deerfield Notes, July 1, 2015. Third-party expenses, comprised primarily of legal and accounting fees, were expensed as of the date of the amendment.

NOTE 6. COMMON STOCK AND WARRANTS

Sale of Shares of Common Stock

In January 2014 we completed a registered underwritten public offering of 10.0 million shares of our common stock at a price of $8.00 per share pursuant to a shelf registration statement previously filed with the SEC, which the SEC declared effective on June 8, 2012. We received $75.6 million in net proceeds from the offering after deducting the underwriting discount and related offering expenses.

Warrants

On January 22, 2014, in connection with the amendment to the note purchase agreement to provide us with the Extension Option, we issued to the New Deerfield Purchasers the 2014 Deerfield Warrants to purchase an aggregate of 1,000,000 shares of our common stock at an exercise price of $9.70 per share. If we exercise the Extension Option, the term of the 2014 Deerfield Warrants will be extended by two years and the exercise price will be reset to the lower of (i) the existing exercise price and (ii) 120% of the volume weighted average price of our common stock for the ten trading days immediately following the date of such extension election. Due to the potential increase in term and decrease of the exercise price, the 2014 Deerfield Warrants were recorded as a liability which is included in Other long-term liabilities. The 2014 Deerfield Warrants are recorded at fair value, on a recurring basis, which was $0.9 million and $2.8 million as of June 30, 2014 and January 22, 2014, respectively. We recorded an unrealized gain on the warrants of $0.1 million and $1.9 million during the three and six months ended June 30, 2014, respectively, which is included in Interest income and other, net. See "Note 7 - Fair Value Measurements" for more information on the valuation of these warrants.

At June 30, 2014, the following warrants to purchase common stock were outstanding and exercisable:

Date Issued	Exercise Price per Share	Expiration Date	Number of Shares
January 22, 2014	$ 9.70	January 22, 2016	1,000,000

The warrants are participating securities. The warrant holders do not have a contractual obligation to share in our losses.

NOTE 7. FAIR VALUE MEASUREMENTS

The following table sets forth the fair value of our financial assets and liabilities that were measured and recorded on a recurring basis as of June 30, 2014 and December 31, 2013. We did not have any financial liabilities that were measured and recorded on a recurring basis or Level 3 investments as of December 31, 2013. The amounts presented exclude cash, but include investments classified as cash equivalents (in thousands):

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Money market funds	$ 49,184	$ —	$ —	$ 49,184
Commercial paper	—	97,856	—	97,856
Corporate bonds	—	150,974	—	150,974
U.S. Treasury and government sponsored enterprises	—	26,311	—	26,311
Municipal bonds	—	24,257	—	24,257
Total financial assets	$ 49,184	$ 299,398	$ —	$ 348,582
Financial liabilities:				
Warrants	$ —	$ —	$ 908	$ 908
Total financial liabilities	$ —	$ —	$ 908	$ 908

	December 31, 2013		
	Level 1	Level 2	Total
Money market funds	$ 24,813	$ —	$ 24,813
Commercial paper	—	94,682	94,682
Corporate bonds	—	240,072	240,072
U.S. Treasury and government sponsored enterprises	—	44,386	44,386
Municipal bonds	—	6,013	6,013
Total financial assets	$ 24,813	$ 385,153	$ 409,966

There were no transfers between any of the fair value hierarchies, as determined at the end of each reporting period.

The estimated fair values of our financial instruments that are carried at amortized cost for which it is practicable to determine a fair value were as follows (in thousands):

	June 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2019 Notes	$ 173,635	$ 245,640	$ 165,296	$ 339,883
Silicon Valley Bank term loan	$ 80,000	$ 79,954	$ 80,000	$ 79,946
Silicon Valley Bank line of credit	$ 1,132	$ 1,132	$ 2,090	$ 2,090

We believe it is not practicable to determine the fair value of the Deerfield Notes due to the unique structure of the instrument that was financed by entities affiliated with Deerfield.

The carrying amounts of cash, trade and other receivables, accounts payable and accrued clinical trial liabilities approximate their fair values and are excluded from the tables above.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate a value:

- When available, we value investments based on quoted prices for those financial instruments, which is a Level 1 input. Our remaining investments are valued using third-party pricing sources, which use observable market prices, interest rates and yield curves observable at commonly quoted intervals of similar assets as observable inputs for pricing, which is a Level 2 input.

- The 2019 Notes are valued using a third-party pricing model that is based in part on average trading prices, which is a Level 2 input. The 2019 Notes are not marked-to-market and are shown at their initial fair value less the unamortized discount; the portion of the value allocated to the conversion option is included in Stockholders' equity on the accompanying Consolidated Balance Sheets.
- We estimate the fair value of our other debt instruments, where possible, using the net present value of the payments discounted at an interest rate that is consistent with money-market rates that would have been earned on our non-interest-bearing compensating balances, which is a Level 2 input.
- The 2014 Deerfield Warrants are valued using a Monte Carlo simulation model. The expected life is based on the contractual terms of the 2014 Deerfield Warrants, and in certain simulations, assumes the two year extension that would result from our exercise of the Extension Option. We consider implied volatility as well as our historical volatility in developing our estimate of expected volatility. The fair value of the 2014 Deerfield Warrants were estimated using the following assumptions, which, except for risk-free interest rate, are Level 3 inputs (dollars in thousands):

	June 30, 2014	January 22, 2014 (issuance date)
Fair value of warrants	$ 908	$ 2,762
Risk-free interest rate	0.98%	0.95%
Dividend yield	—%	—%
Volatility	81%	57%
Average expected life	2.8 years	3.2 years

NOTE 8. STOCK-BASED COMPENSATION

We recorded and allocated employee stock-based compensation expenses for our equity incentive plans and our 2000 Employee Stock Purchase Plan ("ESPP") as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Research and development expense	$ 1,471	$ 1,553	$ 3,036	$ 2,960
Selling, general and administrative expense	2,511	1,370	4,704	2,638
Total employee stock-based compensation expense	$ 3,982	$ 2,923	$ 7,740	$ 5,598

We use the Black-Scholes option pricing model to value our stock options. The expected life computation is based on historical exercise patterns and post-vesting termination behavior. We considered implied volatility as well as our historical volatility in developing our estimate of expected volatility. The fair value of employee stock option awards and ESPP purchases was estimated using the following assumptions and weighted average fair values:

	Stock Options			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Weighted average grant-date fair value	$ 2.33	$ 2.56	$ 3.65	$ 2.52
Risk-free interest rate	1.75%	0.98%	1.66%	0.92%
Dividend yield	—%	—%	—%	—%
Volatility	80%	62%	81%	62%
Expected life	5.8 years	5.6 years	5.6 years	5.5 years

	Employee Stock Purchase Plan			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Weighted average grant-date fair value	$ 1.32	$ 1.65	$ 1.44	$ 1.63
Risk-free interest rate	0.06%	0.12%	0.07%	0.13%
Dividend yield	—%	—%	—%	—%
Volatility	67%	67%	64%	67%
Expected life	6 months	6 months	6 months	6 months

Of the stock options outstanding as of June 30, 2014, 3,640,752 were granted subject to performance objectives tied to the achievement of goals set by the Compensation Committee of our Board of Directors and will vest in full or part based on achievement of such goals. As of June 30, 2014, we expect that achievement of some of those performance objectives is probable and have, therefore, recorded stock-based compensation expense in connection with such awards. We have not included any stock-based compensation expense for stock options with performance objectives for which the achievement of the performance goals is not considered probable; the grant date fair value of such awards outstanding was $6.7 million.

A summary of all stock option activity for the six months ended June 30, 2014 is presented below (dollars in thousands**,** except per share amounts):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at December 31, 2013	23,983,275	$ 6.48		
Granted	1,120,530	$ 5.40		
Exercised	(19,090)	$ 6.28		
Forfeited	(166,405)	$ 5.52		
Expired	(423,467)	$ 7.85		
Options outstanding at June 30, 2014	24,494,843	$ 6.41	4.30 years	$ 37
Exercisable at June 30, 2014	14,527,591	$ 7.05	3.21 years	$ 2

As of June 30, 2014, $16.6 million of total unrecognized compensation expense related to employee stock options was expected to be recognized over a weighted-average period of 2.30 years.

A summary of all restricted stock unit (“RSU”) activity for the six months ended June 30, 2014 is presented below (dollars in thousands**,** except per share amounts):

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Awards outstanding at December 31, 2013	1,810,521	$ 5.56		
Awarded	61,842	$ 5.19		
Released	(101,600)	$ 6.78		
Forfeited	(62,540)	$ 5.52		
Awards outstanding at June 30, 2014	1,708,223	$ 5.48	2.96 years	$ 5,928

As of June 30, 2014, $6.2 million of total unrecognized compensation expense related to employee RSUs was expected to be recognized over a weighted-average period of 2.96 years.

NOTE 9. NET LOSS PER SHARE

The following table sets forth a reconciliation of basic and diluted net loss per share (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Numerator:				
Net loss	$ (73,410)	$ (62,161)	$ (148,029)	$ (106,890)
Denominator:				
Shares used in computing basic and diluted net loss per share	194,929	183,981	193,323	183,861
Net loss per share, basic and diluted	$ (0.38)	$ (0.34)	$ (0.77)	$ (0.58)

The following table sets forth outstanding potential shares of common stock that are not included in the computation of diluted net loss per share because, to do so would be anti-dilutive (in thousands):

	June 30	
	2014	2013
Convertible debt	54,123	54,123
Outstanding stock options, unvested RSUs and ESPP contributions	26,308	18,147
Warrants	1,000	1,441
Total potentially dilutive shares	81,431	73,711

NOTE 10. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject us to concentrations of credit risk are primarily trade and other receivables and investments. Investments consist of money market funds, taxable commercial paper, corporate bonds with high credit quality, U.S. Treasury and government sponsored enterprises, and municipal bonds. All investments are maintained with financial institutions that management believes are creditworthy.

Trade and other receivables are unsecured and are concentrated in the pharmaceutical and biotechnology industries. Accordingly, we may be exposed to credit risk generally associated with pharmaceutical and biotechnology companies. We have incurred no bad debt expense since inception. As of June 30, 2014, 78% of our trade and other receivables are with the specialty pharmacy that sells COMETRIQ in the United States and 12% are with our European distribution partner. Both of these customers pay promptly and within their respective payment terms. All of our long-lived assets are located in the United States.

We have operations primarily in the United States, while some of our collaboration partners have headquarters outside of the United States and certain of our clinical trials for cabozantinib are conducted outside of the United States. During the second quarter of 2013, we initiated a Named Patient Use (“NPU”) program through our distribution partner, Swedish Orphan Biovitrum (“Sobi”), to support the distribution and commercialization of COMETRIQ for metastatic MTC primarily in the European Union and potentially other countries. In March 2014, the European Commission approved cabozantinib for the treatment of adult patients with progressive, unresectable locally advanced or metastatic MTC, also under the brand name COMETRIQ. In June 2014, we began selling COMETRIQ to Sobi in preparation for commercial sales in certain countries in the European Union. The following table shows the percentage of revenues earned in the United States. The remainder of our revenues were earned in the European Union.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Percentage of revenues earned in the United States	93%	98%	96%	99%

The following table sets forth the percentage of revenues recognized under our collaboration agreements and product sales to the specialty pharmacy that represent 10% or more of total revenues during the three and six months ended June 30, 2014 and 2013:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Collaboration agreement:				
Bristol-Myers Squibb	—%	66%	—%	73%
Product sales:				
Diplomat Specialty Pharmacy	93%	32%	96%	26%

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

The following discussion and analysis contains forward-looking statements. These statements are based on Exelixis, Inc.'s ("Exelixis," "we," "our" or "us") current expectations, assumptions, estimates and projections about our business and our industry, and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in, or contemplated by, the forward-looking statements. Words such as "believe," "anticipate," "expect," "intend," "planned," "focus," "objective," "will," "may," "could," "would," "estimate," "potential," "continue," "encouraging," or the negative of such terms or other similar expressions identify forward-looking statements. 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 those discussed in Part II, Item 1A of this Form 10-Q, as well as those discussed elsewhere in this report.

This discussion and analysis should be read in conjunction with our financial statements and accompanying notes included in this report and the financial statements and accompanying notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the Securities and Exchange Commission, or SEC, on February 20, 2014. Operating results are not necessarily indicative of results that may occur in future periods. We undertake no obligation to update any forward-looking statement to reflect events after the date of this report.

Overview

We are a biopharmaceutical company committed to developing small molecule therapies for the treatment of cancer. Our two most advanced assets are cabozantinib, our wholly-owned inhibitor of multiple receptor tyrosine kinases, and cobimetinib (GDC-0973/XL518), a potent, highly selective inhibitor of MEK, which we out-licensed to Genentech (a member of the Roche Group), or Genentech. We are evaluating cabozantinib in a broad development program, including five ongoing phase 3 pivotal trials. We currently expect top-line results in 2014 from two of our phase 3 pivotal trials of cabozantinib in metastatic castration-resistant prostate cancer, or CRPC, and from the overall survival analysis of our EXAM phase 3 pivotal trial of cabozantinib in progressive, metastatic medullary thyroid cancer, or MTC. Genentech is evaluating cobimetinib in a broad development program. On July 14, 2014, we reported positive top-line results from Genentech's coBRIM study, a phase 3 pivotal trial evaluating cobimetinib in combination with vemurafenib in previously untreated patients with unresectable locally advanced or metastatic melanoma harboring a $BRAF^{V600}$ mutation.

We are focusing our development and commercialization efforts primarily on cabozantinib. Cabozantinib was approved by the U.S. Food and Drug Administration, or FDA, on November 29, 2012, for the treatment of progressive, metastatic MTC in the United States under the brand name COMETRIQ(R). COMETRIQ became commercially available in the United States in late January 2013. In March 2014, the European Commission approved cabozantinib for the treatment of adult patients with progressive, unresectable locally advanced or metastatic MTC, also under the brand name COMETRIQ. The European Commission granted conditional marketing authorization following a positive opinion from the European Committee for Medicinal Products for Human Use, or CHMP, issued in December 2013.

The cabozantinib development program comprises over fifty clinical trials, including two ongoing phase 3 pivotal trials in metastatic CRPC, an ongoing phase 3 pivotal trial in metastatic renal cell cancer, or RCC, and an ongoing phase 3 pivotal trial in advanced hepatocellular cancer, or HCC. We believe cabozantinib has the potential to be a broadly-active and differentiated anti-cancer agent that can make a meaningful difference in the lives of patients. Our objective is to develop cabozantinib into a major oncology franchise, and we believe that the initial regulatory approvals of COMETRIQ for MTC provide us with the opportunity to establish a commercial presence to further this objective. We currently expect top-line results in 2014 from our two phase 3 pivotal trials of cabozantinib in metastatic CRPC, and from the overall survival analysis of our EXAM phase 3 pivotal trial of cabozantinib in progressive, metastatic MTC.

Our Strategy

We believe that the available clinical data demonstrate that cabozantinib has the potential to be a broadly active anti-cancer agent, and our objective is to build cabozantinib into a major oncology franchise. The initial regulatory approvals of COMETRIQ for MTC in the United States and European Union provide a niche market opportunity that allows us to gain commercialization experience while providing a solid foundation for potential expansion into larger cancer indications.

We are focusing our internal efforts on cancers for which we believe cabozantinib has significant therapeutic and commercial potential in the near term, while utilizing our Cooperative Research and Development Agreement, or CRADA, with the National Cancer Institute's Cancer Therapy Evaluation Program, or NCI-CTEP, and investigator sponsored trials, or ISTs, to generate additional data to allow us to prioritize future late stage trials in a cost-effective fashion. We believe that this staged approach to building value represents the most rational and effective use of our resources.

Beyond our efforts regarding cabozantinib, under the terms of our various collaboration agreements, we are working with our corporate partners to realize the potential value of the compounds and programs we have out-licensed to them. Most notable of these is cobimetinib, which is being evaluated by Roche and Genentech in a broad development program, including a phase 3 pivotal trial which has recently yielded positive top-line results. In the aggregate, these partnered compounds could potentially be of significant value to us if their development progresses successfully.

Collaborations

We have established a collaboration with Genentech for cobimetinib and other collaborations with leading pharmaceutical companies, including Bristol-Myers Squibb Company, or Bristol-Myers Squibb, Sanofi, Merck (known as MSD outside of the United States and Canada) and Daiichi Sankyo Company Limited, or Daiichi Sankyo, for compounds and programs in our portfolio. Pursuant to these collaborations, we have fully out-licensed compounds or programs to a partner for further development and commercialization, although in the case of cobimetinib, if the compound is commercialized, we will provide up to 25% of the total sales force for cobimetinib in the United States, under the terms of our co-development agreement with Genentech. We have no further development cost obligations under our collaborations and may be entitled to receive milestones and royalties, or in the case of cobimetinib, a share of profits (or losses) from commercialization.

With respect to our partnered compounds, we are eligible to receive potential contingent payments totaling approximately $2.3 billion in the aggregate on a non-risk adjusted basis, of which 10% are related to clinical development milestones, 42% are related to regulatory milestones and 48% are related to commercial milestones, all to be achieved by the various licensees.

Our collaboration with Genentech for cobimetinib continues to be of increasing importance to us in 2014 since cobimetinib is our most advanced partnered compound in development and has the greatest near-term commercial potential. On July 11, 2014, Genentech informed us that it received positive top-line results from coBRIM, a phase 3 pivotal trial evaluating cobimetinib in combination with vemurafenib in previously untreated patients with

unresectable locally advanced or metastatic melanoma harboring a $BRAF^{V600}$ mutation. Roche has announced that the coBRIM data are planned for presentation at the European Society for Medical Oncology, or ESMO, 2014 Congress taking place in Madrid, Spain, September 26 - 30, 2014. They have also stated that they plan to initiate regulatory filings for the combination before year end.

Preliminary results from BRIM7, an ongoing phase 1b dose escalation study conducted by Roche and Genentech of the BRAF inhibitor vemurafenib in combination with cobimetinib in patients with locally advanced/unresectable or metastatic melanoma carrying a $BRAF^{V600}$ mutation were presented at the 2012 European Society for Medical Oncology Annual Meeting. Final data from BRIM7 reported at the 10th European Association of Dermato-Oncology, or EADO, Congress in May 2014 suggest that the preliminary safety profile and activity of the investigational combination of cobimetinib and vemurafenib are encouraging in BRAF inhibitor-naïve patients. Although the phase 1b dose escalation study was designed to evaluate the safety and tolerability of cobimetinib in combination with vemurafenib, objective responses (comprising complete or partial responses) were observed in 87% of the patients who had not been previously treated with a BRAF inhibitor.

In addition, the following clinical trials of cobimetinib in combination with other agents are ongoing, as disclosed on clinicaltrials.gov:

- A Study of MEHD7945A and Cobimetinib (GDC-0973) in Patients With Locally Advanced or Metastatic Cancers With Mutant KRAS (NCT01986166);
- Safety, Tolerability, and Pharmacokinetics of Onartuzumab Combined With Vemurafenib and/or Cobimetinib in Cancer Patients (NCT01974258);
- A Phase 1b Study of MPDL3280A (an Engineered Anti-PDL1 Antibody) in Combination With Cobimetinib in Patients With Locally Advanced or Metastatic Solid Tumors (NCT01988896); and
- A Study Evaluating the Safety, Tolerability, and Pharmacokinetics of GDC-0973 in Combination With GDC-0068 When Administered in Patients With Locally Advanced or Metastatic Solid Tumors (NCT01562275).

Under the terms of our co-development agreement with Genentech for cobimetinib, we are entitled to an initial equal share of U.S. profits and losses for cobimetinib, which will decrease as sales increase, and will share equally in the U.S. marketing and commercialization costs. The profit share has multiple tiers: we are entitled to 50% of profits from the first $200 million of U.S. actual sales, decreasing to 30% of profits from U.S. actual sales in excess of $400 million. We are entitled to low double-digit royalties on ex-U.S. net sales. In November 2013, we exercised an option under the co-development agreement to co-promote in the United States. As a result of exercising our option to co-promote, we are allowed to provide up to 25% of the total sales force for cobimetinib in the United States if commercialized, and will call on customers and otherwise

engage in promotional activities using that sales force, consistent with the terms of the co-development agreement and a co-promotion agreement to be entered into by the parties.

In April 2014, we received a notice from GlaxoSmithKline of its intent to terminate the development of foretinib and to return it to us pursuant to the terms and conditions of the product development and commercialization agreement between the parties. We continue to work with GlaxoSmithKline on the transition of the program, which we expect will be completed in the third quarter of 2014. It is contemplated that in connection with the return of foretinib, the product development and commercialization agreement will terminate, although GlaxoSmithKline will continue to be entitled to a 3% royalty on net sales of any product incorporating cabozantinib, including COMETRIQ, and a 4% royalty on net sales of any product incorporating foretinib.

Business Highlights for the Three Months Ended June 30, 2014 and Recent Developments

Positive Top-Line Results for Phase 3 Pivotal Trial of Cobimetinib in Combination with Vemurafenib in Patients with BRAF^{V600} Mutation-Positive Advanced Melanoma

On July 11, 2014, Genentech informed us that the coBRIM study, a phase 3 pivotal trial evaluating cobimetinib in combination with vemurafenib in previously untreated patients with unresectable locally advanced or metastatic melanoma harboring a BRAF^{V600} mutation had met its primary endpoint, delivering a statistically significant increase in progression-free survival for the combination of cobimetinib with vemurafenib as compared to vemurafenib alone. Genentech further informed us that adverse events associated with the coBRIM study were consistent with those observed in a previous study of the combination. Roche has announced that the coBRIM data are planned for presentation at the ESMO 2014 Congress taking place in Madrid, Spain, September 26 - 30, 2014. They have also stated that they plan to initiate regulatory filings for the combination before year end.

Data Presented at the 2014 Annual Meeting of the American Society of Clinical Oncology

In May 2014, clinical data from cabozantinib and cobimetinib was the subject of ten separate data presentations at the 2014 Annual Meeting of the American Society of Clinical Oncology, including, among others, “Trials in Progress” poster presentations describing the trial design of our ongoing phase 3 pivotal trial comparing cabozantinib to placebo in patients with advanced HCC who have previously been treated with sorafenib, and our ongoing phase 3 pivotal trial comparing cabozantinib to everolimus in patients with metastatic RCC who have experienced disease progression following treatment with at least one prior VEGFR tyrosine kinase inhibitor. Additionally, phase 1 and phase 2 data from ongoing trials conducted under the CRADA with NCI-CTEP and our investigator sponsored trial program were presented. Cobimetinib was the subject of one oral presentation highlighting positive data from BRIM7, an ongoing phase 1b clinical trial, conducted by Roche and Genentech of vemurafenib in combination with cobimetinib in patients with locally advanced/unresectable or metastatic melanoma carrying a BRAF^{V600} mutation.

Final Phase 1b Data for Cobimetinib in Combination with Vemurafenib Presented at the 10th European Association of Dermato-Oncology Congress

In May 2014, final data from BRIM7 was reported at the 10th EADO Congress. The final data provide encouraging signs of clinical activity in BRAF inhibitor naïve patients. Although the phase 1b dose escalation study was designed to evaluate the safety and tolerability of cobimetinib in combination with vemurafenib, objective responses (comprising complete or partial responses) were observed in 87% of the patients who had not been previously treated with a BRAF inhibitor.

Certain Factors Important to Understanding Our Financial Condition and Results of Operations

Successful development of drugs is inherently difficult and uncertain. Our business requires significant investments in research and development over many years, and products often fail during the research and development process. Our long-term prospects depend upon our ability, and the ability of our partners, to successfully commercialize new therapeutics in highly competitive areas such as cancer treatment. Our financial performance is driven by many factors, including those described below.

Limited Sources of Revenues

COMETRIQ was approved by the FDA for the treatment of progressive, metastatic MTC in the United States on November 29, 2012. We commercially launched COMETRIQ in the United States in late January 2013. We currently estimate that there are between 500 and 700 first- and second-line progressive, metastatic MTC patients diagnosed each year in the United States who will be eligible for COMETRIQ, and as a result we only expect to generate limited revenues from U.S. sales of COMETRIQ in MTC. Effective July 1, 2014, the wholesale acquisition price for COMETRIQ is $10,915 for a 28-day supply of all dosage strengths. Prior to the approval of COMETRIQ, we had no pharmaceutical product that had received

marketing approval, and from the commercial launch through June 30, 2014, we generated $26.5 million in net revenues from the sale of COMETRIQ.

On March 25, 2014, the European Commission approved COMETRIQ for the treatment of adult patients with progressive, unresectable locally advanced or metastatic MTC. We currently believe that the patient population for the approved MTC indication in the European Union who will be eligible for COMETRIQ is similar to that in the United States, and as a result, we only expect to generate limited revenues from European Union sales of COMETRIQ in MTC. Timelines for securing reimbursement in the individual European Union countries can vary considerably, with some countries taking twelve to eighteen months to approve products for reimbursement. In July 2014, Swedish Orphan Biovitrum, or Sobi, our distribution partner, initiated commercialization activities for COMETRIQ in the approved MTC indication in the United Kingdom. We are working with Sobi on activities in preparation for the commercial launch of COMETRIQ in the approved MTC indication in other European Union countries. These activities include preparing submissions for securing reimbursement in such countries, undertaking promotional activities to raise awareness of COMETRIQ as a treatment for the approved MTC indication, and preparing the supply chain for distribution of COMETRIQ.

Prior to the commercialization of COMETRIQ, we derived substantially all of our revenues since inception from collaborative research and development agreements. Revenues from research and development collaborations depend on the achievement of milestones and royalties we earn from any future products developed from the collaborative research. During 2013, we completed the recognition of deferred revenue under our existing collaborative research and development agreements. Any future revenue derived from our existing collaborative research and development agreements will depend on the achievement of milestones and royalties we earn from any future products developed from the collaborations. We do not expect any significant contingent or milestone payments in 2014.

Our collaborative research and development agreements may be terminated or allowed to expire. In April 2014, we received a notice from GlaxoSmithKline of its intent to terminate the development of foretinib and return the compound to us pursuant to the terms and conditions of the product development and commercialization agreement between the parties. Once foretinib is returned to us, we will no longer be eligible to receive milestones or royalties from our collaborative arrangement with GlaxoSmithKline.

Clinical Development and Commercialization of Cabozantinib

Our primary development and commercialization program is focused on cabozantinib, our wholly-owned inhibitor of multiple receptor tyrosine kinases, currently-approved under the brand name COMETRIQ® in the United States and the European Union for the treatment of metastatic MTC. However, cabozantinib may fail to show adequate safety or efficacy as an anti-cancer drug in clinical testing in other types of cancer. Furthermore, predicting the timing of the initiation or completion of clinical trials is difficult, and our trials may be delayed due to many factors, including factors outside of our control. The future development path of cabozantinib depends upon the results of each stage of clinical development. We expect to incur increased expenses for the development of cabozantinib as it advances in clinical development.

The commercial success of COMETRIQ will depend upon the degree of market acceptance of COMETRIQ among physicians, patients, health care payors, and the medical community. Establishing and maintaining sales, marketing, and distribution capabilities are expensive and time-consuming. Such expenses may be disproportional compared to the revenues we may be able to generate on sales of COMETRIQ and have an adverse impact on our results of operations. We expect to incur increased expenses for the commercialization of COMETRIQ in connection with the approved MTC indication and any future indications for which cabozantinib may be approved.

Liquidity

As of June 30, 2014, we had $352.0 million in cash and investments, which included short- and long-term restricted cash and investments of $12.2 million and $10.8 million, respectively, and short- and long-term unrestricted investments of $86.2 million and $95.5 million, respectively. We are required to maintain on deposit with Silicon Valley Bank or one of its affiliates short- and long-term unrestricted investments of $1.1 million and $81.7 million, respectively, pursuant to covenants in our loan and security agreement with Silicon Valley Bank. We anticipate that our current cash and cash equivalents, short- and long-term investments and product revenues will enable us to maintain our operations for a period of at least 12 months following the end of the second quarter of 2014. However, our future capital requirements will be substantial, and we may need to raise additional capital in the future. Our capital requirements will depend on many factors, and we may need to use available capital resources and raise additional capital significantly earlier than we currently anticipate.

Our minimum liquidity needs are also determined by financial covenants in our loan and security agreement with Silicon Valley Bank as well as other factors, which are described under "– Liquidity and Capital Resources – Cash Requirements."

Our ability to raise additional funds may be severely impaired if cabozantinib fails to show adequate safety or efficacy in clinical testing.

Convertible Senior Subordinated Notes

In August 2012, we issued and sold $287.5 million aggregate principal amount of the 4.25% Convertible Senior Subordinated Notes due 2019, or the 2019 Notes, for net proceeds of $277.7 million. The 2019 Notes mature on August 15, 2019, unless earlier converted, redeemed or repurchased, and bear interest at a rate of 4.25% per annum, payable semi-annually in arrears on February 15 and August 15 of each year, beginning February 15, 2013. Subject to certain terms and conditions, at any time on or after August 15, 2016, we may redeem for cash all or a portion of the 2019 Notes. The redemption price will equal 100% of the principal amount of the 2019 Notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Upon the occurrence of certain circumstances, holders may convert their 2019 Notes prior to the close of business on the business day immediately preceding May 15, 2019. On or after May 15, 2019, until the close of business on the second trading day immediately preceding August 15, 2019, holders may surrender their 2019 Notes for conversion at any time. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. The initial conversion rate of 188.2353 shares of common stock per $1,000 principal amount of the 2019 Notes is equivalent to a conversion price of approximately $5.31 per share of common stock and is subject to adjustment in connection with certain events. If a "Fundamental Change" (as defined in the indenture governing the 2019 Notes) occurs, holders of the 2019 Notes may require us to purchase for cash all or any portion of their 2019 Notes at a purchase price equal to 100% of the principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to, but excluding, the Fundamental Change purchase date. In addition, if certain specified bankruptcy and insolvency-related events of default occur, the principal of, and accrued and unpaid interest on, all of the then outstanding notes will automatically become due and payable. If an event of default other than certain specified bankruptcy and insolvency-related events of default occurs and is continuing, the Trustee by notice to us or the holders of at least 25% in principal amount of the outstanding 2019 Notes by notice to us and the Trustee, may declare the principal of, and accrued and unpaid interest on, all of the then outstanding 2019 Notes to be due and payable.

In connection with the offering of the 2019 Notes, $36.5 million of the proceeds were deposited into an escrow account which contains an amount of permitted securities sufficient to fund, when due, the total aggregate amount of the first six scheduled semi-annual interest payments on the 2019 Notes. As of June 30, 2014, we have used $18.4 million of the amounts held in the escrow account to pay the required semi-annual interest payments. The short- and long-term amounts held in the escrow account as of June 30, 2014 were $12.2 million and $6.1 million, respectively, and are included in short- and long-term restricted cash and investments. We have pledged our interest in the escrow account to the Trustee as security for our obligations under the 2019 Notes.

Deerfield Facility

In June 2010, we entered into a note purchase agreement with Deerfield Private Design Fund, L.P. and Deerfield Private Design International, L.P., or the Original Deerfield Purchasers, pursuant to which, on July 1, 2010, we sold to the Original Deerfield Purchasers an aggregate of $124.0 million principal amount of our Secured Convertible Notes due July 1, 2015, which we refer to as the Deerfield Notes, for an aggregate purchase price of $80.0 million, less closing fees and expenses of approximately $2.0 million. As of June 30, 2014 and December 31, 2013, the remaining outstanding principal balance on the Deerfield Notes was $104.0 million and $114.0 million, respectively, which, subject to certain restrictions, is payable in cash or in stock at our discretion. We refer to the Original Deerfield Purchasers and the New Deerfield Purchasers (identified below) collectively as Deerfield.

The outstanding principal amount of the Deerfield Notes bears interest in the annual amount of $6.0 million, payable quarterly in arrears. During the six months ended June 30, 2014 and 2013, total interest expense for the Deerfield Notes was $8.6 million and $7.9 million, respectively, including the stated coupon rate and the amortization of the debt discount and debt issuance costs. The non-cash expense relating to the amortization of the debt discount and debt issuance costs was $5.6 million and $4.9 million, respectively, during those periods. The balance of unamortized fees and costs was $2.9 million and $1.4 million as of June 30, 2014 and December 31, 2013, respectively, which is included in Other assets on the accompanying Consolidated Balance Sheets.

On August 6, 2012, the parties amended the note purchase agreement to permit the issuance of the 2019 Notes and modify certain optional prepayment rights. The amendment became effective upon the issuance of the 2019 Notes and the

payment to the Original Deerfield Purchasers of a $1.5 million consent fee. On August 1, 2013, the parties further amended the note purchase agreement to clarify certain of our other rights under the note purchase agreement.

On January 22, 2014, the note purchase agreement was further amended to provide us with an option to extend the maturity date of our indebtedness under the note purchase agreement to July 1, 2018. Under the terms of the extension option, which expires on March 31, 2015, we have the right to require Deerfield Partners, L.P. and Deerfield International Master Fund, L.P., or the New Deerfield Purchasers, to acquire $100 million principal amount of the Deerfield Notes and extend the maturity date to July 1, 2018. We are under no obligation to exercise the extension option. To exercise the extension option, we must provide a notice of exercise to Deerfield prior to March 31, 2015. If we exercise the extension option, the Deerfield Notes would mature on July 1, 2018 and bear interest on and after July 2, 2015 at the rate of 7.5% per annum to be paid in cash, quarterly in arrears, and 7.5% per annum to be paid in kind, quarterly in arrears, for a total interest rate of 15% per annum.

In each of January 2014 and 2013, we made mandatory prepayments of $10.0 million on the Deerfield Notes. We will be required to make an additional mandatory prepayment on the Deerfield Notes in 2015 equal to 15% of certain revenues from collaborative arrangements, which we refer to as Development/Commercialization Revenue, received during the prior fiscal year, subject to a maximum prepayment amount of $27.5 million. We have received no such revenue during the six months ended June 30, 2014. There is no minimum prepayment due in 2015. Our obligation to make annual mandatory prepayments equal to 15% of Development/Commercialization Revenue received by us during the prior fiscal year will apply in each of 2016, 2017 and 2018 if we exercise the extension option. However, we will only be obligated to make any such annual mandatory prepayment after exercise of the extension option if the New Deerfield Purchasers provide notice to us of their election to receive the prepayment. Mandatory prepayments relating to Development/Commercialization Revenue will continue to be subject to a maximum annual prepayment amount of $27.5 million. The definition of "Development/Commercialization Revenue" expressly excludes any sale or distribution of drug or pharmaceutical products in the ordinary course of our business, and any proceeds from any Intellectual Property Sales (as further described below).

As a result of the January 2014 amendment, we are required to notify the applicable Deerfield entities of certain sales, assignments, grants of exclusive licenses or other transfers of our intellectual property pursuant to which we transfer all or substantially all of our legal or economic interests, defined as an Intellectual Property Sale, and the Deerfield entities may elect to require us to prepay the principal amount of the Deerfield Notes in an amount equal to (i) 100% of the cash proceeds of any Intellectual Property Sale relating to cabozantinib and (ii) 50% of the cash proceeds of any other Intellectual Property Sale.

Under the note purchase agreement as amended, we may voluntarily prepay the principal amount of the Deerfield Notes as follows (the amount at which we repay in each case below is referred to as the Prepayment Price):

- Prior to July 1, 2015: we may prepay all of the principal amount of the Deerfield Notes at any time at a prepayment price equal to the outstanding principal amount, plus accrued and unpaid interest through the date of such prepayment, plus all interest that would have accrued on the principal amount of the Deerfield Notes between the date of such prepayment and the applicable maturity date of the Deerfield Notes if the outstanding principal amount of the Deerfield Notes had remained outstanding through the applicable maturity date, plus all other accrued and unpaid obligations; and
- If we exercise the extension option: we may prepay all of the principal amount of the Deerfield Notes at a prepayment price equal to 105% of the outstanding principal amount of the Deerfield Notes, plus all accrued and unpaid interest through the date of such prepayment, plus, if prior to July 1, 2017, all interest that would have accrued on the principal amount of the Deerfield Notes between the date of such prepayment and July 1, 2017, if the outstanding principal amount of the Deerfield Notes as of such prepayment date had remained outstanding through July 1, 2017, plus all other accrued and unpaid obligations, collectively referred to as the Prepayment Price.

In lieu of making any portion of the Prepayment Price or mandatory prepayment in cash, subject to certain limitations (including a cap on the number of shares issuable under the note purchase agreement), we have the right to convert all or a portion of the principal amount of the Deerfield Notes into, or satisfy all or any portion of the Prepayment Price amounts or mandatory prepayment amounts with shares of our common stock. Additionally, in lieu of making any payment of accrued and unpaid interest in respect of the Deerfield Notes in cash, subject to certain limitations, we may elect to satisfy any such payment with shares of our common stock. The number of shares of our common stock issuable upon conversion or in settlement of principal and interest obligations will be based upon the discounted trading price of our common stock over a specified trading period. Upon certain changes of control of our company, a sale or transfer of assets in one transaction or a series of related transactions for a purchase price of more than (i) $400 million or (ii) 50% of our market capitalization, Deerfield may require us to prepay the Deerfield Notes at the Prepayment Price. Upon an event of default, Deerfield may declare all or a portion of the Prepayment Price to be immediately due and payable.

In connection with the January 2014 amendment to the note purchase agreement, on January 22, 2014 we issued to the New Deerfield Purchasers two-year warrants, which we refer to as the 2014 Deerfield Warrants, to purchase an aggregate of 1,000,000 shares of our common stock at an exercise price of $9.70 per share. If we exercise the extension option, the exercise price will be reset to the lower of (i) the existing exercise price and (ii) 120% of the volume weighted average price of our common stock for the ten trading days immediately following the date of such extension election. The 2014 Deerfield Warrants are exercisable for a term of two years, subject to a two year extension if we exercise the extension option, and contain certain limitations that prevent the holder of the 2014 Deerfield Warrants from acquiring shares upon exercise of a 2014 Deerfield Warrant that would result in the number of shares beneficially owned by the holder to exceed 9.98% of the total number of shares of our common stock then issued and outstanding. The number of shares for which the 2014 Deerfield Warrants are exercisable and the associated exercise prices are subject to certain adjustments as set forth in the 2014 Deerfield Warrants. In addition, upon certain changes in control of our company, to the extent the 2014 Deerfield Warrants are not assumed by the acquiring entity, or upon certain defaults under the 2014 Deerfield Warrants, the holder has the right to net exercise the 2014 Deerfield Warrants for shares of common stock, or be paid an amount in cash in certain circumstances where the current holders of our common stock would also receive cash, equal to the Black-Scholes Merton value of the 2014 Deerfield Warrants.

In connection with the issuance of the 2014 Deerfield Warrants, we entered into a registration rights agreement with Deerfield, pursuant to which we filed a registration statement with the SEC in February 2014 covering the resale of the shares of common stock issuable upon exercise of the 2014 Deerfield Warrants.

In connection with the note purchase agreement, we also entered into a security agreement in favor of Deerfield which provides that our obligations under the Deerfield Notes will be secured by substantially all of our assets except intellectual property. On August 1, 2013, the security agreement was amended to limit the extent to which voting equity interests in any of our foreign subsidiaries shall be secured assets.

The note purchase agreement as amended and the security agreement include customary representations and warranties and covenants made by us, including restrictions on the incurrence of additional indebtedness.

Loan Agreement with Silicon Valley Bank

On May 22, 2002, we entered into a loan and security agreement with Silicon Valley Bank for an equipment line of credit. On December 21, 2004, December 21, 2006 and December 21, 2007, we amended the loan and security agreement to provide for additional equipment lines of credit and on June 2, 2010, we further amended the loan and security agreement to provide for a new seven-year term loan in the amount of $80.0 million. As of June 30, 2014, the combined outstanding principal balance due under the lines of credit and term loan was $81.1 million, compared to $82.1 million as of December 31, 2013. The principal amount outstanding under the term loan accrues interest at 1.0% per annum, which interest is due and payable monthly. We are required to repay the term loan in one balloon principal payment, representing 100% of the principal balance and accrued and unpaid interest, on May 31, 2017. We are required to repay any advances under an equipment line of credit in 48 equal monthly payments of principal and interest. We have the option to prepay all, but not less than all, of the amounts advanced under the term loan, provided that we pay all unpaid accrued interest thereon that is due through the date of such prepayment and the interest on the entire principal balance of the term loan that would otherwise have been paid after such prepayment date until the maturity date of the term loan. We have the option to prepay without penalty any advance under an equipment line of credit other than advances under a single equipment line of credit, which has a 1.0% prepayment penalty, provided that we pay all unpaid accrued interest thereon that is due through the date of such prepayment. In accordance with the terms of the loan and security agreement, we are required to maintain an amount equal to at least 100%, but not to exceed 107%, of the outstanding principal balance of the term loan and all equipment lines of credit under the loan and security agreement on deposit in one or more investment accounts with Silicon Valley Bank or one of its affiliates as support for our obligations under the loan and security agreement (although we are entitled to retain income earned or the amounts maintained in such accounts). Any amounts outstanding under the term loan during the continuance of an event of default under the loan and security agreement will, at the election of Silicon Valley Bank, bear interest at a per annum rate equal to 6.0%. If one or more events of default under the loan and security agreement occurs and continues beyond any applicable cure period, Silicon Valley Bank may declare all or part of the obligations under the loan and security agreement to be immediately due and payable and stop advancing money or extending credit to us under the loan and security agreement.

Critical Accounting Estimates

The preparation of our consolidated financial statements is in conformity with accounting principles generally accepted in the United States which requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. On an ongoing basis, management evaluates its estimates including, but not limited to, those related to inventory, revenue recognition, valuation of long-lived assets, certain accrued liabilities including clinical trial accruals and restructuring liability, valuation of warrants, share-based

compensation and the valuation of the debt and equity components of our convertible debt at issuance. We base our estimates on historical experience and on various other market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our senior management has discussed the development, selection, and disclosure of these estimates with the Audit Committee of our Board of Directors. Actual results could differ materially from these estimates.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements. We believe our critical accounting policies relating to inventory, revenue recognition, clinical trial accruals, restructuring liability, share based compensation and warrant valuation reflect the more significant estimates and assumptions used in the preparation of our consolidated financial statements.

Other than the addition of warrant valuation, there have been no significant changes in our critical accounting policies and estimates during the six months ended June 30, 2014, as compared to the critical accounting policies and estimates disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2013.

Warrant Valuation

Our estimate of the fair value of the 2014 Deerfield Warrants requires us to determine the appropriate fair value model and a number of complex and subjective assumptions. The most significant assumptions are our estimates of the expected volatility and the expected term of the warrant. The value of the warrant is derived from its potential for appreciation. The more volatile the stock, the more valuable the warrant becomes because of the greater possibility of significant changes in stock price. Because there is a market for options on our common stock, we have considered implied volatilities as well as our historical realized volatilities when developing an estimate of expected volatility. The expected term of the warrant also has a significant effect on the value of the warrant. The longer the term, the more time the warrant holder has to allow the stock price to increase without a cash investment and thus, the more valuable the warrant. Further, lengthier warrant terms provide more opportunity to exploit market highs. Based on the terms of the warrant and evidence of warrant holder activity, we estimate the expected term of the warrant to be equal to the underlying contractual term. We are also required to estimate the likelihood of a two year extension that would result from our exercise of the extension option. We remeasure this warrant liability at each reporting date and review our valuation assumptions at each respective valuation date. The assumptions used in calculating the fair value of the warrant represents management’s best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our warrant valuation could be materially different in the future.

Fiscal Year Convention

Exelixis adopted a 52- or 53-week fiscal year that generally ends on the Friday closest to December 31st. Fiscal year 2013, a 52-week year, ended on December 27, 2013, and fiscal year 2014, a 53-week year, will end on January 2, 2015. For convenience, references in this report as of and for the fiscal periods ended June 27, 2014 and June 28, 2013, and as of the fiscal year ended December 27, 2013, are indicated as ended June 30, 2014, June 30, 2013, and December 31, 2013, respectively.

Results of Operations

Revenues

Total revenues by category were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net product revenues	$ 6,562	$ 4,043	$ 11,467	$ 5,899
License revenues (1)	—	3,803	—	7,604
Contract revenues (2)	—	4,010	—	8,022
Total revenues	$ 6,562	$ 11,856	$ 11,467	$ 21,525
Dollar change	$ (5,294)		$ (10,058)	
Percentage change	(45)%		(47)%	

(1) Includes amortization of upfront payments.
(2) Includes contingent and milestone payments.

Net product revenues relate to the sale of COMETRIQ. The increase in net product revenues reflects the continued ramp up in sales of COMETRIQ following its commercial launch in the United States in January 2013. We estimate our domestic net product revenues by deducting from our gross product revenues (a) trade allowances, such as discounts for prompt payment, (b) estimated government rebates and chargebacks, and (c) estimated costs of patient assistance programs. Discounts and allowances were $0.3 million and $0.7 million for the three and six months ended June 30, 2014, respectively, as compared to $0.2 million and $0.3 million for the comparable periods in 2013. Our European distribution partner is entitled to receive a project management fee based upon the achievement of a pre-specified revenue goal which, when deemed probable, is ratably accrued as a reduction to gross revenue.

The decrease in license and contract revenue reflects our having fully recognized all revenues from our collaboration agreements with Bristol-Myers Squibb in 2013.

Total revenues by customer were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Diplomat Specialty Pharmacy	$ 6,126	$ 3,767	$ 10,951	$ 5,623
Other	436	276	516	276
Bristol-Myers Squibb	—	7,813	—	15,626
Total revenues	$ 6,562	$ 11,856	$ 11,467	$ 21,525
Dollar change	$ (5,294)		$ (10,058)	
Percentage change	(45)%		(47)%	

Cost of Goods Sold

Cost of goods sold is related to our product revenues and consists primarily of a 3% royalty we are required to pay GlaxoSmithKline, and to a lesser extent, indirect labor costs, the cost of manufacturing and other third party logistics costs for our product. A significant portion of the manufacturing costs for product sales were incurred prior to regulatory approval of COMETRIQ for the treatment of progressive, metastatic MTC and, therefore, were expensed as research and development costs when those costs were incurred, rather than capitalized as inventory.

The cost of goods sold and our gross margins were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Cost of goods sold	$ 477	$ 285	$ 786	$ 565
Gross margin	93%	93%	93%	90%

The cost of goods sold increased as a result of our increased sales of COMETRIQ. The cost of goods sold and product gross margins we have experienced in this early stage of our product launch may not be representative of what we may experience going forward.

Research and Development Expenses

Total research and development expenses were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Research and development expenses	$ 50,976	$ 49,077	$ 105,823	$ 81,812
Dollar change	$ 1,899		$ 24,011	
Percentage change	4%		29%	

Research and development expenses consist primarily of clinical trial expenses, personnel expenses, allocation of general corporate costs, consulting and outside services, expenses for temporary employees and stock-based compensation.

The increase in research and development expenses for the six months ended June 30, 2014, as compared to the comparable period in 2013, was predominantly driven by an increase in clinical trial costs, which includes services performed by third-party contract research organizations and other vendors who support our clinical trials. The increase in clinical trial costs was $16.5 million, or 36%, for the six months ended June 30, 2014 as compared to the comparable period in 2013. The increase in clinical trial costs related predominantly to clinical trial activities for METEOR, our phase 3 pivotal trial in metastatic RCC; COMET-2, one of our two our phase 3 pivotal trial in metastatic CRPC; CELESTIAL, our phase 3 pivotal trial in advanced HCC; and a new phase 2 trial of cabozantinib. The increases in costs for those trials was partially offset by lower clinical trial expenses as a result of the continued wind down of various studies for cabozantinib, most notably our randomized discontinuation trial and EXAM, our phase 3 pivotal trial in MTC.

For the three months ended June 30, 2014, as compared to the comparable period in 2013, there was a $1.6 million, or 5%, decrease in clinical trial costs, predominantly due to a $6.5 million comparator drug purchase during the second quarter of 2013 for METEOR as well as a decrease in activities for COMET-1 and the continued wind down of various other studies for cabozantinib, including our randomized discontinuation trial and EXAM. The decrease was offset in part by increases in other clinical trial costs for METEOR and COMET-2, our other phase 3 pivotal trial in metastatic CRPC.

There were additional increases in research and development expenses for the three and six months ended June 30, 2014 related to personnel, temporary personnel, and consulting and outside services. Personnel increased by $1.4 million and $3.5 million for the three and six months ended June 30, 2014, respectively, as compared to the comparable periods in 2013 primarily due to hiring undertaken as a result of increased clinical trial activities, as well as wage increases. Temporary personnel increased by $1.3 million and $2.3 million for the three and six months ended June 30, 2014, respectively, as compared to the comparable periods in 2013 primarily due to increased clinical trial activities. Consulting and outside services increased by $1.0 million and $1.8 million for the three and six months ended June 30, 2014, respectively, as compared to the comparable periods in 2013 primarily as a result of the engagement of additional medical science liaisons required to support our increased clinical trial activities.

Historically, we grouped our research and development expenses into three categories: development, drug discovery and other. As noted under “Overview”, we are focusing our development and commercialization efforts primarily on cabozantinib to maximize the therapeutic and commercial potential of this compound, and as a result, we expect nearly all of our future research and development expenses to relate to the clinical development of cabozantinib. Additionally, as a consequence of our focus on cabozantinib, we have discontinued all of our drug discovery efforts. As a result of this shift in business strategy and the limited relevance of the disclosure with respect to our current operations, we no longer disclose the breakdown of our research and development expenses by category.

We expect to continue to incur significant development costs for cabozantinib in future periods as we evaluate its potential in a variety of cancer indications through a broad development program, including two ongoing phase 3 pivotal trials in metastatic CRPC, a phase 3 pivotal trial in metastatic RCC, and an ongoing phase 3 pivotal trial in advanced HCC. We also expect to expand the cabozantinib development program to other solid tumor indications, based on encouraging interim data that have emerged from our phase 2 randomized discontinuation trial, as well as other clinical trials. In addition, postmarketing commitments in connection with the approvals of COMETRIQ in MTC dictate that we conduct additional studies in that indication.

We do not have reliable estimates regarding the timing of our clinical trials. We estimate that typical phase 1 clinical trials last approximately one year, phase 2 clinical trials last approximately one to two years and phase 3 clinical trials last approximately two to four years. However, the length of time may vary substantially according to factors relating to the particular clinical trial, such as the type and intended use of the drug candidate, the clinical trial design and the ability to enroll suitable patients.

We do not have reliable estimates of total costs for a particular drug candidate, or for cabozantinib for a particular indication, to reach the market. Our potential therapeutic products are subject to a lengthy and uncertain regulatory process that may involve unanticipated additional clinical trials and may not result in receipt of the necessary regulatory approvals. Failure to receive the necessary regulatory approvals would prevent us from commercializing the product candidates affected. In addition, clinical trials of our potential product candidates may fail to demonstrate safety and efficacy, which could prevent or significantly delay regulatory approval.

Selling, General and Administrative Expenses

Total selling, general and administrative expenses were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Selling, general and administrative expenses	$ 16,466	$ 13,180	$ 31,157	$ 23,725
Dollar change	$ 3,286		$ 7,432	
Percentage change	25%		31%	

Selling, general and administrative expenses consist primarily of personnel expenses, consulting and outside services, facility costs, employee stock-based compensation expense, marketing and patent costs.

Of the increases for the three and six months ended June 30, 2014, as compared to the comparable period in 2013, $1.9 million and $4.0 million, respectively, reflects increased personnel expenses, the majority of which is connected with the expansion of our U.S. sales force. The remaining increases for the three and six months ended June 30, 2014, as compared to the comparable period in 2013, were primarily the result of increases of $1.1 million and $2.1 million, respectively, of stock-based compensation expenses related to stock option grants to members of our Board of Directors and two separation agreements, and increases of $0.4 million and $1.0 million, respectively, of marketing expenses, including an increase in marketing expenses for cobimetinib under our collaboration agreement with Genentech.

Total Other Income (Expense), Net

Total other income (expense), net, were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Interest income and other, net	$ 359	$ 373	$ 2,490	$ 711
Interest expense	(12,081)	(11,239)	(23,843)	(22,296)
Total other expense, net	$ (11,722)	$ (10,866)	$ (21,353)	$ (21,585)
Dollar change	$ (856)		$ 232	
Percentage change	8%		(1)%	

Total other income (expense), net consists primarily of interest expense incurred on our debt, partially offset by interest income earned on our cash and investments and other non-operating gains and losses. Interest expense includes aggregate non-cash interest expense on both the 2019 Notes and the Deerfield Notes of $7.3 million and $14.3 million for the three and six months ended June 30, 2014, respectively, as compared to $6.5 million and $12.8 million for the same periods in 2013. Interest income and other, net for the three and six months ended June 30, 2014 includes $0.1 million and $1.9 million, respectively, in unrealized gain on the revaluation of the 2014 Deerfield Warrants.

Liquidity and Capital Resources

Sources and Uses of Cash

The following table summarizes our cash flow activities (in thousands):

	Six Months Ended June 30,	
	2014	2013
Net loss	$ (148,029)	$ (106,890)
Adjustments to reconcile net loss to net cash used in operating activities	23,910	23,668
Changes in operating assets and liabilities	(3,304)	(11,227)
Net cash used in operating activities	(127,423)	(94,449)
Net cash provided by investing activities	105,049	66,820
Net cash provided by (used in) financing activities	65,736	(10,666)
Net increase (decrease) in cash and cash equivalents	43,362	(38,295)
Cash and cash equivalents at beginning of period	103,978	170,069
Cash and cash equivalents at end of period	$ 147,340	$ 131,774

To date, we have financed our operations primarily through the sale of equity, payments and loans from collaborators and banks, debt financing arrangements and equipment financing facilities. We have also financed certain of our research and development activities under our agreements with various collaborators. As of June 30, 2014, we had $352.0 million in cash and investments, which included short- and long-term restricted cash and investments of $12.2 million and $10.8 million, respectively, and short- and long-term unrestricted investments of $86.2 million and $95.5 million, respectively, compared to $415.9 million in cash and investments, which included short- and long-term restricted cash and investments of $12.2 million and $16.9 million and short- and long-term unrestricted investments of $138.5 million and $144.3 million, respectively, as of December 31, 2013. As of June 30, 2014, we are required to maintain on deposit with Silicon Valley Bank or one of its affiliates short- and long-term unrestricted investments of $1.1 million and $81.7 million, respectively, pursuant to covenants in our loan and security agreement with Silicon Valley Bank, compared with $1.8 million and $81.9 million, respectively, as of December 31, 2013.

Operating Activities

Cash used in operating activities for the six months ended June 30, 2014 related primarily to our $138.1 million operating expenses for the period, less non-cash expenses for accretion of debt discount totaling $14.3 million on the Deerfield Notes and the 2019 Notes, stock-based compensation totaling $7.7 million, investment amortization totaling $2.1 million, and depreciation and amortization totaling $1.1 million. Our operating expenses were largely attributable to the development of cabozantinib. In addition, we paid $3.5 million for restructuring activities and made cash payments that resulted in a $4.9 million reduction in accounts payable and other accrued expenses during the period.

Cash used in operating activities for the six months ended June 30, 2013 related primarily to our $106.9 million operating expenses for the period, less non-cash expenses for stock-based compensation and depreciation and amortization totaling $5.6 million and $1.6 million, respectively. Our operating expenses were largely attributable to the development of cabozantinib. In addition, we paid $4.0 million for restructuring activities during the period. All of our license and contract revenues during the six months ended June 30, 2013 were non-cash, which was reflected in the $14.8 million reduction in deferred revenue during the period. Cash paid for interest was significantly lower than our interest expense due to non-cash expenses for accretion of $12.8 million.

Except for 2011, we have been in a net loss position since inception and our cash used in operating activities has been primarily driven by our net loss. Operating cash flows can differ from our consolidated net loss as a result of differences in the timing of cash receipts and earnings recognition and non-cash charges. Going forward for at least the next several years, we expect to continue to use cash for operating activities as we incur net losses associated with our research and development activities, primarily with respect to manufacturing and development expenses for cabozantinib.

Investing Activities

Cash provided by investing activities for the six months ended June 30, 2014 was primarily due to the maturity of unrestricted and restricted investments of $192.0 million, less investment purchases of $86.9 million.

Cash provided by investing activities for the six months ended June 30, 2013 was primarily due to the maturity of unrestricted and restricted investments of $219.8 million, less investment purchases of $151.5 million.

Financing Activities

Cash provided by our financing activities for the six months ended June 30, 2014 was primarily due to the issuance of 10.0 million shares of common stock in January 2014 for net proceeds of $75.6 million. The cash provided by the issuance of common stock was partially offset by principal payments on debt of $11.0 million.

Cash used for financing activities for the six months ended June 30, 2013 was primarily due to principal payments on debt of $11.6 million.

Proceeds from common stock and debt issuances are used for general working capital purposes, such as research and development activities and other general corporate purposes. Over the next several years, we are required to make certain payments on notes and bank obligations. See "--Certain Factors Important to Understanding Our Financial Condition and Results of Operations," for a description of those payment obligations.

Cash Requirements

We have incurred net losses since inception through the quarter ended June 30, 2014, with the exception of the 2011 fiscal year. We anticipate net losses and negative operating cash flow for the foreseeable future. For the six months ended June 30, 2014, we had a net loss of $148.0 million; as of June 30, 2014, we had an accumulated deficit of $1.6 billion. We commercially launched COMETRIQ for the treatment of progressive, metastatic MTC in the United States in late January 2013. From the commercial launch through June 30, 2014, we have generated $26.5 million in net revenues from the sale of COMETRIQ. We have derived substantially all of our revenues to date from collaborative research and development agreements. Revenues from research and development collaborations depend on research funding, the achievement of milestones, and royalties we earn from any future products developed from the collaborative 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. The amount of our net losses will depend, in part, on the rate of growth, if any, in our sales of COMETRIQ, license and contract revenues and on the level of our expenses. These losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. Our research and development expenditures and selling, general and administrative expenses have exceeded our revenues for each year other than 2011, and we expect to spend significant additional amounts to fund the continued development and commercialization of cabozantinib. As a result, we expect to continue to incur substantial operating expenses, and, consequently, we will need to generate significant additional revenues to achieve future profitability. Because of the numerous risks and uncertainties associated with developing drugs, we are unable to predict the extent of any future losses or when we will become profitable, if at all.

We anticipate that our current cash and cash equivalents, short- and long-term investments and product revenues will enable us to maintain our operations for a period of at least 12 months following the end of the second quarter of 2014. However, our future capital requirements will be substantial, and we may need to raise additional capital in the future. Our capital requirements will depend on many factors, and we may need to use available capital resources and raise additional capital significantly earlier than we currently anticipate. These factors include:

- the progress and scope of the development and commercialization activities with respect to cabozantinib;
- repayment of the 2019 Notes;
- repayment of the Deerfield Notes;
- repayment of our loan from Silicon Valley Bank;
- the commercial success of COMETRIQ and the revenues we generate;
- the level of payments received under existing collaboration agreements, licensing agreements and other arrangements;
- whether we enter into new collaboration agreements, licensing agreements or other arrangements (including, in particular, with respect to cabozantinib) that provide additional capital;
- our ability to control costs;
- our ability to remain in compliance with, or amend or cause to be waived, financial covenants contained in agreements with third parties;
- the amount of our cash and cash equivalents, short- and long-term investments that serve as collateral for bank lines of credit;
- future clinical trial results;
- our need to expand our product and clinical development efforts;

- the cost and timing of regulatory approvals;
- the cost of clinical and research supplies of our product candidates;
- our obligation to share U.S. marketing and commercialization costs for cobimetinib under our collaboration with Genentech;
- our ability to share the costs of our clinical development efforts with third parties;
- the effect of competing technological and market developments;
- the filing, maintenance, prosecution, defense and enforcement of patent claims and other intellectual property rights; and
- the cost of any acquisitions of or investments in businesses, products and technologies.

We may seek to raise funds through the sale of equity or debt securities or through external borrowings. In addition, we may enter into additional strategic partnerships, collaborative arrangements or other strategic transactions. It is unclear whether any such partnership, arrangement or transaction will occur, on satisfactory terms or at all, or what the timing and nature of such a partnership, arrangement or transaction may be. 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 certain business activities or our ability to incur further indebtedness, and may contain other terms that are not favorable to our stockholders or us. If we are unable to obtain adequate funds on reasonable terms, we may be required to curtail operations significantly or obtain funds by entering into financing, supply or collaboration agreements on unattractive terms or we may be required to relinquish rights to technology or product candidates or to grant licenses on terms that are unfavorable to us.

We may need to obtain additional funding in order to stay in compliance with financial covenants contained in our loan and security agreement with Silicon Valley Bank. The loan and security agreement requires that we maintain an amount equal to at least 100%, but not to exceed 107%, of the outstanding principal balance of the term loan and all equipment lines of credit under the loan and security agreement at all times in one or more investment accounts with Silicon Valley Bank or one of its affiliates as support for our obligations under the loan and security agreement. If the balance on our deposit account(s) falls below the required level for more than 10 days, Silicon Valley Bank may declare all or part of the obligations under the loan and security agreement to be immediately due and payable and stop advancing money or extending credit to us. If we are unable to remain in compliance with our financial covenants or if we are unable to renegotiate such covenants and the lender exercises its remedies under the agreement, we would not be able to operate under our current operating plan.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risks at June 30, 2014 have not changed significantly from those discussed in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission on February 20, 2014.

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and our long-term debt. As of June 30, 2014, and December 31, 2013, a decrease in the interest rates of one percentage point would have had a net adverse change in the fair value of interest rate sensitive assets and liabilities of $8.2 million and $8.2 million, respectively.

In addition, we have exposure to fluctuations in certain foreign currencies in countries in which we conduct clinical trials. As of June 30, 2014, and December 31, 2013, approximately $5.4 million and $4.9 million, respectively, of our clinical accrual balance was owed in foreign currencies. An adverse change of one percentage point in the foreign currency exchange rates would not have resulted in a material impact for any periods presented.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. Based on the evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act) required by Rules 13a-15(b) or 15d-15(b) of the Exchange Act, our Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Limitations on the Effectiveness of Controls. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within an organization have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our principal

executive officer and principal financial officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material legal proceedings. We may from time to time become a party to various legal proceedings arising in the ordinary course of business.

Item 1A. Risk Factors

In addition to the factors discussed elsewhere in this report and our other reports filed with the SEC, the following are important factors that could cause actual results or events to differ materially from those contained in any forward-looking statements made by us or on our behalf. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we deem immaterial also may impair our business operations. If any of the following risks or such other risks actually occurs, our business could be harmed.

We have marked with an asterisk (*) those risk factors below that reflect substantive changes in risks facing us from the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the Securities and Exchange Commission on February 20, 2014.

Risks Related to Our Need for Additional Financing and Our Financial Results

If additional capital is not available to us, we may be forced to delay, reduce or eliminate our product development programs or commercialization efforts and we may breach our financial covenants.*

We may need to raise additional capital to:

- fund our operations and clinical trials;
- continue our research and development efforts;
- commercialize cabozantinib or any other future product candidates, if any such candidates receive regulatory approval for commercial sale; and
- fund the U.S. marketing and commercialization costs for cobimetinib we are obligated to share under our collaboration with Genentech or any similar costs we are obligated to fund under collaborations we may enter into in the future.

As of June 30, 2014, we had $352.0 million in cash and investments, which included short- and long-term restricted cash and investments of $12.2 million and $10.8 million, respectively, and short- and long-term unrestricted investments of $86.2 million and $95.5 million, respectively. We are required to maintain on deposit with Silicon Valley Bank or one of its affiliates short- and long-term unrestricted investments of $1.1 million and $81.7 million, respectively, pursuant to covenants in our loan and security agreement with Silicon Valley Bank. We anticipate that our current cash and cash equivalents, short- and long-term investments and product revenues will enable us to maintain our operations for a period of at least 12 months following the end of the second quarter of 2014. However, our future capital requirements will be substantial, and we may need to raise additional capital in the future. Our capital requirements will depend on many factors, and we may need to use available capital resources and raise additional capital significantly earlier than we currently anticipate. These factors include:

- the progress and scope of the development and commercialization activities with respect to cabozantinib;
- repayment of our $287.5 million aggregate principal amount of the 2019 Notes, that mature on August 15, 2019, unless earlier converted, redeemed or repurchased;
- repayment of the $104.0 million principal amount outstanding of the Deerfield Notes, for which we will be required to make a mandatory prepayment in 2015 equal to 15% of certain revenues from collaborative arrangements (other than intercompany arrangements) received during the prior fiscal year, subject to a maximum prepayment amount of $27.5 million, and if we exercise our Extension option, for which we may be subject to similar mandatory prepayment obligations in 2016, 2017 and 2018, in each case unless we are able to repay the Deerfield Notes with our common stock, which we are only able to do under specified conditions;
- repayment of our term loan and line of credit from Silicon Valley Bank, which had an outstanding balance at June 30, 2014, of $81.1 million;
- the commercial success of COMETRIQ and the revenues we generate;
- the level of payments received under existing collaboration agreements, licensing agreements and other arrangements;

- whether we enter into new collaboration agreements, licensing agreements or other arrangements (including, in particular, with respect to cabozantinib) that provide additional capital;
- our ability to control costs;
- our ability to remain in compliance with, or amend or cause to be waived, financial covenants contained in agreements with third parties;
- the amount of our cash and cash equivalents, short- and long-term investments that serve as collateral for bank lines of credit;
- future clinical trial results;
- our need to expand our product and clinical development efforts;
- the cost and timing of regulatory approvals;
- the cost of clinical and research supplies of our product candidates;
- our obligation to share U.S. marketing and commercialization costs for cobimetinib under our collaboration with Genentech;
- our ability to share the costs of our clinical development efforts with third parties;
- the effect of competing technological and market developments;
- the filing, maintenance, prosecution, defense and enforcement of patent claims and other intellectual property rights; and
- the cost of any acquisitions of or investments in businesses, products and technologies.

We may seek to raise funds through the sale of equity or debt securities or through external borrowings. In addition, we may enter into additional strategic partnerships, collaborative arrangements or other strategic transactions. It is unclear whether any such partnership, arrangement or transaction will occur, on satisfactory terms or at all, or what the timing and nature of such a partnership, arrangement or transaction may be. 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 certain business activities or our ability to incur further indebtedness, and may contain other terms that are not favorable to our stockholders or us. If we are unable to obtain adequate funds on reasonable terms, we may be required to curtail operations significantly or obtain funds by entering into financing, supply or collaboration agreements on unattractive terms or we may be required to relinquish rights to technology or product candidates or to grant licenses on terms that are unfavorable to us.

We may need to obtain additional funding in order to stay in compliance with financial covenants contained in our loan and security agreement with Silicon Valley Bank. This agreement contains covenants or events of default requiring us to maintain specified collateral balances. The failure to comply with these covenants could result in an acceleration of the underlying debt obligations. If we are unable to remain in compliance with such covenants or if we are unable to renegotiate such covenants and the lender exercises its remedies under the agreement, we would not be able to operate under our current operating plan.

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 annual net losses since inception through the year ended June 30, 2014, with the exception of the 2011 fiscal year. We anticipate net losses and negative operating cash flow for the foreseeable future. For the six months ended June 30, 2014, we had a net loss of $148.0 million; as of June 30, 2014, we had an accumulated deficit of $1.6 billion. We commercially launched COMETRIQ for the treatment of progressive, metastatic MTC in the United States in late January 2013. From the commercial launch through June 30, 2014, we have generated $26.5 million in net revenues from the sale of COMETRIQ. We have derived substantially all of our revenues since inception from collaborative research and development agreements. Revenues from research and development collaborations depend on research funding, the achievement of milestones, and royalties we earn from any future products developed from the collaborative 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. The amount of our net losses will depend, in part, on the rate of growth, if any, in our sales of COMETRIQ, license and contract revenues and on the level of our expenses. These losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. Our research and development expenditures and general and administrative expenses have exceeded our revenues for each year other than 2011, and we expect to spend significant additional amounts to fund the continued development and commercialization of cabozantinib. As a result, we expect to continue to incur substantial operating expenses, and, consequently, we will need to generate significant additional revenues to achieve future profitability. Because of the numerous risks and uncertainties associated with developing drugs, we are unable to predict the extent of any future losses or whether or when we will become profitable, if at all.

Our significant level of indebtedness could limit cash flow available for our operations and expose us to risks that could adversely affect our business, financial condition and results of operations.

We incurred significant additional indebtedness and substantial debt service requirements as a result of our offering of the 2019 Notes in August 2012. As of June 30, 2014, our total consolidated indebtedness through maturity was $472.6 million (excluding trade payables). We may also incur additional indebtedness to meet future financing needs. If we incur additional indebtedness, it would increase our interest expense, leverage and operating and financial costs.

Our indebtedness could have significant negative consequences for our business, results of operations and financial condition, including:

- making it more difficult for us to meet our payment and other obligations under the 2019 Notes, the Deerfield Notes, our loan and security agreement with Silicon Valley Bank or our other indebtedness;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;
- increasing our vulnerability to adverse economic and industry conditions;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our loan and security agreement with Silicon Valley Bank;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of our cash flow available for other purposes, including clinical trials, research and development, capital expenditures, working capital and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business;
- preventing us from raising funds necessary to purchase the 2019 Notes in the event we are required to do so following a “Fundamental Change” as specified in the indenture governing the 2019 Notes, or to settle conversions of the 2019 Notes in cash;
- dilution experienced by our existing stockholders as a result of the conversion of the 2019 Notes or the Deerfield Notes into shares of common stock; and
- placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

We cannot assure you that we will continue to maintain sufficient cash reserves or that our business will continue to generate cash flow from operations at levels sufficient to permit us to pay principal, premium, if any, and interest on our indebtedness, or that our cash needs will not increase. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, or if we fail to comply with the various requirements of the 2019 Notes, the Deerfield Notes, our loan and security agreement with Silicon Valley Bank, or any indebtedness which we have incurred or may incur in the future, we would be in default, which would permit the holders or the Trustee of the 2019 Notes or other indebtedness to accelerate the maturity of such notes or other indebtedness and could cause defaults under the 2019 Notes, the Deerfield Notes, our loan and security agreement with Silicon Valley Bank or our other indebtedness. Any default under the 2019 Notes, the Deerfield Notes, our loan and security agreement with Silicon Valley Bank, or any indebtedness that we have incurred or may incur in the future could have a material adverse effect on our business, results of operations and financial condition.

If a Fundamental Change occurs, holders of the 2019 Notes may require us to purchase for cash all or any portion of their 2019 Notes at a purchase price equal to 100% of the principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to, but excluding, the Fundamental Change purchase date. We may not have sufficient funds to purchase the notes upon a Fundamental Change. In addition, the terms of any borrowing agreements which we may enter into from time to time may require early repayment of borrowings under circumstances similar to those constituting a Fundamental Change. Furthermore, any repurchase of 2019 Notes by us may be considered an event of default under such borrowing agreements.

We may not realize the expected benefits of our initiatives to control costs.

Managing costs is a key element of our business strategy. Consistent with this element of our strategy, and as a consequence of our decision to focus our proprietary resources and development efforts on the late-stage development and commercialization of cabozantinib, between March 2010 and May 2013 we implemented five restructurings, which resulted in an aggregate reduction in headcount of 429 employees. We have recorded aggregate restructuring charges of $53.7 million from inception through June 30, 2014 in connection with the restructurings and anticipate that we will incur additional

restructuring charges related to the exit of all or portions of certain of our buildings in South San Francisco, California. These charges will be recorded through the end of the building lease terms, the last of which ends in 2017.

As part of these restructurings, we have entered into sublease agreements for certain of our facilities in South San Francisco. We are still assessing our ability to sublease portions of our facilities in light of the workforce reductions as well as the potential for sublease income. Estimates for sublease income would require significant assumptions regarding the time required to contract with subtenants, the amount of idle space we would be able to sublease and potential future sublease rates. If we are able to vacate portions of our facilities, we would need to continue to update our estimate of the lease exit costs in our financial statements until we were able to negotiate an exit to the lease or negotiate a sublease for the remaining term of the lease.

If we experience excessive unanticipated inefficiencies or incremental costs in connection with restructuring activities, such as unanticipated inefficiencies caused by reducing headcount, we may be unable to meaningfully realize cost savings and we may incur expenses in excess of what we anticipate. Either of these outcomes could prevent us from meeting our strategic objectives and could adversely impact our results of operations and financial condition.

We are exposed to risks related to foreign currency exchange rates.

Most of our foreign expenses incurred are associated with establishing and conducting clinical trials for cabozantinib. The amount of expenses incurred will be impacted by fluctuations in the currencies of those countries in which we conduct clinical trials. Our agreements with the foreign sites that conduct such clinical trials generally provide that payments for the services provided will be calculated in the currency of that country, and converted into U.S. dollars using various exchange rates based upon when services are rendered or the timing of invoices. When the U.S. dollar weakens against foreign currencies, the U.S. dollar value of the foreign-currency denominated expense increases, and when the U.S. dollar strengthens against these currencies, the U.S. dollar value of the foreign-currency denominated expense decreases. Consequently, changes in exchange rates may affect our financial position and results of operations.

Global credit and financial market conditions could negatively impact the value of our current portfolio of cash equivalents, short-term investments or long-term investments and our ability to meet our financing objectives.

Our cash and cash equivalents are maintained in highly liquid investments with remaining maturities of 90 days or less at the time of purchase. Our short-term and long-term investments consist primarily of readily marketable debt securities with remaining maturities of more than 90 days at the time of purchase. While as of the date of this report we are not aware of any downgrades, material losses, or other significant deterioration in the fair value of our cash equivalents, short-term investments or long-term investments since June 30, 2014, no assurance can be given that a deterioration in conditions of the global credit and financial markets would not negatively impact our current portfolio of cash equivalents or investments or our ability to meet our financing objectives.

We may not achieve expected benefits as a result of changes to our corporate structure.

During 2013, we engaged in intercompany transactions with a newly established wholly-owned foreign subsidiary pursuant to which such subsidiary acquired the existing and future intellectual property rights to exploit cabozantinib in jurisdictions outside of the United States, and we may establish additional wholly-owned foreign subsidiaries in the future. We established this structure in anticipation of an increase in the international nature of our business activities and to reduce our overall effective tax rate through changes in how we develop and use our intellectual property and the structure of our international procurement and sales, including by entering into transfer-pricing arrangements that establish transfer prices for our intercompany transactions. One of our objectives is to achieve a reduction in our overall effective tax rate in the future as a result. There can be no assurance that the taxing authorities of the jurisdictions in which we determine to operate or to which we will otherwise be deemed to have sufficient tax nexus will not challenge the tax benefits that we expect to realize as a result of the new structure. In addition, future changes to U.S. or non-U.S. tax laws, including proposed legislation to reform U.S. taxation of international business activities, would negatively impact the anticipated tax benefits of the new structure. Any benefits to our tax rate will also depend on our ability to operate our business in a manner consistent with the new structure of our corporate organization and applicable taxing provisions, including by eliminating the amount of cash distributed to us by our subsidiaries. If the intended tax treatment is not accepted by the applicable taxing authorities, changes in tax law negatively impact the structure or we do not operate our business consistent with the new structure and applicable tax provisions, we may fail to achieve the financial efficiencies that we anticipate as a result of the changes to our corporate structure, and our future operating results and financial condition may be negatively impacted.

Risks Related to Cabozantinib

We are dependent on the successful development and commercialization of cabozantinib.

The success of our business is dependent upon the successful development and commercialization of cabozantinib. As part of our strategy, we are dedicating substantially all of our proprietary resources to advance cabozantinib as aggressively as possible. On November 29, 2012, the FDA approved cabozantinib for the treatment of progressive, metastatic MTC in the United States under the brand name COMETRIQ(R) and we commercially launched COMETRIQ in late January 2013. In March 2014, the European Commission approved cabozantinib for the treatment of adult patients with progressive, unresectable locally advanced or metastatic MTC, also under the brand name COMETRIQ. The European Commission granted conditional marketing authorization following a positive opinion from CHMP, issued in December 2013. We view the approvals of COMETRIQ by the FDA and European Commission for MTC as transitional events towards our objective of developing cabozantinib into a major oncology franchise. Our ability to realize this objective is contingent on, among other things, successful clinical development, regulatory approval and market acceptance of cabozantinib. If we encounter difficulties in the development of cabozantinib in other indications beyond MTC due to any of the factors discussed in this “Risk Factors” section or otherwise, or we do not receive regulatory approval in such indications or are unable to successfully commercialize cabozantinib in such other indications if approved, we will not have the resources necessary to continue our business in its current form.

The commercial success of cabozantinib will depend upon the degree of market acceptance of cabozantinib among physicians, patients, health care payors, and the medical community.

Our ability to commercialize cabozantinib for the approved MTC indication and potentially other indications, if approved, will be highly dependent upon the extent to which cabozantinib gains market acceptance among physicians, patients, health care payors such as Medicare and Medicaid, and the medical community. If cabozantinib does not achieve an adequate level of acceptance, we may not generate significant future product revenues, and we may not become profitable. The degree of market acceptance of cabozantinib will depend upon a number of factors, including:

- the effectiveness, or perceived effectiveness, of cabozantinib in comparison to competing products;
- the existence of any significant side effects of cabozantinib, as well as their severity in comparison to those of any competing products;
- potential advantages or disadvantages in relation to alternative treatments;
- the timing of market entry relative to competitive treatments;
- indications for which cabozantinib is approved;
- the ability to offer cabozantinib for sale at competitive prices;
- relative convenience and ease of administration;
- the strength of sales, marketing and distribution support; and
- sufficient third-party coverage or reimbursement.

If we are unable to establish and maintain adequate sales, marketing and distribution capabilities or enter into or maintain agreements with third parties to do so, we may be unable to successfully commercialize cabozantinib.

We have established a small internal commercial organization that we believe is commensurate with the size of the market opportunity for the applicable approved MTC indication in the United States and European Union. We have also designed our commercial organization to maintain flexibility, and to enable us to quickly scale up if additional indications are approved in the future. We believe we have created an efficient commercial organization, taking advantage of outsourcing options where prudent to maximize the effectiveness of our commercial expenditures. However, we may not be able to correctly judge the size and experience of the sales and marketing force and the scale of distribution necessary to successfully market and sell cabozantinib. Establishing and maintaining sales, marketing, and distribution capabilities are expensive and time-consuming. Such expenses may be disproportional compared to the revenues we may be able to generate on sales of cabozantinib and have an adverse impact on our results of operations. If we are unable to establish and maintain adequate sales, marketing and distribution capabilities, independently or with others, we may not be able to generate product revenues and our business may be adversely affected.

We currently rely on a single third party logistics provider to handle shipping and warehousing of our commercial supply of COMETRIQ and a single specialty pharmacy to dispense COMETRIQ to patients in fulfillment of prescriptions in the United States. We also rely on a third party, Sobi, to distribute and commercialize COMETRIQ for the treatment of the approved MTC indication primarily in the European Union and potentially other countries in the event that COMETRIQ is approved for commercial sale in those jurisdictions. Our current and anticipated future dependence upon the activities, and

legal and regulatory compliance, of these or other third parties may adversely affect our future profit margins and our ability to supply COMETRIQ to the marketplace on a timely and competitive basis. For example, if our third party logistics provider's warehouse suffers a fire or damage from another type of disaster, the commercial supply of COMETRIQ could be destroyed, resulting in a disruption in our commercialization efforts. These or other third parties may not be able to provide services in the time we require to meet our commercial timelines and objectives or to meet regulatory requirements. We may not be able to maintain or renew our arrangements with third parties, or enter into new arrangements, on acceptable terms, or at all. Third parties could terminate or decline to renew our arrangements based on their own business priorities, at a time that is costly or inconvenient for us. If we are unable to contract for logistics services or distribution of COMETRIQ on acceptable terms, our commercialization efforts may be delayed or otherwise adversely affected.

We are subject to certain healthcare laws, regulation and enforcement; our failure to comply with those laws could have a material adverse effect on our results of operations and financial condition.

We are subject to certain healthcare laws and regulations and enforcement by the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include, without limitation:

- the federal Anti-Kickback Law, which constrains our marketing practices, educational programs, pricing policies, and relationships with healthcare providers or other entities, by prohibiting, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs;
- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;
- federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts;
- the Foreign Corrupt Practices Act, a U.S. law which regulates certain financial relationships with foreign government officials (which could include, for example, certain medical professionals);
- federal and state consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers;
- state and federal government price reporting laws that require us to calculate and report complex pricing metrics to government programs, where such reported priced may be used in the calculation of reimbursement and/or discounts on our marketed drugs (participation in these programs and compliance with the applicable requirements may subject us to potentially significant discounts on our products, increased infrastructure costs, and potentially limit our ability to offer certain marketplace discounts); and
- state and federal marketing expenditure tracking and reporting laws, which generally require certain types of expenditures in the United States to be tracked and reported (compliance with such requirements may require investment in infrastructure to ensure that tracking is performed properly, and some of these laws result in the public disclosure of various types of payments and relationships, which could potentially have a negative effect on our business and/or increase enforcement scrutiny of our activities).

In addition, certain marketing practices, including off-label promotion, may also violate federal and state false claims laws. If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we, or our officers or employees, may be subject to penalties, including civil and criminal penalties, damages, fines, withdrawal of regulatory approval, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to sell COMETRIQ or operate our business and also adversely affect our financial results.

Numerous federal and state laws, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, govern the collection, use and disclosure of personal information. Other countries also have, or are developing, laws governing the collection, use and transmission of personal information. In addition, most healthcare providers who are expected to prescribe our products and from whom we obtain patient health information are subject to privacy and security requirements under the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA. Although we are not directly subject to HIPAA, we could be subject to criminal penalties if we knowingly obtain

individually identifiable health information from a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing amount of focus on privacy and data protection issues with the potential to affect our business, including recently enacted laws in a majority of states requiring security breach notification. These laws could create liability for us or increase our cost of doing business. International laws, such as the EU Data Privacy Directive (95/46/EC) and Swiss Federal Act on Data Protection, regulate the processing of personal data within Europe and between European countries and the United States. Failure to provide adequate privacy protections and maintain compliance with safe harbor mechanisms could jeopardize business transactions across borders and result in significant penalties.

If we are unable to obtain adequate coverage and reimbursement from third-party payors for cabozantinib, our revenues and prospects for profitability will suffer.

Our ability to successfully commercialize cabozantinib will be highly dependent on the extent to which coverage and reimbursement for it is, and will be, available from third-party payors, including governmental payors, such as Medicare and Medicaid, and private health insurers. Many patients will not be capable of paying for cabozantinib themselves and will rely on third-party payors to pay for, or subsidize, their medical needs. If third-party payors do not provide coverage or reimbursement for cabozantinib, our revenues and prospects for profitability will suffer. In addition, even if third-party payors provide some coverage or reimbursement for cabozantinib, the availability of such coverage or reimbursement for prescription drugs under private health insurance and managed care plans often varies based on the type of contract or plan purchased.

In addition, in some foreign countries, particularly the countries in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, price negotiations with governmental authorities can take six to twelve months or longer after the receipt of regulatory marketing approval for a product. To obtain reimbursement and/or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost effectiveness of cabozantinib to other available therapies. The conduct of such a clinical trial could be expensive and result in delays in the commercialization of cabozantinib. Third-party payors are challenging the prices charged for medical products and services, and many third-party payors limit reimbursement for newly-approved health care products. In particular, third-party payors may limit the indications for which they will reimburse patients who use cabozantinib. Cost-control initiatives could decrease the price we might establish for cabozantinib, which would result in lower product revenues to us.

Current healthcare laws and regulations and future legislative or regulatory reforms to the healthcare system may affect our ability to sell cabozantinib profitably.*

The United States and some foreign jurisdictions are considering or have enacted a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell cabozantinib profitably. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

For example, under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act of 2010, collectively referred to as the PPACA, enacted in March 2010, substantial changes have been made to the way healthcare is financed by both governmental and private insurers, and those changes are significantly impacting the pharmaceutical industry. Provisions of the PPACA relevant to the pharmaceutical industry include the following:

- an annual, nondeductible fee on any entity that manufactures or imports certain branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs, not including orphan drug sales;
- an increase in the rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13% of the average manufacturer price for most branded and generic drugs, respectively;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts on negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D;
- extension of manufacturers’ Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for certain individuals with income at or below 133% of the Federal Poverty Level beginning in 2014, thereby potentially increasing manufacturers’ Medicaid rebate liability;

- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
- new requirements to report annually certain financial arrangements with physicians and teaching hospitals, as defined in ACA and its implementing regulations, including reporting any payment or "transfer of value" provided to physicians and teaching hospitals and any ownership and investment interests held by physicians and their immediate family members during the preceding calendar year;
- expansion of healthcare fraud and abuse laws, including the federal False Claims Act and the federal Anti-Kickback Statute, new government investigative powers and enhanced penalties for noncompliance; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research, along with funding for such research.

The PPACA may change in the future.

As a result of the overall trend towards cost-effectiveness criteria and managed healthcare in the United States, third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement of new drugs. They may use tiered reimbursement and may adversely affect demand for cabozantinib by placing it in an expensive tier. They may also refuse to provide any coverage of uses of approved products for medical indications other than those for which the FDA has granted market approvals. As a result, significant uncertainty exists as to whether and how much third-party payors will reimburse for newly approved drugs, which in turn will put pressure on the pricing of drugs. Further, we do not have experience in ensuring approval by applicable third-party payors outside of the United States for coverage and reimbursement of cabozantinib. We also anticipate pricing pressures in connection with the sale of cabozantinib due to the increasing influence of health maintenance organizations and additional legislative proposals.

Our competitors may develop products and technologies that make cabozantinib obsolete.*

The pharmaceutical industry is highly fragmented and is characterized by rapid technological change. In particular, the area of kinase-targeted therapies is a rapidly evolving and competitive field. We face, and will continue to face, intense competition from biotechnology, biopharmaceutical 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. Some of our competitors are further along in the development of their products than we are. In addition, delays in the development of cabozantinib for the treatment of additional tumor types beyond the approved MTC indication could allow our competitors to bring products to market before us, which would impair our ability to commercialize cabozantinib in such tumor types. Our future success will depend upon our ability to maintain a competitive position with respect to technological advances. The markets for which we intend to pursue regulatory approval of cabozantinib are highly competitive. 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 staff and facilities, more experience in obtaining regulatory approvals and more extensive product manufacturing and commercial capabilities than we do. 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. There may also be drug candidates of which we are not aware at an earlier stage of development that may compete with cabozantinib. In addition, cabozantinib may compete with existing therapies that have long histories of use, such as chemotherapy and radiation treatments in cancer indications.

We believe that the principal competing anti-cancer therapy to COMETRIQ in the approved MTC indication is AstraZeneca's RET, VEGFR and EGFR inhibitor vandetanib, which has been approved by the FDA and the European Commission for the treatment of symptomatic or progressive MTC in patients with unresectable, locally advanced or metastatic disease. In addition, we believe that COMETRIQ also faces competition as a treatment for the approved MTC indication from off-label use of Bayer's and Onyx Pharmaceuticals' (a wholly-owned subsidiary of Amgen) multikinase inhibitor sorafenib, Pfizer's multikinase inhibitor sunitinib, and Ariad Pharmaceutical's multikinase inhibitor ponatinib.

We believe that if cabozantinib is approved for the treatment of the indications for which we currently have ongoing phase 3 pivotal trials, its potential principal competition in such indications may include the following:

- CRPC (castration-resistant prostate cancer): Bayer's and Algeta's alpha-pharmaceutical radium 223; Janssen Biotech's CYP17 inhibitor abiraterone; Medivation's androgen receptor inhibitor enzalutamide; and chemotherapeutic agents, including Sanofi's cabazitaxel and generic docetaxel;
- RCC (renal cell cancer): Pfizer's axitinib, sunitinib and temsirolimus; Novartis' everolimus; Bayer's and Onyx Pharmaceuticals' sorafenib; GlaxoSmithKline's pazopanib; and Genentech's bevacizumab; and

- HCC (hepatocellular cancer): Bayer's and Onyx Pharmaceuticals' sorafenib; Bayer's regorafenib; and ArQule's tivantinib.

Examples of potential competition for cabozantinib in other cancer indications include: other VEGF pathway inhibitors, including Genentech's bevacizumab; other RET inhibitors including Eisai's lenvatinib; other MET inhibitors, including Amgen's AMG 208, Pfizer's crizotinib and Genentech's onartuzumab; and immune checkpoint agents such as ipilimumab, nivolimab and pembrolizumab.

We lack the manufacturing capabilities and experience necessary to enable us to produce cabozantinib for clinical development or for commercial sale and rely on third parties to do so, which subjects us to various risks.

We do not have the manufacturing capabilities or experience necessary to enable us to produce materials for our clinical trials or for commercial sale of cabozantinib and rely on third party contractors to do so. These third parties must comply with applicable regulatory requirements, including the FDA's current Good Manufacturing Practices, or cGMP. Our current and anticipated future dependence upon these third parties may adversely affect our future profit margins and our ability to develop and commercialize cabozantinib on a timely and competitive basis. These third parties may not be able to produce material on a timely basis or manufacture material at the quality or in the quantity required to meet our development and commercial timelines and applicable regulatory requirements. We may not be able to maintain or renew our existing third party manufacturing and supply arrangements, or enter into new arrangements, on acceptable terms, or at all. Our third party manufacturers and suppliers could terminate or decline to renew our manufacturing and supply arrangements based on their own business priorities, at a time that is costly or inconvenient for us. If we are unable to contract for the production of materials in sufficient quantity and of sufficient quality on acceptable terms, our clinical trials and commercialization efforts may be delayed or otherwise adversely affected.

Our third-party manufacturers may not be able to comply with the cGMP regulations, other applicable FDA regulatory requirements or similar regulations applicable outside of the United States. Additionally, if we are required to enter into new manufacturing or supply arrangements, we may not be able to obtain approval from the FDA of any alternate manufacturer or supplier in a timely manner, or at all, which could delay or prevent the clinical development and commercialization of cabozantinib. Failure of our third party manufacturers or suppliers or us to obtain approval from the FDA or to comply with applicable regulations could result in sanctions being imposed on us, including fines, civil penalties, delays in or failure to grant marketing approval of cabozantinib, injunctions, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products and compounds, operating restrictions and criminal prosecutions, any of which could have a significant adverse effect on our business. In addition, cabozantinib requires precise, high-quality manufacturing. The failure to achieve and maintain these high manufacturing standards, including the incidence of manufacturing errors, could result in patient injury or death, product recalls or withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that could have also a significant adverse effect on our business.

Clinical testing of cabozantinib is a lengthy, costly, complex and uncertain process and may fail to demonstrate safety and efficacy.

Cabozantinib is being evaluated in a comprehensive development program for the treatment of CRPC, RCC, HCC and a variety of other indications beyond the approved MTC indication. Clinical trials are inherently risky and may reveal that cabozantinib is ineffective or has unacceptable toxicity or other side effects that may significantly decrease the likelihood of regulatory approval in such indications.

The results of preliminary studies do not necessarily predict clinical or commercial success, and later-stage clinical trials may fail to confirm the results observed in earlier-stage trials or preliminary studies. Although we have established timelines for manufacturing and clinical development of cabozantinib based on existing knowledge of our compounds in development and industry metrics, we may not be able to meet those timelines.

We may experience numerous unforeseen events, during or as a result of clinical testing, that could delay or prevent commercialization of cabozantinib for the treatment of CRPC, RCC, HCC and other indications, including:

- cabozantinib may not prove to be efficacious or may cause, or potentially cause, harmful side effects;
- negative or inconclusive clinical trial results may require us to conduct further testing or to abandon projects that we had expected to be promising;
- our competitors may discover or commercialize other compounds or therapies that show significantly improved safety or efficacy compared to cabozantinib;
- patient registration or enrollment in our clinical testing may be lower than we anticipate, resulting in the delay or cancellation of clinical testing; and

- regulators or institutional review boards may withhold authorization of cabozantinib, or delay, suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or their determination that participating patients are being exposed to unacceptable health risks.

If we were to have significant delays in or termination of our clinical testing of cabozantinib as a result of any of the events described above or otherwise, our expenses could increase and our ability to generate revenues could be impaired, either of which could adversely impact our financial results.

We have limited experience in conducting clinical trials and may not be able to rapidly or effectively continue the further development of cabozantinib or meet current or future requirements of the FDA or regulatory authorities in other jurisdictions, including those identified based on our discussions with the FDA or such other regulatory authorities. Our planned clinical trials may not begin on time, or at all, may not be completed on schedule, or at all, may not be sufficient for registration of cabozantinib or may not result in an approvable product.

Completion of clinical trials may take several years or more, but the length of time generally varies substantially according to the type, complexity, novelty and intended use of cabozantinib. The duration and the cost of clinical trials may vary significantly over the life of a project as a result of factors relating to the clinical trial, including, among others:

- the number of patients who ultimately participate in the clinical trial;
- the duration of patient follow-up that is appropriate in view of the results or required by regulatory authorities;
- the number of clinical sites included in the trials; and
- the length of time required to enroll suitable patient subjects.

Any delay could limit our ability to generate revenues, cause us to incur additional expense and cause the market price of our common stock to decline significantly. Our partners under our collaboration agreements may experience similar risks with respect to the compounds we have out-licensed to them. If any of the events described above were to occur with such programs or compounds, the likelihood of receipt of milestones and royalties under such collaboration agreements could decrease.

If third parties upon which we rely do not perform as contractually required or expected, we may not be able to obtain regulatory approval for or commercialize cabozantinib for the treatment of additional indications beyond the approved MTC indication.

We do not have the ability to independently conduct clinical trials for cabozantinib, including our postmarketing commitments in connection with the approvals of COMETRIQ in MTC, and we rely on third parties we do not control such as the federal government (including NCI-CTEP, with whom we have our CRADA), third-party contract research organizations, or CROs, medical institutions, clinical investigators and contract laboratories to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our preclinical development activities or clinical trials may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for or commercialize cabozantinib for additional indications beyond the approved MTC indication in the United States and European Union.

Cabozantinib is 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 cabozantinib.

Cabozantinib, as well as the activities associated with its research, development and commercialization, are subject to extensive regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in other countries. Failure to obtain regulatory approval for cabozantinib would prevent us from promoting its use. We have only limited experience in preparing and filing the applications necessary to gain regulatory approvals. The process of obtaining regulatory approvals in the United States and other foreign jurisdictions is expensive, and often takes many years, if approval is obtained at all, and can vary substantially based upon the type, complexity and novelty of the product candidates involved. For example, before an NDA or NDA supplement can be submitted to the FDA, or Marketing Authorization Application to the European Medicines Agency or any application or submission to regulatory authorities in other jurisdictions, the product candidate must undergo extensive clinical trials, which can take many years and require substantial expenditures.

In December 2011, we initiated COMET-2, our first phase 3 pivotal trial of cabozantinib in patients with metastatic CRPC, with pain response as the primary efficacy endpoint for the trial. We were not able to reach a timely agreement with the FDA for a Special Protocol Assessment, or SPA, on the proposed design and analysis of the COMET-2 trial. We originally submitted the proposed protocol for this trial using primary endpoints of pain reduction and bone scan response to the FDA in June 2011 with a request for a SPA. The FDA's final response prior to our discontinuation of the SPA process, which we

received in October 2011, raised the following concerns regarding the COMET-2 trial design in the context of its consideration of a SPA for the trial, among other comments:

- a concern about the ability to maintain blinding of the trial due to differences in toxicity profiles between cabozantinib and mitoxantrone;
- a view that the assumed magnitude of pain improvement is modest and could represent a placebo effect or be attained with less toxicity by opioid therapy;
- a view that symptomatic improvement should be supported by evidence of anti-tumor activity, an acceptable safety profile and lack of survival decrement. The FDA also expressed the view that if the effect that we believe cabozantinib will have on pain is mediated by anti-tumor activity, that anti-tumor activity should translate into an improvement in overall survival; and
- a recommendation that if we use pain response as a primary efficacy endpoint, that we conduct two adequate and well-controlled trials to demonstrate effectiveness as, according to the FDA, a conclusion based on two persuasive studies will always be more secure. The FDA advised that for a single randomized trial to support an NDA, the trial must be well designed, well conducted, internally consistent and provide statistically persuasive efficacy findings so that a second trial would be ethically or practically impossible to perform.

In the context of its consideration of a SPA for the COMET-2 trial, the FDA also recommended that overall survival be the primary efficacy endpoint. The final FDA response prior to our discontinuation of the SPA process stated that we could choose to conduct the trial in the absence of a SPA agreement. We elected to proceed with initiation of the COMET-2 trial and the COMET-1 trial, and to discontinue further attempts to secure a SPA agreement with respect to the COMET-2 trial. We initiated the COMET-2 trial with a pain palliation endpoint in December 2011 and the COMET-1 trial with an overall survival endpoint in May 2012.

Any clinical trial may fail to produce results satisfactory to the FDA or regulatory authorities in other jurisdictions. For example, the FDA could determine that the design of a clinical trial is inadequate to produce reliable results. The regulatory process also requires preclinical testing, and data obtained from preclinical and clinical activities are susceptible to varying interpretations. The FDA has substantial discretion in the approval process and may refuse to approve any NDA (regardless of prior receipt of a SPA) or decide that our data is insufficient for approval and require additional preclinical, clinical or other studies. For example, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent regulatory approval of cabozantinib.

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. Changes in regulatory approval policy, regulations or statutes or the process for regulatory review during the development or approval periods of cabozantinib may cause delays in the approval or rejection of an application.

Even if the FDA or a comparable authority in another jurisdiction approves cabozantinib, the approval may impose significant restrictions on the indicated uses, conditions for use, labeling, distribution, advertising, promotion, marketing and/or production of cabozantinib and may impose ongoing requirements for post-approval studies, including additional research and development and clinical trials. For example, in connection with the FDA's approval of COMETRIQ for the treatment of progressive, metastatic MTC, we are subject to the various postmarketing requirements, including a requirement to conduct a phase 2 clinical trial comparing a lower dose of COMETRIQ to the approved dose of 140 mg daily COMETRIQ in progressive, metastatic MTC and to conduct other clinical pharmacology and preclinical studies. These agencies also may impose various civil or criminal sanctions for failure to comply with regulatory requirements, including withdrawal of product approval.

Risks Related to Our Relationships with Third Parties

We are dependent upon our collaborations with major companies, which subjects us to a number of risks.*

We have established collaborations with leading pharmaceutical and biotechnology companies, including Genentech, Bristol-Myers Squibb, Sanofi, Merck (known as MSD outside of the United States and Canada) and Daiichi Sankyo, for the development and ultimate commercialization of certain compounds generated from our research and development efforts. We may pursue collaborations for selected unpartnered preclinical and clinical programs and compounds. Our dependence on our relationships with existing collaborators for the development and commercialization of compounds under the collaborations subjects us to, and our dependence on future collaborators for development and commercialization of additional compounds will subject us to, a number of risks, including:

- we may not be able to control the amount of U.S. marketing and commercialization costs for cobimetinib we are obligated to share under our collaboration with Genentech;

- we are not able to control the amount and timing of resources that our collaborators or potential future collaborators will devote to the development or commercialization of drug candidates or to their marketing and distribution;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a drug candidate, repeat or conduct new clinical trials or require a new formulation of a drug candidate for clinical testing;
- disputes may arise between us and our collaborators that result in the delay or termination of the research, development or commercialization of our drug candidates or that result in costly litigation or arbitration that diverts management's attention and resources;
- collaborators may experience financial difficulties;
- collaborators may not be successful in their efforts to obtain regulatory approvals in a timely manner, or at all;
- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- business combinations or significant changes in a collaborator's business strategy may adversely affect a collaborator's willingness or ability to complete its obligations under any arrangement;
- a collaborator could independently move forward with a competing drug candidate developed either independently or in collaboration with others, including our competitors;
- we may be precluded from entering into additional collaboration arrangements with other parties in an area or field of exclusivity;
- future collaborators may require us to relinquish some important rights, such as marketing and distribution rights; and
- collaborations may be terminated or allowed to expire, which would delay, and may increase the cost of development of our drug candidates.

If any of these risks materialize, we may not receive collaboration revenue or otherwise realize anticipated benefits from such collaborations, our product development efforts could be delayed and our business, operating results and financial condition could be adversely affected.

We may be unable to establish collaborations for selected preclinical and clinical compounds.

We may pursue new collaborations with leading pharmaceutical and biotechnology companies for the development and ultimate commercialization of selected preclinical and clinical programs and compounds, particularly those drug candidates for which we believe that the capabilities and resources of a partner can accelerate development and help to fully realize their therapeutic and commercial potential. We may not be able to negotiate additional collaborations on acceptable terms, or at all. We are unable to predict when, if ever, we will enter into any additional collaborations because of the numerous risks and uncertainties associated with establishing additional collaborations. If we are unable to negotiate additional collaborations, we may not be able to realize value from a particular drug candidate.

Risks Related to Our Intellectual Property

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 upon our ability to obtain patents and maintain adequate protection of the intellectual property related to our technologies and products. The patent positions of biopharmaceutical 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. We will continue to apply for patents covering our technologies and products as, where and when we deem appropriate. However, these applications may be challenged or may fail to result in issued patents. In addition, because patent applications can take many years to issue, third parties may have pending applications, unknown to us, which may later result in issued patents that cover the production, manufacture, commercialization or use of our product candidates. 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 or invalidated or may fail to provide us with any competitive advantages, if, for example, others were the first to invent or to file patent applications for closely related inventions.

The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties (for example, the patent owner has failed to "work" the invention in that country or the third party has patented improvements). In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. Compulsory licensing of life-saving drugs is also becoming increasingly popular in developing countries either through direct legislation or international initiatives. Such compulsory licenses could be extended to include our products or product candidates, which could limit our potential revenue opportunities. Moreover, the legal systems of certain countries, particularly certain developing countries, do not favor the aggressive enforcement of patent and other intellectual property protection, which makes it difficult to stop infringement. We rely on trade secret protection for some of 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 upon our ability to avoid infringing patents and proprietary rights of third parties and not to breach any licenses that we have entered into with regard to our technologies and the technologies of third parties. 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 obtain licenses from third parties, which may not be available on commercially reasonable terms, or at all, and may require us to pay substantial royalties, grant a cross-license to some of our patents to another patent holder or redesign the formulation of a product candidate so that we do not infringe third-party patents, which may be impossible to obtain or could require substantial time and expense.

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 on their 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.

We may be subject to damages resulting from claims that we, our employees or independent contractors have wrongfully used or disclosed alleged trade secrets of their former employers.

Many of our employees and independent contractors were previously employed at universities or other biotechnology, biopharmaceutical or pharmaceutical companies, including our competitors or potential competitors. We may be subject to claims that these employees, independent contractors or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers, or used or sought to use patent inventions belonging to their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and divert management's attention. If we fail in defending such claims, in addition to paying money claims, we may lose valuable intellectual property rights or personnel. A loss of key research personnel and/or their work product could hamper or prevent our ability to commercialize certain product candidates, which could severely harm our business.

Risks Related to Employees and Location

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

We are highly dependent upon 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. Also, we may not have sufficient personnel to execute our business plan. Retaining and, where necessary, recruiting qualified clinical and scientific personnel will be critical to support activities related to advancing our clinical and preclinical development programs, and supporting our collaborative arrangements and our internal proprietary research and development efforts. The

restructurings we have engaged in could have an adverse impact on our ability to retain and recruit qualified personnel. Competition is intense for experienced clinical personnel, and we may be unable to retain or recruit clinical personnel with the expertise or experience necessary to allow us to pursue collaborations, develop our products and core technologies or expand our operations to the extent otherwise possible. Further, all of our employees are employed "at will" and, therefore, may leave our employment at any time.

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

We work with scientific and clinical advisors and collaborators at academic and other institutions that assist us in our research and development efforts. These advisors and collaborators are not our employees and may have other commitments that limit their availability to us. Although these 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 such a circumstance, we may lose work performed by them, and our development efforts with respect to the matters on which they were working may be significantly delayed or otherwise adversely affected. In addition, although our 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 headquarters are located near known earthquake fault zones, and the occurrence of an earthquake or other disaster could damage our facilities and equipment, which could harm our operations.

Our headquarters are located in South San Francisco, California, and therefore our facilities are vulnerable to damage from earthquakes. We do not carry earthquake insurance. We are also vulnerable to damage from other types of disasters, including fire, floods, power loss, communications failures, terrorism and similar events since any insurance we may maintain may not be adequate to cover our losses. If any disaster were to occur, our ability to operate our business at our facilities could 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. Accordingly, an earthquake or other disaster could materially and adversely harm our ability to conduct business.

Security breaches may disrupt our operations, subject us to liability and harm our operating results.

Our network security and data recovery measures may not be adequate to protect against computer viruses, break-ins, and similar disruptions from unauthorized tampering with our computer systems. The misappropriation, theft, sabotage or any other type of security breach with respect to any of our proprietary and confidential information that is electronically stored, including research or clinical data, could subject us to liability and have a material adverse impact on our business, operating results and financial condition. Additionally, any break-in or trespass at our facilities that results in the misappropriation, theft, sabotage or any other type of security breach with respect to our proprietary and confidential information, including research or clinical data, or that results in damage to our research and development equipment and assets, could subject us to liability and have a material adverse impact on our business, operating results and financial condition.

Risks Related to Environmental and Product Liability

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 and 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 face liability for any injury or contamination that results from our use or the use by third parties of these materials, and such 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. In the event of a lawsuit or investigation, we could be held responsible for any injury caused to persons or property by exposure to, or release of, these hazardous materials used 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.

We face potential product liability exposure far in excess of our limited insurance coverage.

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. Regardless of merit or eventual outcome, product liability claims could result in decreased demand for our product candidates, injury to our reputation, withdrawal of patients from our clinical

trials, substantial monetary awards to third parties and the inability to commercialize any products that we may develop. These claims might be made directly by consumers, health care providers, pharmaceutical companies or others selling or testing our products. We have obtained limited product liability insurance coverage for our clinical trials and commercial activities for cabozantinib in the amount of $15.0 million per occurrence and $15.0 million in the aggregate. However, our insurance may not reimburse us or may not be sufficient to reimburse us for expenses or losses we may suffer. Moreover, if insurance coverage becomes more expensive, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. On occasion, juries have awarded large judgments in class action lawsuits for claims based on drugs that had unanticipated side effects. In addition, the pharmaceutical, biopharmaceutical and biotechnology industries, in general, have been subject to significant medical malpractice litigation. A successful product liability claim or series of claims brought against us could harm our reputation and business and would decrease our cash reserves.

Risks Related to Our Common Stock and the 2019 Notes

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 to volatility, including:

- the progress and scope of our development and commercialization activities;
- the commercial success of COMETRIQ and the revenues we generate;
- recognition of upfront licensing or other fees or revenues;
- payments of non-refundable upfront or licensing fees, or payment for cost-sharing expenses, to third parties;
- acceptance of our technologies and platforms;
- the success rate of our efforts leading to milestone payments and royalties;
- the introduction of new technologies or products by our competitors;
- the timing and willingness of collaborators to further develop or, if approved, commercialize our product candidates out-licensed to them;
- our ability to enter into new collaborative relationships;
- the termination or non-renewal of existing collaborations;
- the timing and amount of expenses incurred for clinical development and manufacturing of cabozantinib;
- adjustments to expenses accrued in prior periods based on management’s estimates after the actual level of activity relating to such expenses becomes more certain;
- the impairment of acquired goodwill and other assets;
- the impact of our restructuring activities; 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. If we fail to achieve anticipated levels of revenues, whether due to the expiration or termination of existing contracts, our failure to obtain new contracts, our inability to meet milestones or for other reasons, we may not be able to correspondingly reduce our operating expenses, which could 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 securities analysts and investors, which could result in a decline in the price of our common stock.

Our stock price may be extremely volatile.

The trading price of our common stock has been highly volatile, and we believe the trading price of our common stock will remain highly volatile and may fluctuate substantially due to factors such as the following, many of which we cannot control:

- adverse results or delays in our or our collaborators’ clinical trials;

- announcement of FDA approval or non-approval, or delays in the FDA review process, of cabozantinib or our collaborators' product candidates or those of our competitors or actions taken by regulatory agencies with respect to our, our collaborators' or our competitors' clinical trials;
- the commercial success of COMETRIQ and the revenues we generate;
- the timing of achievement of our clinical, regulatory, partnering and other milestones, such as the commencement of clinical development, the completion of a clinical trial, the filing for regulatory approval or the establishment of collaborative arrangements for cabozantinib or any of our other programs or compounds;
- actions taken by regulatory agencies with respect to cabozantinib or our clinical trials for cabozantinib;
- the announcement of new products by our competitors;
- quarterly variations in our or our competitors' results of operations;
- developments in our relationships with our collaborators, including the termination or modification of our agreements;
- conflicts or litigation with our collaborators;
- litigation, including intellectual property infringement and product liability lawsuits, involving us;
- failure to achieve operating results projected by securities analysts;
- changes in earnings estimates or recommendations by securities analysts;
- financing transactions;
- developments in the biotechnology, biopharmaceutical or pharmaceutical industry;
- sales of large blocks of our common stock or sales of our common stock by our executive officers, directors and significant stockholders;
- departures of key personnel or board members;
- developments concerning current or future collaborations;
- FDA or international regulatory actions;
- third-party reimbursement policies;
- disposition of any of our subsidiaries, technologies or compounds; and
- general market, economic and political conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

These factors, as well as general economic, political and market conditions, may materially adversely affect the market price of our common stock. Excessive volatility may continue for an extended period of time following the date of this report.

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 or conversion of our convertible notes, or the perception that such sales or conversions may occur, may depress our stock price.

A substantial number of shares of our common stock is reserved for issuance upon conversion of the 2019 Notes, upon the exercise of stock options, upon vesting of restricted stock unit awards, upon sales under our employee stock purchase program, upon exercise of certain warrants issued to Deerfield and upon conversion of the Deerfield Notes. The issuance and sale of substantial amounts of our common stock, including upon conversion of the 2019 Notes or the Deerfield Notes, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock and impair our ability to raise capital through the sale of additional equity or equity-related securities in the future at a time and price that we deem appropriate. Trading of the 2019 Notes is likely to influence and be influenced by the market for our common stock. For example, the price of our common stock could be affected by possible sales of common stock by investors who view the 2019 Notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that we expect to occur involving our common stock.

The accounting method for convertible debt securities that may be settled in cash, such as the 2019 Notes, could have a material effect on our reported financial results.

Under Accounting Standards Codification, or ASC, Subtopic 470-20, issuers of certain convertible debt instruments that have a net settlement feature and may be settled in cash upon conversion, including partial cash settlement, are required to separately account for the liability (debt) and equity (conversion option) components of the instrument. As a result of the

application of ASC 470-20, we recognized $143.2 million as the initial debt discount with a corresponding increase to paid-in capital, the equity component, for the 2019 Notes. We will be required to record the amortization of this debt discount over the terms of the 2019 Notes, which may adversely affect our reported or future financial results and the market price of our common stock. In addition, if the 2019 Notes become convertible, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2019 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. Finally, we use the if-converted method to compute earnings per share, which could be more dilutive than using the treasury stock method.

Certain provisions applicable to the 2019 Notes and the Deerfield Notes could delay or prevent an otherwise beneficial takeover or takeover attempt

Certain provisions applicable to the 2019 Notes and the indenture pursuant to which the 2019 Notes were issued, and the Deerfield Notes and the note purchase agreement governing the Deerfield Notes, could make it more difficult or more expensive for a third party to acquire us. For example, if an acquisition event constitutes a Fundamental Change under the indenture for the 2019 Notes or a Major Transaction under the note purchase agreement governing the Deerfield Notes, holders of the 2019 Notes or the Deerfield Notes, applicable, will have the right to require us to purchase their notes in cash. In addition, if an acquisition event constitutes a Make-Whole Fundamental Change under the indenture for the 2019 Notes, we may be required to increase the conversion rate for holders who convert their 2019 Notes in connection with such Make-Whole Fundamental Change. In any of these cases, and in other cases, our obligations under the 2019 Notes and the indenture pursuant to which such notes were issued and the Deerfield Notes and the note purchase agreement governing the Deerfield Notes, as well as provisions of our organizational documents and other agreements, could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent or deter attempts by our stockholders to replace or remove our current management, which could cause the market price of our common stock to decline.

Provisions in our corporate charter and bylaws may discourage, delay or prevent an acquisition of our company, a change in control, or attempts by our stockholders to replace or remove members of our current Board of Directors. Because our Board of Directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These provisions include:

- a classified Board of Directors;
- a prohibition on actions by our stockholders by written consent;
- the inability of our stockholders to call special meetings of stockholders;
- the ability of our Board of Directors to issue preferred stock without stockholder approval, which could be used to institute a “poison pill” that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our Board of Directors;
- limitations on the removal of directors; and
- advance notice requirements for director nominations and stockholder proposals.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

(a) Exhibits

See the Exhibit Index immediately following the signature page to this Quarterly Report on Form 10-Q, which is incorporated by reference here.

SIGNATURES

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.

EXELIXIS, INC.

July 31, 2014	/s/ DEBORAH BURKE
Date	**Deborah Burke**
	Vice President and Interim Chief Financial Officer
	(Duly Authorized Officer and Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporation by Reference				Filed Herewith
		Form	File Number	Exhibit/ Appendix Reference	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Exelixis, Inc.	10-K	000-30235	3.1	3/10/2010	
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Exelixis, Inc.	10-K	000-30235	3.2	3/10/2010	
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Exelixis, Inc.	8-K	000-30235	3.1	5/25/2012	
3.4	Amended and Restated Bylaws of Exelixis, Inc.	8-K	000-30235	3.1	12/5/2011	
4.1	Specimen Common Stock Certificate.	S-1, as amended	333-96335	4.1	4/7/2000	
4.2	Form of Note, dated July 1, 2010, in favor of Deerfield Private Design International, L.P.	10-Q	000-30235	10.1 (Exhibit A-1)	8/5/2010	
4.3	Form of Note, dated July 1, 2010, in favor of Deerfield Private Design Fund, L.P.	10-Q	000-30235	10.1 (Exhibit A-2)	8/5/2010	
4.4	Form of Amended and Restated Secured Convertible Note issuable to entities affiliated with Deerfield Management Company, L.P.	8-K	000-30235	10.1 (Exhibit A)	1/22/2014	
4.5	Registration Rights Agreement dated January 22, 2014 by and among Exelixis, Inc., Deerfield Partners, L.P. and Deerfield International Master Fund, L.P.	8-K	000-30235	4.2	1/22/2014	
4.6	Form of Warrant to Purchase Common Stock of Exelixis, Inc. issued to Deerfield Partners, L.P. and Deerfield International Master Fund, L.P.	8-K	000-30235	4.1	1/22/2014	
4.7	Indenture dated August 14, 2012 by and between Exelixis, Inc. and Wells Fargo Bank, National Association	8-K	000-30235	4.1	8/14/2012	
4.8	First Supplemental Indenture dated August 14, 2012 to Indenture dated August 14, 2012 by and between Exelixis, Inc. and Wells Fargo Bank, National Association	8-K	000-30235	4.2	8/14/2012	
4.9	Form of 4.25% Convertible Senior Subordinated Note due 2019	8-K	000-30235	4.2 (Exhibit A)	8/14/2012	
10.1	Exelixis, Inc. 2014 Equity Incentive Plan	8-K	000-30235	10.1	5/29/2014	
10.2	Form of Stock Option Agreement under the Exelixis, Inc. 2014 Equity Incentive Plan					X
10.3	Form of Stock Option Agreement (International) under the Exelixis, Inc. 2014 Equity Incentive Plan					X
10.4	Form of Stock Option Agreement (Non-Employee Director) under the Exelixis, Inc. 2014 Equity Incentive Plan					X

Exhibit Number	Exhibit Description	Incorporation by Reference				Filed Herewith
		Form	File Number	Exhibit/ Appendix Reference	Filing Date	
10.5	Form of Restricted Stock Unit Agreement under the Exelixis, Inc. 2014 Equity Incentive Plan					X
10.6	Form of Stock Option Agreement (International) under the Exelixis, Inc. 2011 Equity Incentive Plan					X
10.7	Transition and Consulting Agreement, dated May 7, 2014, between Exelixis, Inc. and Frank Karbe					X
10.8	Offer Letter Agreement, dated May 9, 2005, between Exelixis, Inc. and Deborah Burke					X
10.9	Special One-Time Bonus Memorandum for Deborah Burke dated May 15, 2014					X
10.10*	Collaboration Agreement, dated May 27, 2009, between Exelixis, Inc. and Sanofi					X
12.1	Statement Re Computation of Earnings to Fixed Charges					X
31.1	Certification required by Rule 13a-14(a) or Rule 15d-14(a).					X
31.2	Certification required by Rule 13a-14(a) or Rule 15d-14(a).					X
32.1‡	Certification by the Chief Executive Officer and the Chief Financial Officer of Exelixis, Inc., as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

* Confidential treatment requested for certain portions of this exhibit.

‡ This certification accompanies this Quarterly Report on Form 10-Q, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Exelixis, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

EXELIXIS, INC.
2014 EQUITY INCENTIVE PLAN

OPTION AGREEMENT

(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)

Pursuant to your Notice of Grant of Stock Option ("***Grant Notice***") and this Option Agreement and in consideration of your services, Exelixis, Inc. (the "***Company***") has granted you an option under its 2014 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Your option is granted to you effective as of the Date of Grant set forth in the Grant Notice. This Option Agreement shall be deemed to be agreed to by the Company and you upon the signing or electronically accepting by you of the Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Option Agreement shall have the same meanings given to them in the Plan. In the event of any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan shall control. The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. VESTING. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. In the event that you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (i.e., a "***Non-Exempt Employee***"), you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant specified in your Grant Notice, notwithstanding any other provision of your option.

4. METHOD OF PAYMENT. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or by any of the following methods ***unless prohibited by your Grant Notice***:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the

Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) Subject to the consent of the Company at the time of exercise, if the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from you to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided further, however, that shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter to the extent that (1) shares are used to pay the exercise price pursuant to the "net exercise," (2) shares are delivered to you as a result of such exercise, and (3) shares are withheld to satisfy tax withholding obligations.

5. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

6. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

7. TERM. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, Disability or death, provided that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option shall not expire until the earlier of the expiration date indicated in your Grant Notice (the "***Expiration Date***") or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; and provided further that if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant specified in your Grant Notice, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option shall not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant specified in your Grant Notice or (B) the date that is three (3) months after the termination of your Continuous Service, or (y) the Expiration Date;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability;

(d) eighteen (18) months after your death if you die during your Continuous Service; or

(e) the Expiration Date indicated in your Grant Notice.

Notwithstanding the foregoing, if you die during the period provided in Section 7(b) or 7(c) above, the term of your option shall not expire until the earlier of eighteen (18) months after your death or the Expiration Date indicated in your Grant Notice.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your option and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

8. EXERCISE.

(a) You may exercise the vested portion of your option during its term by delivering a notice (in a form designated by the Company) or taking such other action as the Company may require together with delivering the exercise price to the Secretary of the Company, or to such other person as the Company may designate (such as any broker designated by the Company to

effect option exercises) during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the date of your option grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

9. TRANSFERABILITY. Except as otherwise provided in this Section 9, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust, provided that you and the trustee enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order, official marital settlement agreement or other divorce or separation instrument to help ensure the required information is contained within the domestic relations order, official marital settlement agreement or other divorce or separation instrument. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(c) Beneficiary Designation. By delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect option exercises, designate a third party who, in the event of your death, shall

thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate shall be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

10. OPTION NOT A SERVICE CONTRACT.

(a) Your Continuous Service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Option Agreement (including, but not limited to, the vesting of your option pursuant to the schedule set forth in Section 1 herein or the issuance of the shares upon exercise of your option), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Option Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Option Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Option Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this option, you acknowledge and agree that the right to continue vesting in the option pursuant to the schedule set forth in Section 1 is earned only by continuing as an employee, director or consultant at the will of the Company (not through the act of being hired, being granted this option or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “reorganization”). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Option Agreement, including but not limited to, the termination of the right to continue vesting in the option. You further acknowledge and agree that this Option Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Option Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company’s right to terminate your Continuous Service at any time, with or without cause and with or without notice.

11. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with the exercise of your option (the "***Withholding Taxes***"). Additionally, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your option by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; or (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the exercise of your option with a Fair Market Value (measured as of the date of exercise) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

(b) If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to this Section 11 shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock unless such obligations are satisfied.

12. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the

Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

13. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

15. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's insider trading policy, including the policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time.

16. MISCELLANEOUS.

(a) The rights and obligations of the Company under your option shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns. Your rights and obligations under your option may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

17. SEVERABILITY. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

18. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the option subject to this Option Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

19. CHOICE OF LAW. The interpretation, performance and enforcement of this Option Agreement will be governed by the law of the state of California without regard to such state's conflicts of laws rules.

20. AMENDMENT. This Option Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Option Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Option Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Option Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation,

ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of your option which is then subject to restrictions as provided herein.

Exhibit 10.3

EXELIXIS, INC.
2014 EQUITY INCENTIVE PLAN

OPTION AGREEMENT (INTERNATIONAL)
(NONSTATUTORY STOCK OPTION)

Pursuant to your Notice of Grant of Stock Option (International) ("***Grant Notice***") and this Option Agreement (International) and in consideration of your services, Exelixis, Inc. (the "***Company***") has granted you an option under its 2014 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Your option is granted to you effective as of the Date of Grant set forth in the Grant Notice. This Option Agreement (International) shall be deemed to be agreed to by the Company and you upon the signing or electronically accepting by you of the Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Option Agreement (International) shall have the same meanings given to them in the Plan. In the event of any conflict between the terms in this Option Agreement (International) and the Plan, the terms of the Plan shall control. The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. VESTING. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share in United States dollars referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

3. METHOD OF PAYMENT. Payment of the exercise price and any Withholding Taxes (as defined below) is due in full in United States dollars upon exercise of all or any part of your option. All amounts due are payable in United States dollars calculated by reference to the local currency to United States dollar exchange rate published in the Wall Street Journal on the date of exercise (or if the date of exercise is not a business day in the United States, the next available business day in the United States). You may elect to make payment of the exercise price in cash or by check or by any of the following methods ***unless prohibited by your Grant Notice***:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of

Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) Subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from you to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided further, however, that shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter to the extent that (1) shares are used to pay the exercise price pursuant to the "net exercise," (2) shares are delivered to you as a result of such exercise, and (3) shares are withheld to satisfy Withholding Tax obligations.

4. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

5. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option including, without limitation, the laws and regulations of your country of residence, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations. You further understand that the Company is under no obligation to register or qualify the Common Stock with any state or foreign securities commission or regulator, or to seek approval or clearance from any foreign governmental authority for the issuance or sale of the Common Stock. Further, you agree that the Company shall have unilateral authority to amend the Plan and this Option Agreement (International) to the extent necessary to comply with securities or other laws applicable to the issuance of the Common Stock.

6. TERM. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, Disability or death, *provided that* if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option shall not expire until the earlier of the expiration date indicated in your Grant Notice (the ***"Expiration Date"***) or until it shall have been

exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability;

(d) eighteen (18) months after your death if you die during your Continuous Service; or

(e) the Expiration Date indicated in your Grant Notice.

Notwithstanding the foregoing, if you die during the period provided in Section 6(b) or 6(c) above, the term of your option shall not expire until the earlier of eighteen (18) months after your death or the Expiration Date indicated in your Grant Notice.

7. EXERCISE.

(a) You may exercise the vested portion of your option during its term by delivering a notice (in a form designated by the Company) or taking such other action as the Company may require together with delivering the exercise price to the Secretary of the Company, or to such other person as the Company may designate (such as any broker designated by the Company to effect option exercises) during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any Withholding Tax obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

8. TRANSFERABILITY. Except as otherwise provided in this Section 8, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you. By delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect option exercises, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate shall be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

9. OPTION NOT A SERVICE CONTRACT.

(a) Your Continuous Service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause. Nothing in this Option Agreement (International) (including,

but not limited to, the vesting of your option pursuant to the schedule set forth in Section 1 herein or the issuance of the shares upon exercise of your option), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Option Agreement (International) or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Option Agreement (International) or the Plan unless such right or benefit has specifically accrued under the terms of this Option Agreement (International) or Plan; or (iv) deprive the Company of the right to terminate your employment with the Company or an Affiliate or services agreement with the Company or an Affiliate, in accordance with applicable law and any employment or services agreement between you and the Company or an Affiliate, and without regard to any future vesting opportunity that you may have.

(b) By accepting this option, you acknowledge and agree that the right to continue vesting in the option pursuant to the schedule set forth in Section 1 is earned only by continuing as an employee, director or consultant to the Company or an Affiliate (not through the act of being hired, being granted this option or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Option Agreement (International), including but not limited to, the termination of the right to continue vesting in the option. You further acknowledge and agree that this Option Agreement (International), the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Option Agreement (International), for any period, or at all, and shall not interfere in any way with your right or the right of the Company or an Affiliate to terminate your Continuous Service at any time, with or without cause and in accordance with any applicable employment or services agreement and applicable law.

10. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you (to the maximum extent permitted by applicable law) and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with the exercise of your option (the "***Withholding Taxes***"). Additionally, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your option by any of the following means or by a combination of such means (to the maximum extent permitted by applicable law): (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; or (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in

connection with the exercise of your option with a Fair Market Value (measured as of the date of exercise) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(b) You may not exercise your option unless the Withholding Tax obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock unless such obligations are satisfied. You acknowledge that regardless of any action taken by the Company or an Affiliate, the ultimate responsibility for Withholding Taxes is and remains your responsibility and may exceed the amount actually withheld by the Company or an Affiliate. You further acknowledge that the Company and/or its Affiliates make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of your option including, but not limited to, the grant, vesting or exercise of the option, the subsequent sale of the shares of Common Stock acquired pursuant to such exercise and the receipt of any dividends. Further, if you are subject to Withholding Taxes in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or any Affiliate may be required to withhold or account for Withholding Taxes in more than one jurisdiction.

11. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code (if applicable) only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

12. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, fourteen (14) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

13. PERSONAL DATA. You understand that your employer, if applicable, the Company or an Affiliate, holds certain personal information about you, including but not limited to your name, home address, telephone number, date of birth, social security or equivalent tax identification

number, salary, nationality, job title, and details of all shares granted, cancelled, vested, unvested, or outstanding (the "***Personal Data***"). Certain Personal Data may also constitute "***Sensitive Personal Data***" or similar under applicable local law and be subject to additional restrictions on collection, processing and use of the same under such laws. Such data include but are not limited to Personal Data and any changes thereto, and other appropriate personal and financial data about you. You hereby provide express consent to the Company or an Affiliate to collect, hold, and process any such Personal Data and Sensitive Personal Data. You also hereby provide express consent to the Company or any Affiliate to transfer any such Personal Data and Sensitive Personal Data outside the country in which you are employed or in which your services are retained, including transfers to the United States. The legal persons for whom such Personal Data are intended are the Company and any broker company providing services to the Company in connection with the administration of the Plan. You have been informed of your right to access and correct your Personal Data and/or Sensitive Personal Data by applying to the Company.

14. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

15. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's insider trading policy, including the policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time.

16. ADDITIONAL ACKNOWLEDGEMENTS. You hereby consent and acknowledge that:

(a) Participation in the Plan is voluntary and therefore you must accept the terms and conditions of the Plan and this option as a condition to participating in the Plan and receipt of this option.

(b) The Plan is discretionary in nature and the Company can amend, cancel, or terminate it at any time.

(c) This option and any other options under the Plan are voluntary and occasional and do not create any contractual or other right to receive future options or other benefits in lieu of future options, even if similar options have been granted repeatedly in the past.

(d) All determinations with respect to any such future options, including, but not limited to, the time or times when such options are made, the number of shares of Common

Stock, and performance and other conditions applied to the options, will be at the sole discretion of the Company.

(e) The value of the shares of Common Stock and this option is an extraordinary item of compensation, which is outside the scope of your employment, service contract or consulting agreement, if any. This option shall not form part of any past, current or future entitlement to remuneration or benefits which you may have under any contract of employment with the Company or any Affiliate, nor form any part of any such contract of employment between you and the Company or any Affiliate.

(f) The shares of Common Stock, this option, or any income derived therefrom are not paid in lieu of any cash salary compensation and not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, life or accident insurance benefits, pension or retirement benefits or similar payments.

(g) If your Continuous Service is terminated involuntarily, your eligibility to receive shares of Common Stock or payments under the option or the Plan, if any, will terminate effective as of the date that you are no longer actively employed or retained regardless of any reasonable notice period mandated under local law, except as expressly provided in this option.

(h) The future value of the shares of Common Stock is unknown and cannot be predicted with certainty.

(i) You do not have, and will not assert, any claim or entitlement to compensation, indemnity or damages arising from the termination of this option or diminution in value of the shares of Common Stock and you irrevocably release the Company, its Affiliates and, if applicable, your employer, if different from the Company, from any such claim that may arise.

(j) The Plan and this option set forth the entire understanding between you, the Company and any Affiliate regarding the acquisition of the shares of Common Stock and supersedes all prior oral and written agreements pertaining to this option.

17. LANGUAGE. If you have received this Option Agreement (International), or any other document related to the option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

18. MISCELLANEOUS.

(a) The rights and obligations of the Company under your option shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns. Your rights and obligations under your option may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement (International) shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement (International) shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

19. SEVERABILITY. If all or any part of this Option Agreement (International) or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Option Agreement (International) or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (International) (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the option subject to this Option Agreement (International) shall not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

21. CHOICE OF LAW. The interpretation, performance and enforcement of this Option Agreement (International) will be governed by the law of the state of California without regard to such state's conflicts of laws rules.

22. AMENDMENT. This Option Agreement (International) may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Option Agreement (International) may be amended solely by the Board by a writing which specifically states that it is amending this Option Agreement (International), so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Option Agreement (International) in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision,

provided that any such change shall be applicable only to rights relating to that portion of your option which is then subject to restrictions as provided herein.

Exhibit 10.4

EXELIXIS, INC.
2014 EQUITY INCENTIVE PLAN

OPTION AGREEMENT (NON-EMPLOYEE DIRECTORS)
(NONSTATUTORY STOCK OPTION)

Pursuant to your Notice of Grant of Stock Option ("***Grant Notice***") and this Option Agreement (Non-Employee Directors) and in consideration of your services, Exelixis, Inc. (the "***Company***") has granted you an option under its 2014 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Your option is granted to you effective as of the Date of Grant set forth in the Grant Notice. This Option Agreement (Non-Employee Directors) shall be deemed to be agreed to by the Company and you upon the signing or electronically accepting by you of the Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Option Agreement (Non-Employee Directors) shall have the same meanings given to them in the Plan. In the event of any conflict between the terms in this Option Agreement (Non-Employee Directors) and the Plan, the terms of the Plan shall control. The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows.

The details of your option are as follows:

1. VESTING. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

3. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE"). Subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option shall be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise shall be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement; and

(c) you shall enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred.

4. METHOD OF PAYMENT. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or by any of the following methods ***unless prohibited by your Grant Notice***:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) Subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from you to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided further, however, that shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter to the extent that (1) shares are used to pay the exercise price pursuant to the "net exercise," or (2) shares are delivered to you as a result of such exercise.

5. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

6. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option must also comply with other applicable laws and regulations governing your option, and you may not

exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

7. TERM. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) three (3) years after the termination of your Continuous Service for any reason (including your Disability or death), provided that if during any part of such three- (3-) year period your option is not exercisable solely because of the condition set forth in the preceding paragraph relating to "Securities Law Compliance," your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) years after the termination of your Continuous Service; or

(b) the Expiration Date indicated in your Grant Notice.

8. EXERCISE.

(a) You may exercise your option during its term by delivering a notice (in a form designated by the Company) or taking such other action as the Company may require together with delivering the exercise price to the Secretary of the Company, or to such other person as the Company may designate (such as any broker designated by the Company to effect option exercises) during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

9. TRANSFERABILITY. Your option is not transferable, except (i) by will or by the laws of descent and distribution, and (ii) to such further extent as permitted by the Rule as to Use of Form S-8 specified in the General Instructions of the Form S-8 Registration Statement under the Securities Act. Your option is exercisable during your life only by you or a transferee satisfying the above-stated conditions. The right of a transferee to exercise the transferred portion of your option after termination of your Continuous Service shall terminate in accordance with your right to exercise your option as specified in your option. In the event that your Continuous Service terminates due to your death, your transferee will be treated as a person who acquired the right to exercise your option by bequest or inheritance. In addition to the foregoing, the Company may require, as a condition of the transfer of your option to a trust or by gift, that your transferee enter into an option

transfer agreement provided by, or acceptable to, the Company. The terms of your option shall be binding upon your transferees, executors, administrators, heirs, successors, and assigns. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option. In the absence of such a designation, your executor or administrator of your estate shall be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

10. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option shall obligate the Company or an Affiliate, their respective stockholders, Boards of Directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

11. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

12. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

13. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control

14. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's insider trading policy, including the policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time.

15. MISCELLANEOUS.

(a) The rights and obligations of the Company under your option shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns. Your rights and obligations under your option may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement (Non-Employee Directors) shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement (Non-Employee Directors) shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

16. SEVERABILITY. If all or any part of this Option Agreement (Non-Employee Directors) or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Option Agreement (Non-Employee Directors) or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (Non-Employee Directors) (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

17. CHOICE OF LAW. The interpretation, performance and enforcement of this Option Agreement (Non-Employee Directors) will be governed by the law of the state of California without regard to such state's conflicts of laws rules.

18. AMENDMENT. This Option Agreement (Non-Employee Directors) may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Option Agreement (Non-Employee Directors) may be amended solely by the Board by a writing which specifically states that it is amending this Option Agreement (Non-Employee Directors), so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Option Agreement (Non-Employee Directors) in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of your option which is then subject to restrictions as provided herein.

Exhibit 10.5

EXELIXIS, INC.
2014 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Restricted Stock Unit Grant Notice ("***Grant Notice***") and this Restricted Stock Unit Agreement and in consideration of your services, Exelixis, Inc. (the "***Company***") has awarded you a Restricted Stock Unit Award (the "***Award***") under its 2014 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Restricted Stock Unit Agreement shall be deemed to be agreed to by the Company and you upon the signing or electronically accepting by you of the Restricted Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Restricted Stock Unit Agreement shall have the same meanings given to them in the Plan. In the event of any conflict between the terms in this Restricted Stock Unit Agreement and the Plan, the terms of the Plan shall control. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of shares of Common Stock subject to the Award. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than past and future services to the Company) with respect to your receipt of the Award, the vesting of the shares or the delivery of the underlying Common Stock.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the shares credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

3. NUMBER OF SHARES.

(a) The number of shares subject to your Award may be adjusted from time to time for Capitalization Adjustments.

(b) Any shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other shares covered by your Award.

(c) Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. The Board shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 3.

4. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not be issued any shares under your Award unless the shares of Common Stock subject to your Award are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. TRANSFERABILITY. Except as otherwise provided in this Section 5, your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 6 of this Restricted Stock Unit Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your Award to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the Award is held in the trust, provided that you and the trustee enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your Award pursuant to a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulations Section 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company prior to finalizing the domestic relations

order, official marital settlement agreement or other divorce or separation instrument to help ensure the required information is contained within the domestic relations order, official marital settlement agreement or other divorce or separation instrument.

(c) Beneficiary Designation. By delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death pursuant to this Restricted Stock Unit Agreement. In the absence of such a designation, your executor or administrator of your estate shall be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death.

6. DATE OF ISSUANCE.

(a) The Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested shares subject to your Award, including any additional shares received pursuant to Section 3 above that relate to those vested shares on the applicable vesting date(s). However, if a scheduled delivery date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day.

(b) Notwithstanding the foregoing, in the event that (i) you are subject to the Company's insider trading policy, including the policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time (collectively the "***Policy***"), you are subject to a lock-up agreement (a "***Lock-Up Agreement***") with one or more underwriters or placement agents in connection with an offering or other placement of securities by the Company, or you are otherwise prohibited from selling shares of the Company's Common Stock in the public market and any shares covered by your Award are scheduled to be delivered on a day (the "***Original Distribution Date***") that (A) does not occur during an open "window period" applicable to you or a day on which you are permitted to sell shares of the Company's common stock covered by your Award pursuant to a written plan that meets the requirements of Rule 10b5-1 under the Exchange Act, as determined by the Company in accordance with the Policy, (B) occurs within a period during which transactions in Company securities by you are prohibited under the terms of a Lock-Up Agreement (a "***Lock-Up Period***") or (C) does not occur on a date when you are otherwise permitted to sell shares of the Company's common stock on the open market, and (ii) the Company elects not to satisfy its tax withholding obligations by withholding shares from your distribution, then such shares shall not be delivered on such Original Distribution Date and shall instead be delivered, as applicable, on the (X) the first business day of the next occurring open "window period" applicable to you pursuant to the Policy (regardless of whether you are still providing Continuous Service at such time), (Y) the first business day immediately following the end of the Lock-Up Period, or (Z) the next business day on which you are not otherwise prohibited from selling shares of the Company's Common Stock in the open market, but in no event later than the fifteenth (15th) day of the third

calendar month of the calendar year following the calendar year in which the Original Distribution Date occurs. The form of such delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

8. RESTRICTIVE LEGENDS. The shares issued under your Award shall be endorsed with appropriate legends determined by the Company.

9. AWARD NOT A SERVICE CONTRACT.

(a) Your Continuous Service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Restricted Stock Unit Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in Section 2 herein or the issuance of the shares subject to your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Restricted Stock Unit Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Restricted Stock Unit Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Restricted Stock Unit Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in Section 2 is earned only by continuing as an employee, director or consultant at the will of the Company (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Restricted Stock Unit Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Restricted Stock Unit Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule

set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Restricted Stock Unit Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your Continuous Service at any time, with or without cause and with or without notice.

10. WITHHOLDING OBLIGATIONS.

(a) On or before the time you receive a distribution of the shares subject to your Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with your Award (the "***Withholding Taxes***"). Additionally, the Company may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; or (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued to you pursuant to Section 6) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

(b) Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any shares of Common Stock subject to your Award.

(c) In the event the Company's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

11. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Restricted Stock Unit Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Restricted Stock Unit Agreement until such shares are issued to you pursuant to Section 6 of this Restricted Stock Unit Agreement. Upon such issuance, you

will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Restricted Stock Unit Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

12. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Policy.

13. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) This Restricted Stock Unit Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Restricted Stock Unit Agreement shall be binding on any successor to the Company, whether the existence of such

successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

15. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control. In addition, your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

16. SEVERABILITY. If all or any part of this Restricted Stock Unit Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Restricted Stock Unit Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Restricted Stock Unit Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

17. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Restricted Stock Unit Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

18. CHOICE OF LAW. The interpretation, performance and enforcement of this Restricted Stock Unit Agreement will be governed by the law of the state of California without regard to such state's conflicts of laws rules.

19. AMENDMENT. This Restricted Stock Unit Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Restricted Stock Unit Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Restricted Stock Unit Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to

change, by written notice to you, the provisions of this Restricted Stock Unit Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

Exhibit 10.6

International

EXELIXIS, INC.
2011 EQUITY INCENTIVE PLAN

OPTION AGREEMENT (INTERNATIONAL)
(NONSTATUTORY STOCK OPTION)

Pursuant to your Notice of Grant of Stock Option (International) ("***Grant Notice***") and this Option Agreement (International) and in consideration of your services, Exelixis, Inc. (the "***Company***") has granted you an option under its 2011 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Your option is granted to you effective as of the Date of Grant set forth in the Grant Notice. This Option Agreement (International) shall be deemed to be agreed to by the Company and you upon the signing or electronically accepting by you of the Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Option Agreement (International) shall have the same meanings given to them in the Plan. In the event of any conflict between the terms in this Option Agreement (International) and the Plan, the terms of the Plan shall control. The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. VESTING. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share in United States dollars referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

3. METHOD OF PAYMENT. Payment of the exercise price and any Withholding Taxes (as defined below) is due in full in United States dollars upon exercise of all or any part of your option. All amounts due are payable in United States dollars calculated by reference to the local currency to United States dollar exchange rate published in the Wall Street Journal on the date of exercise (or if the date of exercise is not a business day in the United States, the next available business day in the United States). You may elect to make payment of the exercise price in cash or by check or by any of the following methods ***unless prohibited by your Grant Notice***:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) Subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from you to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided further, however, that shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter to the extent that (1) shares are used to pay the exercise price pursuant to the "net exercise," (2) shares are delivered to you as a result of such exercise, and (3) shares are withheld to satisfy Withholding Tax obligations.

4. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

5. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option including, without limitation, the laws and regulations of your country of residence, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations. You further understand that the Company is under no obligation to register or qualify the Common Stock with any state or foreign securities commission or regulator, or to seek approval or clearance from any foreign governmental authority for the issuance or sale of the Common Stock. Further, you agree that the Company shall have unilateral authority to amend the Plan and this Option Agreement (International) to the extent necessary to comply with securities or other laws applicable to the issuance of the Common Stock.

6. TERM. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, Disability or death, *provided that* if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above

relating to "Securities Law Compliance," your option shall not expire until the earlier of the expiration date indicated in your Grant Notice (the ***"Expiration Date"***) or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability;

(d) eighteen (18) months after your death if you die during your Continuous Service; or

(e) the Expiration Date indicated in your Grant Notice.

Notwithstanding the foregoing, if you die during the period provided in Section 6(b) or 6(c) above, the term of your option shall not expire until the earlier of eighteen (18) months after your death or the Expiration Date indicated in your Grant Notice.

7. EXERCISE.

(a) You may exercise the vested portion of your option during its term by delivering a notice (in a form designated by the Company) or taking such other action as the Company may require together with delivering the exercise price to the Secretary of the Company, or to such other person as the Company may designate (such as any broker designated by the Company to effect option exercises) during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any Withholding Tax obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

8. TRANSFERABILITY. Except as otherwise provided in this Section 8, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you. By delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect option exercises, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate shall be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

9. OPTION NOT A SERVICE CONTRACT.

(a) Your Continuous Service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause. Nothing in this Option Agreement (International) (including, but not limited to, the vesting of your option pursuant to the schedule set forth in Section 1 herein or the issuance of the shares upon exercise of your option), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Option Agreement (International) or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Option Agreement (International) or the Plan unless such right or benefit has specifically accrued under the terms of this Option Agreement (International) or Plan; or (iv) deprive the Company of the right to terminate your employment with the Company or an Affiliate or services agreement with the Company or an Affiliate, in accordance with applicable law and any employment or services agreement between you and the Company or an Affiliate, and without regard to any future vesting opportunity that you may have.

(b) By accepting this option, you acknowledge and agree that the right to continue vesting in the option pursuant to the schedule set forth in Section 1 is earned only by continuing as an employee, director or consultant to the Company or an Affiliate (not through the act of being hired, being granted this option or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Option Agreement (International), including but not limited to, the termination of the right to continue vesting in the option. You further acknowledge and agree that this Option Agreement (International), the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Option Agreement (International), for any period, or at all, and shall not interfere in any way with your right or the right of the Company or an Affiliate to terminate your Continuous Service at any time, with or without cause and in accordance with any applicable employment or services agreement and applicable law.

10. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you (to the maximum extent permitted by applicable law) and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with the exercise of your option (the "***Withholding Taxes***"). Additionally, the Company

may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your option by any of the following means or by a combination of such means (to the maximum extent permitted by applicable law): (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; or (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the exercise of your option with a Fair Market Value (measured as of the date of exercise) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(b) You may not exercise your option unless the Withholding Tax obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock unless such obligations are satisfied. You acknowledge that regardless of any action taken by the Company or an Affiliate, the ultimate responsibility for Withholding Taxes is and remains your responsibility and may exceed the amount actually withheld by the Company or an Affiliate. You further acknowledge that the Company and/or its Affiliates make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of your option including, but not limited to, the grant, vesting or exercise of the option, the subsequent sale of the shares of Common Stock acquired pursuant to such exercise and the receipt of any dividends. Further, if you are subject to Withholding Taxes in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or any Affiliate may be required to withhold or account for Withholding Taxes in more than one jurisdiction.

11. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code (if applicable) only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

12. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, fourteen (14) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if

requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

13. PERSONAL DATA. You understand that your employer, if applicable, the Company or an Affiliate, holds certain personal information about you, including but not limited to your name, home address, telephone number, date of birth, social security or equivalent tax identification number, salary, nationality, job title, and details of all shares granted, cancelled, vested, unvested, or outstanding (the "***Personal Data***"). Certain Personal Data may also constitute "***Sensitive Personal Data***" or similar under applicable local law and be subject to additional restrictions on collection, processing and use of the same under such laws. Such data include but are not limited to Personal Data and any changes thereto, and other appropriate personal and financial data about you. You hereby provide express consent to the Company or an Affiliate to collect, hold, and process any such Personal Data and Sensitive Personal Data. You also hereby provide express consent to the Company or any Affiliate to transfer any such Personal Data and Sensitive Personal Data outside the country in which you are employed or in which your services are retained, including transfers to the United States. The legal persons for whom such Personal Data are intended are the Company and any broker company providing services to the Company in connection with the administration of the Plan. You have been informed of your right to access and correct your Personal Data and/or Sensitive Personal Data by applying to the Company.

14. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

15. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's insider trading policy including the policy permitting officers and directors to sell shares only during certain "window" periods, in effect from time to time.

16. ADDITIONAL ACKNOWLEDGEMENTS. You hereby consent and acknowledge that:

(a) Participation in the Plan is voluntary and therefore you must accept the terms and conditions of the Plan and this option as a condition to participating in the Plan and receipt of this option.

(b) The Plan is discretionary in nature and the Company can amend, cancel, or terminate it at any time.

(c) This option and any other options under the Plan are voluntary and occasional and do not create any contractual or other right to receive future options or other benefits in lieu of future options, even if similar options have been granted repeatedly in the past.

(d) All determinations with respect to any such future options, including, but not limited to, the time or times when such options are made, the number of shares of Common Stock, and performance and other conditions applied to the options, will be at the sole discretion of the Company.

(e) The value of the shares of Common Stock and this option is an extraordinary item of compensation, which is outside the scope of your employment, service contract or consulting agreement, if any. This option shall not form part of any past, current or future entitlement to remuneration or benefits which you may have under any contract of employment with the Company or any Affiliate, nor form any part of any such contract of employment between you and the Company or any Affiliate.

(f) The shares of Common Stock, this option, or any income derived there from are not paid in lieu of any cash salary compensation and not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments, bonuses, long-service awards, life or accident insurance benefits, pension or retirement benefits or similar payments.

(g) If your Continuous Service is terminated involuntarily, your eligibility to receive shares of Common Stock or payments under the option or the Plan, if any, will terminate effective as of the date that you are no longer actively employed or retained regardless of any reasonable notice period mandated under local law, except as expressly provided in this option.

(h) The future value of the shares of Common Stock is unknown and cannot be predicted with certainty.

(i) You do not have, and will not assert, any claim or entitlement to compensation, indemnity or damages arising from the termination of this option or diminution in value of the shares of Common Stock and you irrevocably release the Company, its Affiliates and, if applicable, your employer, if different from the Company, from any such claim that may arise.

(j) The Plan and this option set forth the entire understanding between you, the Company and any Affiliate regarding the acquisition of the shares of Common Stock and supersedes all prior oral and written agreements pertaining to this option.

17. LANGUAGE. If you have received this Option Agreement (International), or any other document related to the option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

18. MISCELLANEOUS.

(a) The rights and obligations of the Company under your option shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your

rights and obligations under your option may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement (International) shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement (International) shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

19. SEVERABILITY. If all or any part of this Option Agreement (International) or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Option Agreement (International) or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (International) (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the option subject to this Option Agreement (International) shall not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

21. CHOICE OF LAW. The interpretation, performance and enforcement of this Option Agreement (International) will be governed by the law of the state of California without regard to such state's conflicts of laws rules.

22. AMENDMENT. This Option Agreement (International) may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Option Agreement (International) may be amended solely by the Board by a writing which specifically states that it is amending this Option Agreement (International), so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to

change, by written notice to you, the provisions of this Option Agreement (International) in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of your option which is then subject to restrictions as provided herein.

Exhibit 10.7

May 7, 2014

VIA HAND DELIVERY

Mr. Frank Karbe
Exelixis, Inc.
210 East Grand Avenue
So. San Francisco, CA 94080

Re: Exelixis Transition and Consulting Agreement

Dear Frank:

This letter shall be effective as of May 2, 2014 and sets forth the terms of the executive transition and consulting agreement (the "**Agreement**") that Exelixis, Inc. (the "**Company**") is offering to aid in your employment transition.

1. Transition Date. You will remain employed with the Company in your current position, on the terms and conditions described herein, through the close of the business on June 2, 2014 (the "**Transition Date**").

2. Transition Period. From the effective date of this Agreement through the Transition Date (the "**Transition Period**"), you will continue in your capacity as Chief Financial Officer, you will continue to perform your assigned duties to the best of your abilities, and you will continue to abide by all Company policies and procedures and any agreements between you and the Company. During the Transition Period, you will be paid your current base salary and you will continue to be eligible to participate in the Company's employee benefit plans pursuant to the terms of those plans.

3. Accrued Salary and Paid Time Off. On the Transition Date, the Company will pay you all accrued salary, and all accrued and unused vacation earned through the Transition Date, subject to standard payroll deductions and withholdings. You are entitled to these payments regardless of whether or not you sign this Agreement.

4. Transition Benefits. If: (i) you timely sign and abide by the terms of this Agreement, and allow the releases contained herein to become effective, and (ii) on or within 21 days of your receipt of this Agreement, you execute and return to the Company the Executive Agreement and Release attached hereto as **Exhibit A** (the "**Release**"), and allow the releases contained in the Release to become effective; then, the Company will provide you with the following transition benefits:

(a) Transition Payment. The Company will pay you $519,488.32, subject to payroll deductions and withholdings (the "**Transition Payment**"), in a single lump sum amount on the first regular payday following the Release Effective Date (as defined in the Release) and return of Company property (as provided herein).

(b) COBRA Payments. If you timely elect continued coverage under COBRA for yourself and/or any eligible dependents, the Company will pay the COBRA premiums necessary to continue your current coverage (including eligible dependent coverage), in the manner described in the Exelixis, Inc. Change in Control and Severance Benefit Plan, until the earlier of: (i) a period of twelve (12) months after the Transition Date; or (ii) until such time as you become eligible for similar health insurance through another employer. You agree to notify the Company in writing within ten (10) business days upon becoming eligible for similar health insurance through another employer.

(c) Section 409A Compliance. It is intended that the Transition Payment be exempt from Section 409A of the Internal Revenue Code **("Section 409A")** under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9)(iii) and will be implemented and construed in accordance therewith to the greatest extent permitted under applicable law.

5. Consulting Agreement. You agree that you will serve as a consultant to the Company after your Transition Date under the terms specified below. The consulting relationship will commence on the Transition Date and continue until June 2, 2015 (the "**Consulting Period**"), unless terminated earlier as provided herein.

(a) Consulting Services. You agree to provide consulting services to the Company to assist in the transfer of responsibilities for day-to-day oversight of those areas of the Company you have managed as Chief Financial Officer; in addition, you agree to assist the company in connection with special projects related to corporate finance and tax matters at the request and direction of the Company's President & CEO. In the performance of these services, you agree to exercise the highest degree of professionalism and to utilize your expertise, experience, and appropriate creative talents to the best of your ability. You agree to make yourself available to perform such consulting services throughout the Consulting Period, up to a maximum of forty (40) hours per week; provided, however, your consulting services shall be limited to the extent necessary to ensure that the Transition Date is treated as a "Transition from service" for purposes of Section 409A.

(b) Consulting Fees. During the Consulting Period, you will receive consulting fees of $250 per hour for each hour and portion thereof during which you actually provide services to the Company ("**Consulting Fees**").

(c) Equity Awards. Your outstanding equity awards will continue to vest through the Consulting Period, *provided that* you remain in compliance with the terms of this

Agreement. You will have three (3) months to exercise any vested equity following the end of the Consulting Period. You understand and agree that the tax treatment of certain of your stock options may change depending upon when you exercise them and that the Company makes no representation as to the tax treatment that will be afforded to any of your options.

(d) Independent Contractor Relationship. Your relationship with the Company during the Consulting Period is that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship. Except as specifically provided in this Agreement, you will not be entitled to any of the benefits which the Company may make available to its employees, including, but not limited to, group health or life insurance, profit-sharing or retirement benefits.

(e) Taxes and Withholding. As a consultant, the Company will not withhold from the Consulting Fees any amount for taxes, social security or other payroll deductions. The Company will issue you a Form 1099 with respect to your Consulting Fees. You acknowledge that you will be entirely responsible for payment of any such taxes, and you hereby indemnify, defend and save harmless the Company, and its officers and directors in their individual capacity, from any liability for any taxes, penalties or interest that may be assessed by any taxing authority with respect to all compensation you receive under this Agreement, with the exception of the employer's share of social security, if any.

(f) Limitations on Authority. You will have no responsibilities or authority as a consultant to the Company other than as provided above. You agree not to represent or purport to represent the Company in any manner whatsoever to any third party unless authorized by the Company, in writing, to do so.

(g) Proprietary Information and Inventions. You agree that your Employee Propriety Information and Inventions Agreement (the "**Confidentiality Agreement**"), a copy of which is attached hereto as **Exhibit B,** shall govern any Company information to which you have access or which you develop, or inventions made by you, while performing services during the Consulting Period.

(h) Other Work Activities. Throughout the Consulting Period, you retain the right to engage in employment, consulting, or other work relationships in addition to your work for the Company, provided that such work does not unduly hamper you in the performance of your consulting services, and that you remain available to perform under this Agreement. The Company will make reasonable arrangements to enable you to perform your work for the Company at such times and in such a manner so that it will not interfere with other activities in which you may engage. In order to protect the trade secrets and confidential and proprietary information of the Company, you agree that, during the Consulting Period, you will notify the Company, in writing, and obtain the Company's written consent, before you obtain competitive employment, perform competitive work for any business entity, or engage in any other work activity that is competitive (as defined in the following sentence) with the Company's interests. For purposes of this Agreement, the term "competitive" shall mean any activity or work for any entity engaged in, or providing advice to an

entity engaged in, the research, development or commercialization of bio-pharmaceuticals for the treatment of prostate or renal cancer.

(i) Termination of the Consulting Period. The Consulting Period shall end on the earliest to occur of the following:

(1) **Expiration of the Consulting Period.** The Consulting Period shall end on June 2, 2015, unless terminated earlier as provided herein.

(2) **Your Notice**. You may terminate the Consulting Period at any time upon two (2) weeks' written advance notice. If the Consulting Period is terminated by you for any reason, you will be entitled to all Consulting Fees (or pro rata portion thereof) and equity vesting earned through the last date that you provide consulting services, but you shall not receive any Consulting Fees or continued equity vesting through the scheduled end of the Consulting Period.

(3) **Notice by the Company For Breach**. The Company may end the Consulting Period immediately if you breach any of your obligations hereunder or breach any of your obligations under your Confidentiality Agreement. In such an event, you will be entitled to all Consulting Fees (or pro rata portion thereof) and equity vesting earned through the last date that you provide consulting services, but you shall not receive any Consulting Fees or compensation through the scheduled end of the Consulting Period.

6. No Other Compensation or Benefits. You acknowledge that, except as expressly provided in this Agreement, you have not earned and will not receive from the Company any additional compensation, severance, or benefits on or after the Transition Date, with the exception of any vested right you may have under the express terms of a written ERISA-qualified benefit plan (e.g., 401(k) account). You acknowledge and agree that the benefits provided hereunder are in lieu of any severance benefits to which you may be entitled under the Exelixis, Inc. Change in Control and Severance Benefit Plan or any other source.

7. Expense Reimbursements. You agree that, within thirty (30) days of the Transition Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Transition Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice.

8. Return of Company Property. By no later than the close of business on the Transition Date, you shall return to the Company all Company documents (and all copies thereof) and other Company property (except as provided in the following sentence) in your possession or control. You may retain your Company-provided laptop, iPad and cell phone, but you must first provide them to the Company so that the Company may remove all confidential or proprietary data. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five (5)

business days after the Transition Date, you must provide the Company with a computer-useable copy of such information and then permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. **Your timely compliance with the provisions of this paragraph is a precondition to your receipt of the severance benefits provided hereunder.** Notwithstanding the foregoing, you may retain any Company property, documents or information necessary for you to provide your consulting services hereunder.

9. Proprietary Information Obligations. You acknowledge and reaffirm your obligations under your signed Employee Proprietary Information and Inventions Agreement, a copy of which is attached hereto as **Exhibit B** for your reference.

10. Nondisparagement. You agree not to disparage the Company, and the Company's officers, directors, employees, shareholders and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation and the Company agrees to instruct its directors and senior officers not to disparage you; provided that any such party may respond accurately and fully to any request for information if required by legal process.

11. No Voluntary Adverse Action. You agree that you will not voluntarily (except in response to legal compulsion) assist any person in bringing or pursuing any proposed or pending litigation, arbitration, administrative claim or other formal proceeding against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees or agents.

12. Cooperation. For the 12-month period following the Transition Date, you agree to cooperate fully with the Company in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding foregone wages) and will make reasonable efforts to accommodate your scheduling needs so as not to unreasonably interfere with your then employment or business activities. The Company will fully indemnify you to the maximum extent permitted by law for any such cooperation.

13. No Admissions. You understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission.

14. Release of Claims.

(a) General Release. In exchange for the consideration provided to you under this Agreement to which you would not otherwise be entitled, you hereby generally and completely

release the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "**Released Parties**") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the "**Released Claims**").

(b) Scope of Release. The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with the Company, or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, or equity in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "**ADEA**"), the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended).

(c) Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the "**Excluded Claims**"): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party or under applicable law; (ii) any rights which are not waivable as a matter of law; (iii) any claims for accrued vested benefits under the Company's ERISA-qualified employee benefit plans; and (iv) any claims for breach of this Agreement. In addition, nothing in this Agreement prevents you from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, or any other government agency, except that you acknowledge and agree that you hereby waive your right to any monetary benefits in connection with any such claim, charge or proceeding. You represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims.

(d) ADEA Waiver. You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA (the "**ADEA Waiver**"), and that the consideration given for the ADEA Waiver is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised, as required by the ADEA, that: (i) your ADEA Waiver does not apply to any rights or claims that may arise after the date that you sign this Agreement; (ii) you should consult with an attorney prior to signing this Agreement (although you may choose voluntarily not to do so); (iii) you have twenty-one (21) days to consider this Agreement (although you may choose voluntarily to sign it earlier); (iv) you have seven (7) days following the date you sign this Agreement to revoke the ADEA Waiver (by providing written notice of your revocation to the Company's CEO); and (v) the ADEA Waiver will not be effective

until the date upon which the revocation period has expired, which will be the eighth day after the date that this Agreement is signed by you provided that you do not revoke it.

(e) Section 1542 Waiver. YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

> **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."**

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

15. Miscellaneous. This Agreement, including its exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to the subject matter hereof. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other agreements, promises, warranties or representations concerning its subject matter. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and scanned image copies of signatures shall be equivalent to original signatures.

If this Agreement is acceptable to you, please sign and date below within twenty-one (21) days after your receipt of this Agreement, and then send me the fully signed Agreement. The Company's offer contained herein will automatically expire if we do not receive the fully signed Agreement from you within this timeframe.

We wish you the best in your future endeavors.

Sincerely,

EXELIXIS, INC.

By: /s/ Michael M. Morrissey
Michael M. Morrissey
President & Chief Executive Officer

Exhibit A – Employee Agreement and Release
Exhibit B – Employee Proprietary Information and Inventions Agreement

UNDERSTOOD AND AGREED:

/s/ Frank Karbe
Frank Karbe

May 7, 2014
Date

EXHIBIT A

EXECUTIVE AGREEMENT AND RELEASE

(To be signed on or within twenty-one (21) days after Receipt)

In consideration for the severance benefits provided to me by Exelixis, Inc. (the "**Company**") pursuant to my transition and consulting agreement with the Company dated May 7, 2014 and effective as of May 2, 2014 (the "**Agreement**"), I agree to the terms below.

I hereby confirm that: I have been paid all compensation owed for all hours worked by me for the Company; I have received all leave and leave benefits and protections for which I was eligible (pursuant to the Family and Medical Leave Act or otherwise) in connection with my work with the Company; and I have not suffered any injury or illness in connection with my work with the Company for which I have not already filed a claim.

I hereby release the Company, its current and past parents, subsidiaries, successors, predecessors, and affiliates, and each of such entities' current and past officers, directors, agents, servants, employees, partners, members, managers, attorneys, shareholders, successors, and assigns, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, arising out of or in any way related to agreements, events, acts or conduct at any time prior to and including the date I sign this Employee Agreement and Release (the "**Release**").

This release of claims includes, but is not limited to, a release of: (a) all claims directly or indirectly arising out of or in any way connected with my employment with the Company or the termination of that employment; (b) all claims or demands related to salary, bonuses, fees, retirement contributions, profit-sharing rights, commissions, stock, stock options, or any other ownership or equity interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation or benefit; (c) claims for breach of contract, wrongful termination, or breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for negligence, fraud, defamation, intentional and negligent infliction of emotional distress, and/or physical injuries; and (e) all federal, state, and local statutory claims or causes of action in any jurisdiction, including but not limited to, claims for discrimination, harassment, retaliation, attorneys' fees, or claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "**ADEA**"), the California Fair Employment and Housing Act (as amended), and/or the California Labor Code.

Notwithstanding the foregoing, excluded from this release are: (i) any rights I have under the Agreement; (ii) any rights to indemnification I may have pursuant to any written indemnification agreement to which I am a party or of which I am a third party beneficiary, or under applicable law; or (iii) any rights or claims that cannot be waived as a matter of law. I am waiving, however, my right to any monetary recovery should any governmental agency or entity pursue any claims on my behalf.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA (the "**Release ADEA Waiver**"), and that the consideration given for the Release ADEA Waiver in this paragraph is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised, as required by the ADEA, that: (i) my Release ADEA Waiver does not apply to any rights or claims that may arise after the date that I sign this Release; (ii) I should consult with an attorney prior to signing this Release (although I may choose voluntarily not to do so); (iii) I have twenty-one (21) days to consider this Release (although I may choose voluntarily to sign it earlier); (iv) I have seven (7) days following the date I sign this Release to revoke the Release ADEA Waiver (by providing written notice of my revocation to the Company's CEO); and (v) the Release ADEA Waiver will not be effective until the date upon which the revocation period has expired, which will be the eighth day after the date that this Release is signed by me provided that I do not revoke it (the "**Release Effective Date**").

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. I acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."** I hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to my release of claims herein, including but not limited to the release of unknown and unsuspected claims.

This Release, together with the Agreement (including all exhibits thereto), constitutes the complete, final and exclusive embodiment of the entire agreement between me and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained in the Release or the Agreement, and it entirely supersedes any other such promises, warranties or representations, whether oral or written.

By: /s/ Frank Karbe
Frank Karbe

Date: May 7, 2014

EXHIBIT B

EMPLOYEE PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

EMPLOYEE PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT (U.S. EMPLOYEES)

In consideration of my employment by Exelixis, Inc. or any of its affiliated companies (the "**Company**"), and the compensation paid to me, I hereby agree as follows:

1. NONDISCLOSURE

1.1 Recognition of Company's Rights; Nondisclosure. At all times during my employment and thereafter for a period of ten (10) years, I will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Company's Proprietary Information (defined below), except as such disclosure, use or publication may be required in connection with my work for the Company, or unless an officer of the Company expressly authorizes such in writing. I will obtain Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to my work at Company and/or incorporates any Proprietary Information. I hereby assign and agree to assign to the Company any rights, title and interest that I may have or acquire in such Proprietary Information and recognize that all Proprietary Information shall be the sole property of the Company and its assigns.

1.2 Proprietary Information. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, **"Proprietary Information"** includes tangible and intangible information relating to biological and organic materials and/or protocols, including, but not limited to, antibodies, cell lines, samples of assay components, media and/or cell lines and procedures and formulations for producing any such assay components, media and/or cell lines, formulations, products, processes, know-how, designs, formulas, methods, developmental or experimental work, clinical data, improvements, discoveries, plans for research, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers, and information regarding the skills and compensation of other employees of the Company. Notwithstanding the foregoing, it is understood that, at all such times, I am free to use information which is generally known in the trade or industry, which is not gained as result of a breach of this Agreement.

1.3 Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("**Third Party Information**") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter for a period of ten (10) years, I will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel or other authorized representatives who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, Third Party Information unless expressly authorized by an officer of the Company in writing.

1.4 No Improper Use of Information of Prior Employers and Others. During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other third party to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any

property belonging to any former employer or any other third party to whom I have an obligation of confidentiality unless consented to in writing by that former employer or third party. I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

2. ASSIGNMENT OF INVENTIONS.

2.1 Proprietary Rights. The term "**Proprietary Rights**" shall mean all trade secret, patent, copyright, mask work and other intellectual property rights throughout the world.

2.2 Prior Inventions. Inventions which are the subject of a pending patent application or issued patent, and have been reduced to practice prior to the commencement of my employment with the Company, are excluded from the scope of this Agreement. To preclude any possible uncertainty, I have set forth on ***Exhibit B,*** attached hereto, a complete list of all inventions, listed by Country filed patent number, that I have, alone or jointly with others, reduced to practice prior to the commencement of my employment with the Company, that I consider to be my property or the property of third parties and that I wish to have excluded from the scope of this Agreement (collectively referred to as "**Prior Inventions**"). If disclosure of any such Prior Invention would cause me to violate any prior confidentiality agreement, I understand that I am not to list such Prior Inventions in *Exhibit B* but am only to disclose a cursory name for each such invention, a listing of the party(ies) to whom it belongs and the fact that full disclosure as to such inventions has not been made for that reason. If no such disclosure is attached, I represent that there are no Prior Inventions. If, in the course of my employment with the Company, I incorporate a Prior Invention into a Company product, process or machine, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, modify, have modified, use, have used, sell, have sold, import and have imported such Prior Invention unless a portion is restricted by a prior obligation, in which case such portion may be excluded. Notwithstanding the foregoing, I agree that I will not incorporate, or permit to be incorporated, in whole or in part, Prior Inventions in any Company Inventions without the Company's prior written consent.

2.3 Assignment of Proprietary Rights. Subject to Sections 2.4 and 2.6, I hereby assign and agree to assign in the future all my right, title and interest in and to any and all Proprietary Rights (which are filed in patent applications or made or first fixed in a tangible medium, as applicable) to the Company whether or not patentable or registrable under patent, copyright or similar statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 2, are hereinafter referred to as "**Company Inventions**."

2.4 Nonassignable Inventions. This Agreement does not apply to an invention which qualifies fully as a nonassignable invention under applicable state laws. For California-based employees, Section 2870 *et seq.* of the California Labor Code (hereinafter "**Section 2870**") requires that I receive the notification on ***Exhibit A*** (Limited Exclusion Notification) and by my signature below, I acknowledge receipt of the notification.

2.5 Obligation to Keep Company Informed. During the period of my employment and for six (6) months after termination of my employment with the Company, I will promptly disclose to the Company fully and in writing all inventions authored or made by me, either alone or jointly with others. In addition, I will promptly disclose to the Company all patent applications filed by me or on my behalf within one (1) year after termination of my employment and provide a copy of such patent application(s) in written and electronic form; I will provide said disclosure and/or copies within thirty (30) days of conception, making and/or reduction to practice, or filing, respectively. At the time of each such disclosure, I will advise the Company in writing of any inventions that I believe fully qualify for protection under applicable state laws (including in California, Section 2870); and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. The Company will keep in confidence and will not use for any purpose or disclose to third parties without my consent any confidential information disclosed in writing to the Company pursuant to this Agreement relating to inventions that qualify fully for protection under the provisions of applicable state laws. In any event, I will preserve the confidentiality of any invention that does not fully qualify for protection under applicable state laws.

2.6 Government or Third Party. I also agree to assign all my right, title and interest in and to any particular Company Invention to a third party, including without limitation the United States, as directed by the Company.

2.7 Works for Hire. I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are "works made for hire," pursuant to the United States Copyright Act (17 U.S.C., Section 101).

2.8 Enforcement of Proprietary Rights. I will assist the Company in every proper way to obtain, and from time to time enforce, United States and foreign Proprietary Rights relating to Company Inventions in any and all countries. To that end, I will execute, verify and deliver such documents and perform such other acts (including but not limited to patent applications and assignments) and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, I will execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. My obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on such assistance.

In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in the preceding paragraph, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

3. RECORDS. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Rights developed by me and all inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

4. ADDITIONAL ACTIVITIES. I agree that during the period of my employment by the Company I will not, without the Company's express written consent, engage in any employment or business activity which is competitive with, or would otherwise conflict with, my employment by the Company. I agree further that for the period of my employment by the Company and for one (l) year after the date of termination of my employment by the Company, I will not induce any employee of the Company to leave the employ of the Company.

5. NO CONFLICTING OBLIGATION. I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict herewith.

6. RETURN OF COMPANY PROPERTY. When I leave the employ of the Company, I will deliver to the Company any and all property of the Company, including without limitation laboratory notebooks, drawings, notes, memoranda, specifications, devices, formulas, and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Proprietary Information of the Company. I further agree that any personal property situated on the Company's premises, including computers, email, disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice. Prior to leaving, I will cooperate with the Company in completing and signing the Company's termination statement verifying my compliance with the terms of this Agreement.

7. LEGAL AND EQUITABLE REMEDIES. Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific

performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

8. NOTICES. Any notices required or permitted hereunder shall be given to the appropriate party at the address specified below or at such other address as the party shall specify in writing. Such notice shall be deemed given upon personal delivery to the appropriate address or if sent by certified or registered mail, three (3) days after the date of mailing.

Director, Human Resources
Exelixis, Inc.
170 Harbor Way
P.O. Box 511
South San Francisco, CA 94083-0511

_____
_____
_____

9. NOTIFICATION OF NEW EMPLOYER. In the event that I leave the employ of the Company, I hereby give consent to Company to notify my new employer of my rights and obligations under this Agreement.

10. GENERAL PROVISIONS.

10.1 Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of California, as such laws are applied to agreements entered into and to be performed entirely within California between California residents. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Mateo County, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

10.2 Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

10.3 Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

10.4 Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

10.5 Employment. I agree and understand that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without advance notice and with or without cause. This is called "employment at will," and no one other than the President of the Company has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement contrary to this policy. Furthermore, any such agreement must be in writing and must be signed by both the President of the Company and me.

10.6 Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

10.7 Advice of Counsel. I acknowledge that, in executing this agreement, I have had the opportunity to seek the advice of independent legal counsel, and I have read and understood all of the terms and provisions of this agreement. This Agreement shall not be construed against any party by reason of the drafting or preparation hereof.

[signature page follows]

10.8 Entire Agreement. The obligations pursuant to Sections 1 and 2 of this Agreement shall apply to any time during which I was previously employed, or am in the future employed, by the Company as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between us. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

This Agreement shall be effective as of the first day of my employment with the Company, namely: Feb 6, 2004.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND ITS TERMS. I HAVE COMPLETELY FILLED OUT EXHIBIT B TO THIS AGREEMENT.

EMPLOYEE

Dated: Feb 10, 2004

Signature /s/ Frank Karbe

Printed Name: Frank Karbe

COMPANY

Dated: 2/6/04

Signature: /s/ Pamela Simonton

Printed Name: Pamela Simonton

EXHIBIT A

LIMITED EXCLUSION NOTIFICATION

THIS IS TO NOTIFY you in accordance with Section 2872 of the California Labor Code that the foregoing Agreement between you and the Company does not require you to assign or offer to assign to the Company any invention that you developed entirely on your own time without using the Company's equipment, supplies, facilities or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or

2. Result from any work performed by you for the Company.

To the extent a provision in the foregoing Agreement purports to require you to assign an invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or invention covered by a contract between the Company and the United States or any of its agencies requiring full title to such patent or invention to be in the United States.

I ACKNOWLEDGE RECEIPT of a copy of this notification.

By: Frank Karbe
(PRINTED NAME OF EMPLOYEE)

Date: Feb 10, 2004

WITNESSED BY::

Amy Rios
(PRINTED NAME OF REPRESENTATIVE)

EXHIBIT B

PRIOR INVENTIONS

TO: Exelixis, Inc.

FROM: **Frank Karbe**

DATE: **Feb 10, 2004**

SUBJECT: **Prior Inventions**

1. Except as listed in Section 2 below, the following is a complete list of all inventions or improvements relevant to the subject matter of my employment by Exelixis Pharmaceuticals, Inc. (the "**Company**") that have *whatever recited above* by me alone or jointly with others prior to my engagement by the Company:

x No inventions or improvements.

☐ See below:

__

__

__

☐ Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to inventions or improvements generally listed below, the proprietary rights and duty of confidentiality with respect to which I owe to the following party(ies):

	Invention or Improvement	Party(ies)	Relationship
1.	__	__	__
2.	__	__	__
3.	__	__	__

☐ Additional sheets attached.

Exhibit 10.8

May 9, 2005

Deborah Burke
512 Hanbury Lane
Foster City, CA 94404

Dear Deborah:

We are proud to invite you to join our team.

Our offer of employment is to join Exelixis, Inc. Your title will be that of Senior Director, Finance and Controller, in our Finance department reporting to Frank Karbe, Senior Vice President and Chief Financial Officer. Other terms of employment include:

Compensation: Your base salary will be seven thousand seven hundred and eight dollars and thirty-three cents ($7,708.33) per pay period. There are two pay periods per month. This equates to base compensation of one hundred eighty five thousand dollars ($185,000.00) on an annual basis. You will receive a sign-on bonus of ten thousand dollars ($10,000.00) payable on the first pay date after hire. Should you elect to voluntarily terminate employment with the Company within twelve (12) months of your hire date, the sign-on bonus will be entirely re-paid by you to the Company on your last date of employment.

Options for Equity: You will also be eligible to receive a stock option for ten thousand (10,000) shares of Exelixis stock pursuant to our standard Stock Plan and subject to approval by the Board of Directors. Options vest at the rate of 1/4th after one year and 1/48th every month thereafter over a total of four years.

Benefits: All full-time employees of Exelixis, Inc. enjoy a generous benefits package, which is outlined on the attached Summary of Benefits.

Performance Review: Focal reviews will take place annually during the month of December, at which time your performance will be reviewed. If eligible for a performance review increase, the merit increase will be effective in January.

Bonus Target: You will be eligible for a bonus target of up to fifteen percent (15%) of your annual salary based on performance and achievement of key milestones.

Start Date: On or before Monday, May 31, 2005.

Confidentiality and Company Policies: As you are aware, it is very important for us to protect our confidential information and proprietary material. Therefore, as a condition of employment, you will need to sign the attached Confidential Disclosure Agreement. You will also be required to abide by the Company's policies and procedures, including the Code of Business Conduct and Ethics.

Other: This offer expires on Monday, May 09, 2005 unless accepted by you prior to this date. In addition to performing the duties and responsibilities of your position, you will be expected to perform other duties and responsibilities that may be assigned to you from time to time. No provision of this letter shall be construed to create an express or implied employment contract for a specific period of time. Either you or the Company may terminate this employment relationship at any time, with or without cause. This letter shall be governed by the laws of the State of California. Also, by signing this letter, you are indicating that you are legally authorized to work in the U.S.

You may accept this offer of employment by signing both copies of this letter and Proprietary Information and Invention Agreements and returning one of each in the envelope provided to Kamyn Kurosu, Recruiting Assistant, 170 Harbor Way, P.O. Box 511, South San Francisco, CA. 94083.

Deborah, we look forward to your coming on board!

Sincerely,

/s/ Lupe Rivera

Lupe Rivera
Vice President, Human Resources

ACCEPTED BY:

/s/ Deborah Burke 5/9/05
Deborah Burke Date

Exhibit 10.9

MEMORANDUM

To: Debbie Burke
From: Laura Dillard
Vice President, Human Resources
Date: 5/16/2014

RE: Special One-Time Bonus

In recognition of your anticipated service as Interim Chief Financial Officer while we conduct a search and hire a permanent replacement for the position of Chief Financial Officer, you are eligible to receive a special one-time bonus award in the amount of $30,000 (the "Special Bonus") under the following terms and conditions:

1. The Special Bonus is payable as follows:

    a. $15,000, less applicable taxes, earned on or about June 2, 2014 (the date at which it is anticipated that you will assume the role of Interim Chief Financial Officer), and if possible included on your June 6, 2014 regular paycheck paid by direct deposit; and

    b. $15,000, less applicable taxes, earned on or about the date a permanent replacement for the position of Chief Financial Officer starts employment at Exelixis, and if possible included on your first regular paycheck paid by direct deposit immediately following such date.

2. You will only receive such Special Bonus payments if you are an active employee at Exelixis as of the actual dates the two Special Bonus payments are to be made, unless your employment is involuntarily terminated by Exelixis other than for cause.

3. This Special Bonus is offered to you in addition to any bonus you may be eligible to receive under Exelixis' corporate bonus program.

Debbie, we thank you for your willingness to serve as Interim Chief Financial Officer. Please contact me with any questions.

Execution Copy

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

COLLABORATION AGREEMENT

This Collaboration Agreement (the "**Agreement**") is made and entered into as of May 27, 2009 (the "**Effective Date**") by and between **Exelixis, Inc.,** a Delaware corporation having an address at 170 Harbor Way, P.O. Box 511, South San Francisco, California 94083-0511 ("**Exelixis**"), and **Sanofi-Aventis**, a French company, having an address at 174, Avenue de France, 75013 Paris, France ("**Sanofi-Aventis**"). Exelixis and Sanofi-Aventis are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

Recitals

A. Sanofi-Aventis is a leading pharmaceutical company committed to researching, developing, manufacturing and marketing novel products of high therapeutic value for human and veterinary medicine.

B. Exelixis is a biotechnology company that has technology and expertise relating to the discovery and development of therapeutics that modulate signal transduction pathways involved in oncology and other disease areas.

C. Sanofi-Aventis and Exelixis desire to establish a collaboration to apply their respective technology and expertise in isoform-specific Class I phosphoinositide-3-kinases for the development and commercialization of novel therapeutic and prophylactic products based on such compounds.

Now, Therefore, the Parties agree as follows:

1. DEFINITIONS

Capitalized terms used in this Agreement (other than the headings of the Sections or Articles) have the following meanings set forth in this Article 1, or, if not listed in this Article 1, the meanings as designated in the text of this Agreement.

1.1 "Affiliate" means, with respect to a particular Party, a person, corporation, partnership, or other entity that controls, is controlled by or is under common control with such Party. For the purposes of the definition in this Section 1.1, the word "**control**" (including, with correlative meaning, the terms "**controlled by**" or "**under the common control with**") means the actual power, either directly or indirectly through one (1) or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of at least fifty percent (50%) of the voting stock of such entity, or by contract or otherwise.

1.2 "Alliance Manager" has the meaning set forth in Section 4.5(a).

1.3 "Annual Development Plan" has the meaning set forth in Section 5.3(a).

1.4 “Approved Plan” means, with respect to a Product, any one or more of the Initial Development Plans and each Annual Development Plan, in each case as adopted or approved under the terms of this Agreement.

1.5 “Calendar Half” means any consecutive 6-month period ending June 30 or December 31.

1.6 “Calendar Quarter” means any consecutive 3-month period ending March 31, June 30, September 30 or December 31.

1.7 “Calendar Year” means any consecutive 12-month period ending December 31.

1.8 “Clinical Supply Requirements” means the quantities of the Product which are required by a Party or the Parties for the Development of a Product under this Agreement, including, without limitation, the conduct of research, pre-clinical studies and clinical trials in connection with each Annual Development Plan. **“CMC Activities”** has the meaning set forth in Section 7.2(b).

1.10 “Collaboration” means all the activities performed by or on behalf of either Exelixis or Sanofi-Aventis in the course of performing work contemplated in Articles 2, 3, 4, 5, 6 and 7.

1.11 “Collaboration Compound” means: (a) Lead Compounds; (b) Development Candidates; or (c) any isomer, racemate, salt, solvate, hydrate, metabolite, conjugate, co-crystals, polymorphs, ester, or prodrug of the compounds set forth in clause (a) or (b) of this definition.

1.12 “Collaborative Research Term” shall mean the period beginning on the Effective Date and continuing until the third (3rd) anniversary of the Effective Date. The Collaborative Research Term may be further extended beyond its initial period pursuant to Section 2.5 or upon the mutual written agreement of the Parties.

1.13 “Commercialize” means to promote, market, distribute, sell (and offer for sale or contract to sell) or provide product support for a Product, including by way of example: (a) detailing and other promotional activities in support of a Product; (b) advertising and public relations in support of a Product, including market research, development and distribution of selling, advertising and promotional materials, field literature, direct-to-consumer advertising campaigns, media/journal advertising, and exhibiting at seminars and conventions; (c) developing reimbursement programs and information and data specifically intended for national accounts, managed care organizations, governmental agencies (e.g., federal, state and local), and other group purchasing organizations, including pull-through activities; (d) other co-promotion activities not included in the above; (e) conducting medical education activities and journal advertising; and (f) conducting [*] or [*]. For clarity, **“Commercializing”** and **“Commercialization”** have a correlative meaning.

1.14 “Committee” means the JEC or JRDC, as the case may be.

1.15 “Confidential Information” has the meaning set forth in Section 11.1.

1.16 “Contractual Joint Patent” means any Exelixis Patent, Sanofi-Aventis Patent or Joint Invention Patent that contains a [*] covering a [*].

1.17 "Controlled" means, with respect to any compound, material, Information or intellectual property right, that the Party owns or has a license to such compound, material, Information or intellectual property right and has the ability to grant to the other Party access, a license or a sublicense (as applicable) to such compound, material, Information or intellectual property right as provided for herein without violating the terms of any agreement or other arrangements with any Third Party existing at the time such Party would be first required hereunder to grant the other Party such access, license or sublicense.

1.18 "Development" means, with respect to a Product, those activities, including clinical development activities, clinical trials, supporting manufacturing activities and related regulatory activities, that are [*] to: (a) obtain, from the appropriate Regulatory Authorities, the Regulatory Approvals with respect to such Product in the applicable regulatory jurisdiction, whether alone or for use together, or in combination, with another active agent or pharmaceutical product; and (b) maintain such Regulatory Approvals. To avoid confusion, Development does not include the conduct of [*] or [*]. For clarity, **"Develop"** and **"Developing"** have a correlative meaning.

1.19 "Development Candidate" means any former Lead Compound that: (a) is a PI3Kalpha Selective Inhibitor, PI3Kbeta Selective Inhibitor, PI3Kalpha/beta Inhibitor, PI3Kalpha/mTOR Inhibitor, PI3Kbeta/mTOR Inhibitor, or PI3Kalpha/beta/mTOR Inhibitor; (b) has met the Development Candidate Criteria set forth in the Research Plan (or has otherwise been nominated by the JRDC pursuant to Section 2.3(e)); and (c) has been [*] pursuant to Section [*]. For clarity, a Lead Compound ceases to be a Lead Compound after it has been approved as a Development Candidate.

1.20 "Development Candidate Nomination Criteria" has the meaning set forth in Section 5 of **Exhibit 2.2**.

1.21 "Diligent Efforts" means the carrying out of obligations or tasks by a Party in a sustained manner using good faith commercially reasonable and diligent efforts, which efforts shall be consistent with the exercise of prudent scientific and business judgment in accordance with the efforts such Party devotes to products or research or development projects owned by it of similar scientific and commercial potential. Diligent Efforts shall be determined on a [*] basis in view of conditions [*], and evaluated taking into account all relevant factors, including without limitation, the [*], [*], [*], [*] of a [*] or [*] that are in the [*] or under [*] by [*] and other [*], [*], [*], [*] and [*] factors. It is anticipated that the level of effort constituting Diligent Efforts may [*].

1.22 "Dollars" or **"$"** means the legal tender of the United States of America.

1.23 "Drug Approval Application" or "**DAA**" means: in any country or regulatory jurisdiction, the application for Regulatory Approval required for commercial sale or use of a Product (or with respect to a subsequent Indication) in such country or regulatory jurisdiction.

1.24 "Exelixis Clinical Trials" means the clinical trials that are carried out by Exelixis for each Product and that are described in the Global Development Plan or each Annual Development Plan, and any other trials that are designated as Exelixis Clinical Trials by the JRDC.

1.25 "Exelixis Development Expenses" means those costs and expenses incurred by Exelixis directly in connection with the Development of a Product in accordance with this Agreement and the applicable Annual Development Plan, including without limitation:

(i) all Out-of-Pocket Costs, including, without limitation, fees and expenses associated with the conduct of Exelixis Clinical Trials or any other mutually agreed Development activities with respect to a Product (e.g., fees paid to CROs, purchase of comparator or placebo);

(ii) Exelixis FTE Costs; and

(iii) any other costs or expenses [*] incurred in connection with any other mutually agreed research or Development activities of Exelixis with respect to a Product.

1.26"Exelixis FTE Cost" means, for all Development activities performed by Exelixis in accordance with the Annual Development Plan(s), the amount equal to (a) the number of FTEs required for such Development activity as set forth in the approved Annual Development Plan multiplied by (b) the Exelixis FTE Rate. For the avoidance of doubt, the activity of contract personnel shall be charged as Out-of-Pocket Costs.

1.27 "Exelixis FTE Rate" means [*] Dollars ($[*]), subject to adjustment in accordance with Section 5.5(d).

1.28 "Exelixis Know-How" means all Information Controlled by Exelixis (other than Exelixis Patents) and its Affiliates as of the Effective Date or during the Term that: (a) covers a Collaboration Compound, a composition containing a Collaboration Compound, a formulation containing a Collaboration Compound, or the manufacture or use of a Collaboration Compound; and (b) is [*] for Sanofi-Aventis to exercise the rights licensed to it under the Agreement or to perform its obligations under the Agreement.

1.29 "Exelixis Patents" means all Patents Controlled by Exelixis and its Affiliates, as of the Effective Date or during the Term, including Sole Invention Patents Controlled by Exelixis that: (a) cover a Collaboration Compound, a composition containing a Collaboration Compound, a formulation containing a Collaboration Compound, or the manufacture or use of a Collaboration Compound; and (b) are [*] for Sanofi-Aventis to exercise the rights licensed to it under the Agreement or to perform its obligations to the Collaboration under the Agreement.

1.30 "Exelixis Prosecuted Patents" has the meaning set forth in Section 10.3(a)(i).

1.31 "FDA" means the United States Food and Drug Administration, and any successor thereto.

1.32 "FTE" means the equivalent of the work of one (1) employee full time for one (1) year consisting of a total of [*] hours per year directly related to the research or Development of any Pre-Lead Compound, Lead Compound, Development Candidate, or Product or any other activities contemplated under this Agreement. Any individual who devotes less than [*] hours per year (or such other number as may be agreed by the JEC) shall be treated as an FTE on a pro-rata basis upon the number of hours worked (based

on Exelixis' internal methodology for calculating the number of hours that comprises an FTE) divided by [*] hours.

1.33 "**Generic Product**" means, with respect to a given Product in a given country, any pharmaceutical product that: (a) is marketed for sale in such country by a Third Party; (b) contains as active pharmaceutical ingredient the [*] as contained in such Product, or any [*], or [*] thereof (and [*] pharmaceutically active ingredients [*] in the Product); and (c) is [*] or [*] in such [*] (pursuant to [*], a [*], other drug [*] or comparable process). With respect to a Product that is sold as a [*] of a [*] with [*] active pharmaceutical ingredient (collectively, the "[*] **Active Pharmaceutical Ingredients**"), a Generic Product shall, for purposes of this paragraph, contain as active pharmaceutical ingredients the [*] Active Pharmaceutical Ingredients as contained in such Product, or any [*], or [*] thereof, and meet the conditions defined in (a) and (c) above.

1.34 "GAAP" means United States generally accepted accounting principles, as they exist from time to time, consistently applied.

1.35 "IFRS" means International Financial Reporting Standards, as they exist from time to time, consistently applied.

1.36 "IND" means an Investigational New Drug Application submitted to the FDA in conformance with applicable laws and regulations, or the foreign equivalent of any such application in any other country.

1.37 "IND Submission Criteria" has the meaning set forth in Section 7 of **Exhibit 2.2**.

1.38 "Indication" means:

(a) with respect to the oncology therapeutic area, a tumor of a particular [*] (e.g. [*], etc.) regardless of the [*] or [*], and regardless of the [*] or [*] for which a [*] may be [*] (for clarification purposes, (i) if a Product has received [*] in a respective [*], then any subsequent [*] in the [*] for such [*] that is [*] by a [*] shall [*] a [*] for such Product]; and (ii) a [*], or [*] for such Product in the [*] (e.g., without limitation, from a [*] to a [*]) shall [*] a [*]); or,

(b) any disease in therapeutic areas other than oncology.

1.39 "Information" means information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including, databases, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data including pharmacological, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures. For clarity, Information excludes any Patents.

1.40 "Initial Development Plan" has the meaning set forth in Section 5.2(a).

1.41 "Invention" means any and all inventions and improvements conceived or reduced to practice by or on behalf of a Party or the Parties jointly in the performance of its obligations, or the exercise of its rights, under this Agreement.

1.42 "Joint Executive Committee" or **"JEC"** has the meaning set forth in Section 4.1(a).

1.43 "Joint Research & Development Committee" or **"JRDC"** has the meaning set forth in Section 4.1(a).

1.44 "Joint Invention" means any Invention conceived and/or reduced to practice jointly by or on behalf of both Parties.

1.45 "Joint Invention Patent" means (i) a Patent that claims a Joint Invention or (ii) a Contractual Joint Patent.

1.46 "Knowledge" means, with respect of a Party, the [*] of the facts and information in the possession of [*] of such Party, or any [*] of, or [*] by, such Party or its Affiliates, [*] reasonably appropriate [*] with respect to [*] and [*] by [*] of the] execution of this Agreement. For purposes of this definition, **[*]** means any person in the position of [*] or [*] of a Party.

1.47 "Launch" means, for each Product in each country, the first arm's-length sale to a Third Party for use or consumption by the public of such Product in such country after Regulatory Approval of such Product in such country. A Launch shall not include any Product sold for use in clinical trials, for research or for other non-commercial uses, or that is supplied as part of a [*] or [*].

1.48 "Lead Compound" means any: (a) former Pre-Lead Compound that: (i) is a PI3Kalpha Selective Inhibitor, PI3Kbeta Selective Inhibitor, PI3Kalpha/beta Inhibitor, PI3Kalpha/mTOR Inhibitor, PI3Kbeta/mTOR Inhibitor, or PI3Kalpha/beta/mTOR Inhibitor; (ii) has met the Lead Compound Nomination Criteria set forth in the Research Plan (or has otherwise been nominated by the JRDC pursuant to Section 2.3(c)); and (iii) has been approved by the JRDC pursuant to Section 2.3(c); or (b) small molecule compound Controlled by a Party that: (i) is [*] from the [*] of a [*] or a [*] by a Party in the course of performing [*] pursuant to the [*]; (ii) is a PI3Kalpha Selective Inhibitor, PI3Kbeta Selective Inhibitor, PI3Kalpha/beta Inhibitor, PI3Kalpha/mTOR Inhibitor, PI3Kbeta/mTOR Inhibitor, or PI3Kalpha/beta/mTOR Inhibitor; (iii) has met the Lead Compound Nomination Criteria set forth in the Research Plan (or has otherwise been nominated by the JRDC pursuant to Section 2.3(c)); and (iv) has been approved by the JRDC pursuant to Section 2.3(c). For clarity, a [*] to be a [*] after it has been [*] as a [*].

1.49 "Lead Compound Nomination Criteria" has the meaning set forth in Section 3 of **Exhibit 2.2**.

1.50 "Lead Development Party" has the meaning set forth in Section 5.1.

1.50 "Lead Optimization Responsibilities" has the meaning set forth in Section 4 of **Exhibit 2.2**.

1.52 "Losses" has the meaning set forth in Section 14.1.

1.53 "MAD" has the meaning set forth in the definition of "**Transfer Date**".

1.54 "Major European Countries" means France, Germany, Italy, Spain and the United Kingdom.

1.55 "Major Territory" means each of the following territories: [*].

1.56 "Manufacturing" means all activities related to the production, manufacture, processing, filling, finishing, packaging, labeling, inspection, receiving, holding and shipping of Collaboration Compounds, Products, or any raw materials or packaging materials with respect thereto, or any intermediate of any of the foregoing, including process and cost optimization, process qualification and validation, commercial manufacture, stability and release testing, quality assurance and quality control. For clarity, **"Manufacture"** has a correlative meaning.

1.57 "MTD" has the meaning set forth in the definition of "**Transfer Date**".

1.58 "mTOR" means: (a) the gene for [*] ("[*]"), also known as [*] ("[*]") ([*]); (b) the protein encoded by such gene; and (c) all [*] and [*] thereof.

1.59 "Net Sales" means the amount invoiced or otherwise billed by Sanofi-Aventis or its Affiliate or sublicensee for sales or other commercial disposition of a Product to a Third Party purchaser, less the following to the extent included in such billing or otherwise actually allowed or incurred with respect to such sales: (a) discounts, including cash, trade and quantity discounts, price reduction programs, retroactive price adjustments with respect to sales of a Product, charge-back payments and rebates granted to managed health care organizations or to federal, state and local governments (or their respective agencies, purchasers and reimbursers) or to trade customers, including but not limited to, wholesalers and chain and pharmacy buying groups; (b) credits or allowances actually granted upon rejections or returns of Products, including for recalls or damaged goods; (c) freight, postage, shipping and insurance charges actually allowed or paid for delivery of Products, to the extent billed; (d) customs duties, surcharges and other governmental charges incurred in connection with the exportation or importation of a Product; (e) bad debts relating to sales of Products that are actually written off by Sanofi-Aventis in accordance with IFRS, consistently applied, during the applicable royalty calculation period; and (f) taxes, duties or other governmental charges levied on, absorbed or otherwise imposed on sale of Products, including value-added taxes, or other governmental charges otherwise measured by the billing amount, when included in billing, as adjusted for rebates and refunds, but specifically excluding taxes based on net income of the seller; provided that all of the foregoing deductions are calculated in accordance with IFRS.

Notwithstanding the foregoing, if any Product is sold under a [*] or [*] arrangement with [*], then, solely for the purpose of calculating Net Sales for royalty purposes hereunder, any [*] on such Products sold under such an arrangement shall be [*], on a [*] basis based on the [*] prior to [*], [*] the [*] applied on any [*] product sold within such [*] arrangement for the applicable accounting period. In case of any dispute as to the applicable [*] under the preceding sentence, the determination of same shall be calculated and certified by an [*] selected by [*] of [*], whose decision shall be binding.

A sale of a Product is deemed to occur upon invoicing. In the event that [*], after reasonable efforts, cannot [*] the [*] of a [*] in a particular [*], the Parties shall [*] and [*] in [*] an appropriate means for [*] in such a situation].

For sake of clarity and avoidance of doubt, sales by Sanofi-Aventis, its Affiliates or sublicensees of a Product to a [*] of such [*] in a given [*] shall be [*] a [*] to a [*]. Any Products used (but not [*]) for [*]

or [*] purposes or used for [*] or other [*] purposes shall [*] considered in determining Net Sales hereunder.

In the event a Product is sold as an end-user product consisting of a combination of active functional elements or as a combined product and/or service, Net Sales, for purposes of determining royalty payments on such Product, shall be calculated by multiplying the Net Sales of the end-user product and/or service by the fraction A over A+B, in which A is the gross selling price of the Product portion of the end-user product and/or service when such Product is sold separately during the applicable accounting period in which the sales of the end-user product were made, and B is the gross selling price of the other active elements and/or service, as the case may be, of the end-user product and/or service sold separately during the accounting period in question. All gross selling prices of the elements of such end-user product and/or service shall be calculated as the average gross selling price of the said elements during the applicable accounting period for which the Net Sales are being calculated. In the event that, in any country or countries, no separate sale of either such above-designated Product or such above designated elements of the end-user product and/or service are made during the accounting period in which the sale was made or if gross retail selling price for an active functional element, component or service, as the case may be, cannot be determined for an accounting period, Net Sales allocable to the Product in each such country shall be determined by mutual agreement reached in good faith by the Parties prior to the end of the accounting period in question based on an equitable method of determining same that takes into account, on a country-by-country basis, variations in potency, the relative contribution of each active agent, component or service, as the case may be, in the combination, and relative value to the end user of each active agent, component or service, as the case may be. Notwithstanding the foregoing, the Parties agree that, for purposes of this paragraph, adjuvants, mechanical but not chemical drug delivery devices, and excipients shall not be deemed to be "**active ingredients**" or "**active functional elements**". For clarity, [*] or technologies [*] or [*] of a [*] or having [*] properties] such as, without limitation, [*] or specific [*] technology, shall [*] within the [*] and shall [*] to be "**active ingredients**" or "**active functional elements**" for purposes of this paragraph.

1.60 "**Out-of-Pocket Costs**" means costs and expenses paid to Third Parties (or payable to Third Parties and accrued in accordance with GAAP) by Exelixis and/or its Affiliates, if applicable.

1.61 "Party Vote" has the meaning set forth in Section 4.4(c)(i).

1.62 "Patent" means all: (a) unexpired letters patent (including inventor's certificates) which have not been held invalid or unenforceable by a court of competent jurisdiction from which no appeal can be taken or has been taken within the required time period (and which have not been admitted to be invalid or unenforceable through reissue, disclaimer or otherwise, or been abandoned in accordance with or as permitted by the terms of this Agreement or by mutual written agreement), including any substitution, extension, registration, confirmation, reissue, re-examination, supplementary protection certificates, confirmation patents, patent of additions, renewal or any like filing thereof; (b) pending applications for letters patent which have not been canceled, withdrawn from consideration, finally determined to be unallowable by the applicable governmental authority or court for whatever reason (and from which no appeal is or can be taken), and/or abandoned in accordance with or as permitted by the terms of this Agreement or by mutual written consent, including any continuation, division or continuation-in-part thereof and any provisional applications; and (c) any international counterparts to (a) and (b) above.

1.63 "**Phase I Clinical Trial**" means a clinical trial that generally provides for the first introduction into humans of a Product, with a primary purpose of determining safety, metabolism and pharmacokinetic properties and clinical pharmacology of such Product, and generally consistent with 21 CFR § 312.21(a), as amended (or its successor regulation), or other comparable regulation imposed by a Regulatory Authority in any country.

1.64 "**Phase I/II Clinical Trial**" means a human clinical trial of a Product, which trial satisfies the requirements for a Phase I Clinical Trial and for a Phase II Clinical Trial.

1.65 "**Phase II Clinical Trial**" means a human clinical trial of a Product, the principal purpose of which is to make a preliminary determination that such Product is safe for its intended use and to obtain sufficient information about such Product's efficacy to permit the design of further clinical trials, and generally consistent with 21 CFR § 312.21(b), as amended (or its successor regulation), or other comparable regulation imposed by a Regulatory Authority in any country.

1.66 "**Phase II/III Clinical Trial**" means a human clinical trial of a Product, that satisfies the requirements for a Phase II Clinical Trial and for a Phase III Clinical Trial.

1.67 "**Phase III Clinical Trial**" means a pivotal human clinical trial of a Product, which trial is designed to: (a) establish that such Product is safe and efficacious for its intended use; (b) define warnings, precautions and adverse reactions that are associated with such Product in the dosage range to be prescribed; (c) support Regulatory Approval of such Product; and (d) be generally consistent with 21 CFR § 312.21(c), as amended (or its successor regulation), or other comparable regulation imposed by a Regulatory Authority in any country.

1.68 "Phase IIIB Clinical Trial" means a clinical trial of a Product, initiated before regulatory approval and is not required for same, but which may provide data that further defines how and where the drug should be used. A Phase IIIB Clinical Trial may include epidemiological studies, modeling and pharmacoeconomic studies, and investigator-sponsored clinical trials that are approved by the JRDC and that otherwise fit the foregoing definition.

1.69 "Phase IV Clinical Trial" means a product support clinical trial of a Product commenced after receipt of Regulatory Approval in the country where such trial is conducted. A Phase IV Clinical Trial may include epidemiological studies, modeling and pharmacoeconomic studies, and investigator-sponsored clinical trials studying Product that are approved by the JRDC and that otherwise fit the foregoing definition.

1.70 "PI3K" means: (a) the gene encoding the [*] for a member of the[*] consisting of the following [*] known as [*], and [*]; (b) the protein encoded by such gene; and (c) all [*] and [*] thereof. For the purposes of this Agreement the term "**PI3K**" refers to [*] only, and does not include [*].

1.71 "PI3Kalpha Selective Inhibitor" means a small molecule compound that: (a) inhibits PI3Kalpha at the applicable Target Potency Threshold; and (b) meets the applicable Target Specificity Threshold.

1.72 "PI3Kalpha/beta Inhibitor" means a small molecule compound that: (a) inhibits PI3Kalpha and PI3Kbeta at the applicable Target Potency Threshold; and (b) meets the applicable Target Specificity Threshold.

1.73 "PI3Kalpha/beta/mTOR Inhibitor" means a small molecule compound that: (a) inhibits PI3Kalpha, PI3Kbeta and mTOR at the applicable Target Potency Threshold; and (b) meets the applicable Target Specificity Threshold.

1.74 "PI3Kalpha/mTOR Inhibitor" means a small molecule compound that: (a) inhibits PI3Kalpha and mTOR at the applicable Target Potency Threshold; and (b) meets the applicable Target Specificity Threshold.

1.75 "PI3Kbeta Selective Inhibitor" means a small molecule compound that: (a) inhibits PI3Kbeta at the applicable Target Potency Threshold; and (b) meets the applicable Target Specificity Threshold.

1.76 "PI3Kbeta/mTOR Inhibitor" means a small molecule compound that: (a) inhibits PI3Kbeta and mTOR at the applicable Target Potency Threshold; and (b) meets the applicable Target Specificity Threshold.

1.77 "Pre-Lead Compound" means a small molecule compound that: (a) is [*] by a Party; (b) such Party has [*] as a [*] after [*] for [*] against [*], and [*] (as applicable); (c) meets the Pre-Lead Criteria set forth in the Research Plan; and (d) is [*] by [*] to the JRDC for inclusion under the Agreement as a Collaboration Compound.

1.78 "Pre-Lead Criteria" has the meaning set forth in Section 2 of **Exhibit 2.2**.

1.79 "Product" means any therapeutic or prophylactic product (for use in animals or humans) in bulk or finished form that comprises or incorporates any [*].

1.80 "Regulatory Approval" means any and all approvals (including supplements, amendments, pre- and post-approvals, pricing and reimbursement approvals), licenses, registrations or authorizations of any national, supra-national (e.g., the European Medicines Agency ("**EMEA**")), regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity, that are necessary for the manufacture, distribution, use or sale of a Product in a regulatory jurisdiction.

1.81 "Regulatory Authority" means the applicable national (e.g., the FDA), supra-national (e.g., the EMEA), regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity that, in each case, governs the Regulatory Approval of a Product in such applicable regulatory jurisdiction.

1.82 "Research Plan" has the meaning set forth in Section 2.2.

1.83 "Royalty Term" has the meaning set forth in Section 9.5.

1.84 "[*]" has the meaning set forth in Section 4.4(c)(iv).

1.85 "Sanofi-Aventis Know-How" means all Information Controlled by Sanofi-Aventis (other than Sanofi-Aventis Patents) and its Affiliates as of the Effective Date or during the Term, that: (a) covers a Collaboration Compound, a composition containing a Collaboration Compound, a formulation containing a Collaboration Compound, or the manufacture or use of a Collaboration Compound; and (b) is [*] for Exelixis to exercise the rights licensed to it under the Agreement or to perform its obligations under the Agreement.

1.86 "Sanofi-Aventis Patents" means all Patents Controlled by Sanofi-Aventis and its Affiliates (including Sanofi-Aventis' Sole Invention Patents but excluding Exelixis Patents), as of the Effective Date or during the Term, including any Sole Invention Patents Controlled by Sanofi-Aventis, that: (a) cover a Collaboration Compound, a composition containing a Collaboration Compound, a formulation containing a Collaboration Compound, or the manufacture or use of a Collaboration Compound; and (b) are [*] for Exelixis to exercise the rights licensed to it under the Agreement or to perform its obligations under the Agreement.

1.87 "SAR" has the meaning set forth in Section 2.3(b).

1.88 "**Selectivity Panel**" has the meaning described in **Exhibit 1.88**.

1.89 "Sole Invention" means any Invention conceived and reduced to practice solely by or on behalf of a Party during the Term.

1.90 "Sole Invention Patent" means a Patent that claims a Sole Invention.

1.91 "Target Potency Threshold" has the meaning set forth in **Exhibit 1.91**.

1.92 "Target Specificity Threshold" has the meaning set forth in **Exhibit 1.92**.

1.93 "Term" has the meaning set forth in Section 12.1.

1.94 "Third Party" means any person or entity other than: (a) Exelixis; (b) Sanofi-Aventis; or (c) an Affiliate of either Party.

1.95 "Transfer Date" for a given Exelixis Clinical Trial with respect to any given Product means: (a) the date on which Exelixis notifies Sanofi-Aventis of the first occurrence of any of the following events: (i) [*] ("[*]") is established, consistent with the then-current clinical protocol for such Exelixis Clinical Trial]; and (ii) [*] ("[*]") is established when [*] in [*] is observed in [*]; or (b) the date on which [*] agrees to [*] a [*] to [*] of the [*] for such [*].

1.96 "Upstate Panel" has the meaning described in **Exhibit 1.88**.

1.97 "Valid Claim" means (a) a claim in an issued Patent that has not: (i) expired or been canceled; (ii) been declared invalid by an unreversed and unappealable or unappealed decision of a court or other appropriate body of competent jurisdiction; (iii) been admitted to be invalid or unenforceable through reissue, disclaimer or otherwise; or (iv) been abandoned in accordance with or as permitted by the terms of this Agreement or by mutual written agreement of the Parties; or (b) a claim under an application for a Patent

that has been pending [*] from the date that the [*], and which has not been canceled, withdrawn from consideration, finally determined to be unallowable by the applicable governmental authority or court for whatever reason (and from which no appeal is or can be taken), or abandoned.

1.98 "Working Group" has the meaning set forth in Section 4.4(f).

2. Collaboration

2.1. Overview; Guidelines; and Independence.

(a) Overview. The Parties desire to apply their respective technology and expertise to discover, optimize and advance Collaboration Compounds that are a PI3Kalpha Selective Inhibitor, PI3Kbeta Selective Inhibitor, PI3Kalpha/beta Inhibitor, PI3Kalpha/mTOR Inhibitor, PI3Kbeta/mTOR Inhibitor, or PI3Kalpha/beta/mTOR Inhibitor so that such Collaboration Compounds may be Developed into Products and Commercialized by Sanofi-Aventis. As a general goal, the Parties intend to advance [*] Lead Compounds as Development Candidates, and to submit [*] INDs on Development Candidates ([*] one of which is [*] and one of which is [*] (both with or without [*]), during the Collaborative Research Term. The Parties agree that failure to advance [*] such Lead Compounds as Development Candidates, or failure to submit [*] such INDs on Development Candidates shall not be treated as a breach of this Agreement. Each Party shall have responsibilities under the Collaboration in accordance with the allocation of duties set forth in the Research Plan, including responsibilities for lead optimization, preclinical development of Collaboration Compounds, and conduct of [*] Clinical Trial(s) for such Collaboration Compounds.

(b) Resources. Each Party shall assign responsibilities for the various operational aspects of the Collaboration to those portions of its organization that have the appropriate resources, expertise and responsibility for such functions and, consistent with this Agreement, treat each Pre-Lead Compound, Lead Compound or Development Candidate as if it were a proprietary compound solely of its own organization. In all matters related to the Collaboration, the Parties shall strive to balance as best as they can the legitimate interests and concerns of the Parties and to realize the full economic potential of each Product (taking into account the risks and costs of further Development and Commercialization). Notwithstanding anything to the contrary, during the Collaborative Research Term, Exelixis shall allocate and utilize [*] FTEs per year, [*] to fulfilling its obligations under the Research Plan, and Sanofi-Aventis shall allocate [*] to perform its obligations under the Research Plan.

2.2. Research Plan. The Parties have agreed in writing upon an initial plan for the research to be carried out by the Parties during the Collaborative Research Term, which is set forth in the **Exhibit 2.2** and incorporated herein by reference (the "**Research Plan**"). The Research Plan includes each Party's respective obligations in furtherance of the Collaboration and timelines for completion of key stages. The JRDC shall review the Research Plan at least [*] and may propose to the JEC (for its review and approval) revised versions of the Research Plan that do not contradict any terms of this Agreement. Once approved by the JEC, such revised Research Plan shall replace the prior Research Plan. If the terms of the Research Plan contradict, or create inconsistencies or ambiguities with, the terms of this Agreement, then the terms of this Agreement shall govern.

2.3. Conduct of Research.

(a) General. The Parties shall use Diligent Efforts to conduct their respective tasks set forth in the Research Plan and shall conduct the Collaboration in good scientific manner, and in compliance in all material respects with the requirements of applicable laws, rules and regulations and all applicable good laboratory practices.

(b) Pre-Lead Discovery and Nomination. During the Collaborative Research Term, each Party shall use Diligent Efforts to [*] and [*] of [*] to [*] and [*] as [*]. Each Party shall [*] the [*] and [*] identification and characterization (but not any [*], [*], proprietary [*], or [*]) with the JRDC at each meeting. **Exhibit 2.3(b)(i)** identifies (as of the Effective Date) a list of compounds that [*] to [*] as [*] under this Agreement, and **Exhibit 2.3(b)(ii)** identifies (as of the Effective Date) a list of compounds that [*] to [*] as [*] under this Agreement. Once [*] in [*] that a given compound meets the Pre-Lead Compound Nomination Criteria identified in the Research Plan, then [*] shall submit to the JRDC a data package (excluding [*] and [*]) for nominating such compound as a Pre-Lead Compound. Alternatively, the JRDC may request [*] to assemble and submit (at such [*]) a data package (excluding [*] and [*]) for any PI3Kalpha Selective Inhibitor, PI3Kbeta Selective Inhibitor, PI3Kalpha/beta Inhibitor, PI3Kalpha/mTOR Inhibitor, PI3Kbeta/mTOR Inhibitor, or PI3Kalpha/beta/mTOR Inhibitor that has been disclosed to the JRDC by [*]. The JRDC shall review each data package submitted for Pre-Lead Compound nomination and shall determine whether to approve such compound as a Pre-Lead Compound. If the JRDC approves such compound, then such compound shall be deemed to be a Pre-Lead Compound. Upon such approval by the JRDC, the [*] and [*] for such Pre-Lead Compound shall be [*]. If the JRDC does not approve a compound as a Pre-Lead Compound, and the JRDC recommends that such compound should be subject to additional work, then, [*] that [*] such [*] shall use [*] to [*] such [*] and [*] such [*] to the [*] for [*]; provided, however, that the JRDC shall have the sole discretion to prioritize such additional work relative to any work being performed [*] under this Agreement. If the JRDC does not approve such compound as a Pre-Lead Compound and does not recommend additional work, then such compound shall [*] that [*] such [*], which [*] shall have the right to] further research, develop or commercialize such compound [*], subject [*] to the [*] of Section [*].

(c) Lead Discovery and Nomination. Once [*] determines that [*] Pre-Lead Compound meets the Lead Compound Nomination Criteria identified in the Research Plan, then [*] shall submit to the JRDC a data package for such Pre-Lead Compound to be approved as a Lead Compound by the JRDC. Alternatively, the JRDC may nominate a Pre-Lead Compound for consideration to be a Lead Compound and request [*] to assemble and submit (at such [*]) a data package for such Pre-Lead Compound. The JRDC shall review each submitted data package and shall determine whether to approve such Pre-Lead Compound as a Lead Compound, provided, however, that prior to such determination, [*] that has [*] such [*] shall have the right to request and receive, [*] appropriate [*], [*] from the [*] of [*] than [*] of such [*] solely to [*] the [*] and the [*] described in the [*] and confirm whether such [*] of the [*] provided meet such [*] (for clarity, [*] intends for the [*] to [*] in the [*] of [*]; accordingly, if any [*] from such [*], then the [*] such [*] hereby [*] all of its [*] and [*] to such [*] to [*]). If the JRDC approves such Pre-Lead Compound, then such Pre-Lead Compound shall be deemed to be a Lead Compound, and shall no longer be deemed to be a Pre-Lead Compound. If the JRDC does not approve a Pre-Lead Compound, and the JRDC recommends that such Pre-Lead Compound should be subject to additional work, then, [*] that [*] such [*] shall use [*] to [*] such [*] and [*] such [*] to the [*] for [*]; provided, however, that the JRDC shall have the sole discretion to prioritize such additional work relative to any work

being performed [*] under this Agreement. If JRDC does not approve such Pre-Lead Compound and does not recommend additional work, then such Pre-Lead Compound shall cease to be a Pre-Lead Compound, and [*] that [*] such [*] shall have [*] to further [*] or [*] such [*], subject [*] to the [*] of Section [*].

(d) Review of Lead Compounds. As part of the criteria for the submission of a Lead Compound for approval as a Development Candidate, [*] review the results of all screening assays for [*] activity [*] or [*] of [*] in the normal course of [*] under the [*]. [*] may [*] such [*] for the [*] of [*] that such [*] does [*] a [*] of [*] against any [*] for which [*] has [*] to any [*] ("[*]"). If [*] notifies [*] in writing within [*] of [*] that a [*], then [*] shall [*] such [*]; *provided, however*, that [*] may [*] on such [*] to [*] the [*] of such [*]. For clarity, (a) nothing in this Section 2.3 shall be deemed to [*] from [*], at any time, with respect to its [*] or [*] in order to [*] such [*], and (b) [*] may [*] and [*] with respect to any such [*] during such [*] prior to [*] any such [*] from [*]. In the event that [*] does [*] to [*] with respect to the [*] of a [*] within such [*], then [*] shall be [*] on the terms and conditions set forth in this Agreement.

(e) Lead Optimization. During the Collaborative Research Term, the JRDC shall review and prioritize each Lead Compound on a regular basis, allocating the split of responsibilities and resources between the Parties with the goal of advancing a prioritized Lead Compound to Development Candidate by the conduct of the Lead Optimization Responsibilities set forth in the Research Plan, and the factors described below. In general, the responsibilities for [*] of a Lead Compound and associated [*] (including [*] and [*]) shall remain with [*] that [*] such [*]; *provided, however*, that the Parties may agree to allocate some activities (and transfer Lead Compounds) to [*] that [*] such [*] if [*] has [*] and [*] that are [*] to the [*] (e.g., in the areas of specific [*] or [*] models, [*] assets or access to [*])]. During the Collaborative Research Term, each Party shall [*] to [*] the [*] that are [*] to [*] by [*] and to update the JRDC with the progress and results of such conduct. The JRDC shall assess the status of the Lead Compounds, and, if a Lead Compound meets the Development Candidate Nomination Criteria, or if the JRDC otherwise determines that a Lead Compound should be advanced as a Development Candidate for preclinical development, then the JRDC shall nominate such Lead Compound as a Development Candidate to [*]. [*] shall promptly (and in good faith) review such nomination and determine whether such Lead Compound shall be advanced for preclinical development by becoming a Development Candidate. If [*] determines to approve such Lead Compound as a Development Candidate, then [*] shall promptly notify the JRDC, and such Lead Compound shall be deemed to be a Development Candidate and shall no longer be deemed to be a Lead Compound. [*] shall also determine which Party would be responsible for CMC Activities, preclinical development, IND submission and conduct of the first Phase I Clinical Trial for such Development Candidate. If the JRDC decides not to nominate a Lead Compound as a Development Candidate, or if [*] does not approve a Lead Compound as a Development Candidate, and the JRDC [*] recommends additional work to be performed on such Lead Compound, then, [*] that [*] such [*] shall use Diligent Efforts to conduct such additional work and re-submit such Lead Compound to the JRDC; provided, however, that the JRDC shall have the sole discretion to prioritize such additional work relative to any work being performed by such Party under this Agreement.

(f) Preclinical Development and IND Submission. After [*] determines to advance a Lead Compound as a Development Candidate, [*] that was [*] the [*] for such [*] shall use Diligent Efforts during the Collaborative Research Term to conduct the Preclinical Development Activities set forth

in the Research Plan. The JRDC shall assess the status of such Preclinical Development Activities, and, if a Development Candidate meets the IND Submission Criteria, or if the JRDC otherwise determines that an IND should be submitted for a Development Candidate, then the JRDC shall nominate such Development Candidate for IND submission to [*]. [*] shall promptly (and in good faith) review such nomination and determine whether an IND should be submitted for such Development Candidate. If [*] determines that an IND should be submitted, then [*] shall promptly notify the JRDC, and the Lead Development Party shall prepare the Initial Development Plan and Annual Development Plan pursuant to Article 5. After the Initial Development Plan and Annual Development Plan are finalized, the Lead Development Party shall use Diligent Efforts to prepare and submit to the applicable Regulatory Authority the IND package for such Development Candidate. If the JRDC determines that an IND should not be submitted for a Development Candidate, or if [*] determines not to submit an IND for a Development Candidate, but if either the JRDC or [*] recommends that such Development Candidate should be subject to additional work, then, [*] that was [*] the [*] for such [*] shall use Diligent Efforts to conduct such additional work and re-submit such Development Candidate to the JRDC [*]; provided, however, that the JRDC shall have the sole discretion to prioritize such additional work relative to any work being performed [*] under this Agreement. After the INDs for at least [*] Development Candidates, have been approved by the appropriate Regulatory Authority [*] shall have any obligation to submit (or conduct any work related to the submission of) any additional INDs for any other Development Candidates, and [*] shall have any obligation to submit (or conduct any work related to the submission of) any additional Lead Compounds for advancement as Development Candidates.

(g) Expenses and Reimbursement.

(i) Collaborative Research Term. Subject to Section 4.1(b)(ii) and Section 9.1(b), [*] shall bear [*] costs and expenses associated with each Collaboration Compound for the conduct of [*] tasks described in the Research Plan, until the [*] of the [*] regarding such [*] by the applicable [*]. Such expenses shall include the conduct of [*] for each [*] from the [*] of a [*] up to the [*] of [*] for such [*], including expenses for [*], [*] and [*], [*], [*] and [*].

(ii) Development. Sanofi-Aventis shall bear the costs and expense (and reimburse Exelixis) associated with conducting clinical development of a Development Candidate incurred after the approval of the applicable IND, including any Exelixis Development Expenses incurred after the approval of the applicable IND; provided, however, that [*] shall [*] to [*] for any [*] to [*] which have [*] under [*].

2.4. Information Exchange; Reports. During the Collaborative Research Term, each Party shall report to the JRDC no less than [*] and shall submit to the other Party and the JRDC a [*] written progress report summarizing the results and data obtained from the conduct of the Research Plan. Notwithstanding anything to the contrary in this Agreement, neither Party shall be obligated to [*] (e.g., [*] or [*]) of any [*] to the [*] until the [*] has [*] such [*] as a [*]. If reasonably necessary for a Party to perform its work under the Research Plan or to exercise its rights under the Agreement, such Party may request that the other Party provide more detailed information and data regarding such results reported by such other Party, and such other Party shall promptly provide the requesting Party with information and data as is reasonably related to such request, including any records created by a Party pursuant to Section 13.3(c). All such reports shall be considered Confidential Information of the Party providing same.

2.5. Option to Extend Collaborative Research Term. Provided [*] is not [*], Sanofi-Aventis shall have the right to extend the Collaborative Research Term for an additional one (1) year period, upon a minimum of [*] written notice prior to the expiry of the Collaborative Research Term on the same terms and conditions in this Agreement (except that Sanofi-Aventis shall not have the ability to make additional unilateral extensions to the Collaborative Research Term). [*] may, at its option, request that [*] execute an extension agreement in order to formalize the extension of the Collaborative Research Term, but [*] of [*] under [*] shall [*] to [*] to the [*] of the [*] for a single one (1) year period. Subsequent to such one-year extension, the Parties may extend the Collaborative Research Term solely [*] and [*].

3. SANOFI-AVENTIS DEVELOPMENT AND COMMERCIALIZATION RESPONSIBILITIES

3.1. Scope. Except for the Exelixis' responsibilities under the Research Plan and the Exelixis Clinical Trials, Sanofi-Aventis shall have sole control and responsibility for the Development, Manufacture (including formulation, but subject to Section 7.1) and Commercialization of all Collaboration Compounds and/or Products. Sanofi-Aventis shall bear all costs and expenses associated with, the Development, Manufacture (including formulation) and Commercialization of all Products unless otherwise provided herein.

3.2. Diligence. During the Term, Sanofi-Aventis shall use Diligent Efforts to Develop and Commercialize in each of the Major Territories at least [*], provided however that Sanofi-Aventis may satisfy such obligation by sublicensing the Development and Commercialization of a Product to a Third Party pursuant to the terms of this Agreement.

3.3. Discussion Opportunity. Exelixis may notify Sanofi-Aventis in writing if Exelixis in good faith believes that Sanofi-Aventis is not meeting its diligence obligations set forth in Section 3.2, and the Parties shall meet and discuss the matter in good faith. Exelixis may further request review of Sanofi-Aventis' records generated and maintained as required under Section 3.4 below, to the extent those records relate to Development, Manufacture and Commercialization of a Product.

3.4. Reports. Beginning on with the first full [*] that ends at least [*] after the JRDC and JEC are disbanded pursuant to Section 4.1, and for each [*] thereafter during the Term, Sanofi-Aventis shall submit to Exelixis a written progress report summarizing the Development, Manufacturing, and Commercialization of Products performed by Sanofi-Aventis. If [*] for Exelixis to exercise its rights under this Agreement, Exelixis may request that Sanofi-Aventis provide more detailed information and data regarding such reports by Sanofi-Aventis, and Sanofi-Aventis shall promptly provide Exelixis with information and data as is reasonably related to such request, at Exelixis' expense. All such reports shall be considered Confidential Information of Sanofi-Aventis.

4. GOVERNANCE

4.1. Collaboration Governance and Committee Structure.

(a) Role of Committees. Subject to Section 4.1(b) and the other terms and conditions of this Agreement, the Parties shall establish: (i) a joint executive committee (the "**Joint Executive Committee**" or "**JEC**") that will oversee the Collaboration and facilitate communications between the Parties with respect to the discovery and Development of Products hereunder; and (ii) a specialized joint committee (such committee, the "**Joint Research & Development Committee**" or "**JRDC**") focusing on each of the following areas arising out of the Collaboration: (A) discovery and chemical optimization of Collaboration Compounds up to Development Compound nomination; and (B) Development (including preclinical development) and Regulatory Approval of Products. Each Committee shall have the responsibilities and authority allocated to it in this Article 4 and elsewhere in this Agreement. It is contemplated that: (X) all significant matters relating to the discovery, lead optimization, preclinical and clinical Development of Products under this Agreement will be addressed by the JRDC and, if appropriate, by the JEC, as contemplated by Section 4.4(c); and (Y) the Parties' respective activities under this Agreement will be reported to the relevant Committees in a reasonable and appropriate level of detail. The JRDC shall provide, on a [*] basis (unless otherwise requested by the JEC), updates on its activities and achievements to the JEC for review and comment. The Parties intend that their respective organizations will work together to assure the success of the Collaboration.

(b) Limitations on the Authority of Committees. Notwithstanding the Committee structure established pursuant to Section 4.1(a), each Party shall retain the rights, powers and discretion granted to it under this Agreement, and no such rights, powers, or discretion shall be delegated to or vested in a Committee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. Without limiting the generality of the foregoing, no Committee shall have any authority or jurisdiction to: (i) amend, modify, or waive compliance with this Agreement, any of which shall require mutual written agreement of the Parties; or (ii) require Exelixis to [*] an [*] of [*] on any [*] during [*] of the [*], without the Parties' prior written agreement.

(c) Discontinuation of Participation on a Committee. Each Committee shall continue to exist until the first to occur of: (i) the Parties mutually agreeing to disband the Committee; or (ii) a Party providing to the other Party written notice of its intention to disband and no longer participate in such Committee. Once one Party has provided the other Party written notice as referred to in subclause (ii) above, such Committee shall have no further obligations under this Agreement and such other Party receiving such notice shall have the right to solely decide, without consultation, any matters previously before such Committee, subject to the other terms of this Agreement.

(d) Disbandment of JEC and JRDC. The Parties hereby agree that the JEC and the JRDC shall be disbanded within [*] following the completion of any and all Development activities to be performed by Exelixis hereunder, including but not limited to the Exelixis Clinical Trials.

4.2. Joint Executive Committee.

(a) Formation and Purpose. Exelixis and Sanofi-Aventis shall establish the JEC within [*] after the Effective Date. Subject to Sections 4.1(b) and 4.4(c), the JEC's responsibilities shall be: (i) to

determine the strategy for the research and Development of Collaboration Compounds and Products; (ii) to coordinate the Parties' activities hereunder; and (iii) as applicable, to review, comment on, approve, and resolve disputes with respect to the foregoing matters or other matters which the Parties wish to bring to the JEC, including the specific responsibilities of the JEC outlined below. The JEC shall have the membership and shall operate by the procedures set forth in Section 4.4.

(b) Specific Responsibilities of the JEC. In addition to its overall responsibility for the Collaboration, but subject to Sections 4.1(b) and 4.4(c), the JEC shall, in particular, have the following specific responsibilities:

(i) Review and approve the research and Development strategies for each Collaboration Compound and Product;

(ii) oversee the Parties' activities hereunder;

(iii) approve budgets for the Exelixis Development Expenses;

(iv) review all significant and strategic issues within the purview of the JRDC;

(v) oversee the Development of each Product pursuant to its Initial Development Plan and respective Annual Development Plan, up to the initiation of Phase III Clinical Trials;

(vi) review and approve any material amendments to the Approved Plans and any other items submitted to the JEC by the JRDC;

(vii) provide a forum for disputed matters within the responsibilities of JRDC; and

(viii) such other responsibilities as may be assigned to the JEC pursuant to the Agreement or as may be agreed between the Parties from time to time.

4.3. Joint Research & Development Committee.

(a) Formation and Purpose. Exelixis and Sanofi-Aventis shall establish the JRDC within [*] after the Effective Date, which Committee shall, subject to Sections 4.1(b) and 4.4(c), oversee the discovery efforts and preclinical development of Collaboration Compounds, as described in Article 2. The JRDC shall have the membership and shall operate by the procedures set forth in Section 4.3, and shall disband subsequent to the Collaborative Research Term or otherwise at the direction of the JEC.

(b) Specific Responsibilities of the JRDC. In addition to its overall responsibility described above, and subject to Sections 4.1(b) and 4.4(c), the JRDC shall, in particular, have the following specific responsibilities:

(i) provide a forum for the Parties to report progress with respect to discovery and preclinical development activities and to allow the Parties to review and comment with respect to such discovery activities;

(ii) determine which: (A) [*] will become Pre-Lead Compounds; (B) Pre-Lead Compounds will become Lead Compounds; and (C) Lead Compounds will be nominated [*] as Development Candidates;

(iii) prioritize and allocate Party resources for lead optimization projects as set forth in the Research Plan;

(iv) review and revise the Research Plan;

(v) determine which Development Candidates will be nominated [*] for IND submission;

(vi) provide [*] with its recommendation as to which Party it believes should be responsible for CMC Activities, preclinical development, IND submission and conduct of Phase I Clinical Trials for a Collaboration Compound (it being understood that assignment of the foregoing responsibilities will be made by Sanofi-Aventis);

(vii) monitor Development activities, including with respect to operational matters such as enrollment strategies, site selection, CRO contract strategies;

(viii) review and discuss the Initial Development Plan and each Annual Development Plan;

(ix) review all material information generated in the course of implementing the Initial Development Plan and the Annual Development Plans;

(x) assist in coordinating scientific interactions and division of responsibilities with respect to Development activities, and resolving disagreements during the course of implementing the Initial Development Plan and the Annual Development Plans;

(xi) provide on a [*] basis updates on its activities and achievements to the JEC for review and comment;

(xii) initiate a transfer of the IND for the Product in an Exelixis Clinical Trial in advance of [*]; and

(xiii) such other responsibilities as may be assigned to the JRDC pursuant to the Agreement or as may be agreed between the Parties from time to time.

4.4. General Committee Membership and Procedures.

(a) Membership. Each Committee shall be composed of such number of representatives as may be agreed by the Parties. Each of Sanofi-Aventis and Exelixis shall designate representatives with appropriate expertise to serve as members of each Committee. Each Party may replace its Committee representatives at any time upon written notice to the other Party. Each Committee shall have co-chairpersons.

Sanofi-Aventis and Exelixis shall each select from their representatives a co-chairperson for each of the Committees, and each Party may change its designated co-chairpersons from time to time upon written notice to the other Party. The Alliance Managers shall be responsible for calling meetings, preparing and circulating an agenda in advance of each meeting of such Committee, and preparing and issuing minutes of each meeting within [*] thereafter; provided that a Committee co-chairperson shall call a meeting of the applicable Committee promptly upon the written request of the other co-chairperson to convene such a meeting. The minutes of each meeting shall, among other things, record all matters acted upon and approved or disapproved by the Committee, actions to be taken, and any matters the Committee failed to resolve. Such minutes will not be finalized until both Alliance Managers review and confirm in writing the accuracy of such minutes.

(b) Meetings. Each Committee shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than once every [*] for the JRDC, and once every [*] for the JEC. Each Committee shall meet alternately at Exelixis' facilities in South San Francisco, California, and Sanofi-Aventis' facilities in the Paris, France metro area, or at such other locations as the Parties may agree. The Alliance Managers shall, and other employees of each Party involved in the discovery, preclinical development, Development, Manufacture, or Commercialization of any Product may as needed, attend meetings of each Committee (as nonvoting participants unless they are members of such Committee), and consultants, representatives or advisors involved in the discovery, preclinical development, Development or Manufacture of any Product may attend meetings of each Committee as nonvoting observers; provided that such employees and Third Party representatives are under obligations of confidentiality and non-use applicable to the Confidential Information of each Party that are at least as stringent as those set forth in Article 11, and in the case of non-employees of a Party, subject to the consent of the other Party, which shall not be unreasonably withheld or delayed. Each Party shall be responsible for all of its own expenses of participating in any Committee (including in any Working Group). Meetings of any Committee may be held by audio or video teleconference; provided that at least [*] per year of such Committee shall be held in person. No action taken at any meeting of a Committee shall be effective unless a representative of each Party is participating.

(c) Decision-Making.

(i) Voting on Committee Decisions. Subject to Section 4.1(b), each Party's designees on a Committee shall, collectively, have one (1) vote (the "**Party Vote**") on all matters brought before the Committee, which Party Vote shall be determined by [*] of such Party's designees present (in person or otherwise) at the meeting. Except as expressly provided in this Section 4.4(c) and subject to Section 4.1(b), each Committee shall operate as to matters within its jurisdiction by unanimous Party Vote. All decisions of a Committee shall be documented in writing in the minutes of the applicable Committee meeting by the Alliance Managers.

(ii) [*] Decisions. [*] level decisions concerning the [*] or [*] shall be made by Sanofi-Aventis; provided, however that, any [*] level decisions with respect to [*] for a [*], or any [*] or [*] by [*], shall be made by Exelixis. Any dispute regarding a decision made by [*] pursuant to this paragraph shall first be referred to the Alliance Managers, and, if the dispute is not resolved within [*] after such referral to the Alliance Managers, then it shall, upon written notice by a Party to the other, be referred to the JRDC and/or JEC for resolution.

(iii) Disagreements on Committees. Except for matters outside the jurisdiction and authority of the Committees and in any event without limiting the other rights and obligations of the Parties under this Agreement, any disagreement between the designees of Sanofi-Aventis and Exelixis on the JRDC as to matters within such Committee's jurisdiction shall, at the election of either Party, be addressed, first, with the Alliance Managers, and, if the dispute is not resolved within [*] after such referral to the Alliance Managers, then it shall, upon written notice by a Party to the other, be submitted to the JEC for resolution. If the JEC does not resolve any such matter submitted to it for resolution within [*] after such submission, , then the [*] co-chairperson of the JEC shall have the right to decide any such matter, subject to Section 4.4(c)(iv).

(iv) [*]. [*] right to exercise final decision-making authority pursuant to Section 4.4(c)(iii) ([*]) shall be subject to the following limitations:

(1) All [*] shall be made in good faith, with due regard for the impact of such decisions on Products, and, consistent in all material respects with the applicable Approved Plan and the terms of this Agreement. No such decision by [*] shall violate or breach any term or condition of this Agreement. [*] shall make all [*] only after [*] (through its JEC or JRDC members, as applicable) on such matters and the [*], and in the case of [*] made pursuant to Section [*], only after [*], and the [*] on such matters, at a subsequent meeting.

(2) [*] shall have no right to make a [*]: (A) on any matter that would require [*] to [*] any [*] or [*] that [*] may [*] or to a [*]; (B) on any matter that would amend, violate or breach any provision of this Agreement; (C) to change the [*] or [*]; (D) to change the [*] requirements [*] in the [*], or [*]; (E) [*] the [*] of the [*] the [*] and [*] of [*], or [*] to the [*] and [*] of [*]; or (F) on any matter that would require [*] to [*] the [*] of a [*] in the [*] of the [*]. Resolution of disputes relating to the foregoing matters shall require mutual agreement of the Parties (except as otherwise expressly set forth in this Agreement).

(d) Meeting Agendas and Minutes. Each Party shall disclose to the other proposed agenda items along with appropriate information at least [*] in advance of each meeting of the applicable Committee; *provided* that under exigent circumstances requiring Committee input, a Party may provide its agenda items to the other Party within a shorter period of time in advance of the meeting.

(e) Working Groups. From time to time, the JEC or JRDC may establish and delegate duties to other committees, sub-committees or directed teams (each, a "**Working Group**") on an "as-needed" basis to oversee particular projects or activities, which delegation shall be reflected in the minutes of the meetings of the applicable Committee. Each such Working Group shall be constituted and shall operate as the JEC or JRDC, as the case may be, determines. The Working Groups may be established on an ad hoc basis for purposes of a specific project, for the life of a Product, or on such other basis as the applicable Committee may determine. Each Working Group and its activities shall be subject to the oversight, review and approval of, and shall report to, the Committee that established such Working Group. In no event shall the authority of the Working Group exceed that specified for the relevant Committee in this Article 4. Any disagreement between the designees of Sanofi-Aventis and Exelixis on a Working Group shall be referred to the applicable Committee for resolution.

(f) Interactions Between Committees and Internal Teams. The Parties recognize that each Party possesses an internal structure (including various committees, teams and review boards) that will be involved in administering such Party's activities under this Agreement. Each Committee shall establish procedures to facilitate communications between such Committee or Working Group and the relevant internal committee, team or board of each of the Parties, including by requiring appropriate members of such Committee to be available at reasonable times and places and upon reasonable prior notice for making appropriate oral reports to, and responding to reasonable inquiries from, the relevant internal committee, team or board.

4.5. Alliance Managers.

(a) Appointment. Each of the Parties shall appoint a single individual to act as a single point of contact between the Parties (each, an "**Alliance Manager**"). Each Party may change its designated Alliance Manager from time to time upon written notice to the other Party. Any Alliance Manager may designate a substitute to temporarily perform the functions of that Alliance Manager by written notice to the other Party.

(b) Responsibilities. The Alliance Managers shall use good faith efforts to attend all Committee meetings and support the co-chairpersons of each Committee in the discharge of their responsibilities. Alliance Managers shall be nonvoting participants in such Committee meetings, unless they are also appointed members of such Committee pursuant to Section 4.4(a). An Alliance Manager may bring any matter to the attention of any Committee if such Alliance Manager reasonably believes that such matter warrants such attention. Each Alliance Manager shall be charged with creating and maintaining a collaborative work environment within and among the Committees. In addition, each Alliance Manager: (i) will be the point of first referral in all matters of conflict resolution; (ii) will coordinate the relevant functional representatives of the Parties in developing and executing strategies and plans for the Products in an effort to ensure consistency and efficiency throughout the world; (iii) will provide a single point of communication for seeking consensus both internally within the respective Parties' organizations and between the Parties regarding key strategy and plan issues; (iv) will identify and bring disputes to the attention of the appropriate Committee in a timely manner; (v) will plan and coordinate cooperative efforts and internal and external communications; and (vi) will take responsibility for ensuring that governance activities, such as the conduct of required Committee meetings and production of meeting minutes, occur as set forth in this Agreement, and that relevant action items resulting from such meetings are appropriately carried out or otherwise addressed.

5. DEVELOPMENT OF PRODUCTS

5.1. Lead Development Party. The JRDC shall recommend to Sanofi-Aventis the Party that it believes should serve as the lead Party for the conduct of the first Phase I Clinical Trial for each Product. The JRDC's recommendation shall be made in the best interest of the Collaboration. After careful review of the recommendation of the JRDC, Sanofi-Aventis shall determine which Party shall serve as the lead Party for the conduct of the first Phase I Clinical Trial (the "**Lead Development Party"**). If Sanofi-Aventis determines that Exelixis serve as the Lead Development Party for a Product, then Exelixis' responsibility to Develop such Product shall cease after the Transfer Date for the first Phase I Clinical Trial for such Product, and Sanofi-Aventis shall be responsible (as of the Transfer Date) for all further Development of such Product

pursuant in Section 3.1. If Sanofi-Aventis is the Lead Development Party for a Product, then Sanofi-Aventis shall be responsible for all Development of such Product pursuant to Sections 3.1, 5.2 and 5.3.

5.2. Initial Development Plans.

(a) Scope. The initial Development of each Product shall be governed by a comprehensive, multi-year plan covering the conduct of the early clinical development of such Product up to clinical proof-of-concept (the **"Initial Development Plan"**). The Initial Development Plan shall: (i) provide a comprehensive Development program that is designed to generate the non-clinical, clinical and regulatory information required for submitting Drug Approval Applications and to obtain Regulatory Approvals for the relevant indications; (iii) indicate the [*] that will [*] with respect to the [*]; (iv) set forth those obligations assigned to each Party with respect to the performance of the Development activities contemplated by such Initial Development Plan; (v) contain a study protocol for the establishment of [*] for the Product in the first Phase I Clinical Trial; and (vi) provide an expected forecast, based on the information available at the time, including patient estimates and cost forecasts (and methodology, if available).

(b) Creation of Initial Development Plan. The Lead Development Party shall use Diligent Efforts to prepare and submit to the JRDC a draft of the Initial Development Plan for a given Product no later than [*] prior to the anticipated date of IND submission for such Product. The JRDC shall promptly meet, discuss such draft and provide feedback to the Lead Development Party. The Lead Development Party shall use Diligent Efforts to prepare a final version of the Initial Development Plan, including a final study protocol, and submit it to the JRDC for final review approximately [*] in advance of the anticipated IND submission date. The JRDC shall promptly meet, discuss such final version and provide feedback to the Lead Development Party. After obtaining any additional feedback, the Lead Development Party shall prepare and submit the IND package to the applicable Regulatory Authority pursuant to Section 2.3(f).

(c) Updates to the Initial Development Plan. Any material update, amendment or modification to any provisions of such Initial Development Plan shall require the approval of the JEC.

(d) Reports. Beginning [*] after disbandment of the JRDC and JEC in accordance with Section 4.1(d), and every [*] thereafter during the Term, Sanofi-Aventis shall submit to Exelixis a written progress report, substantially in the form of **Exhibit 5.2(d)**, which summarizes the Development of Products performed by Sanofi-Aventis.

5.3. Annual Development Plans.

(a) Scope. To further refine each Initial Development Plan, the JRDC shall prepare a separate, detailed and specific Development plan covering all material Development activities to be performed for such Product for such year, and budgets covering all Exelixis Development Expenses for those Development activities for such Product conducted in support of Regulatory Approvals for such Product (each, an **"Annual Development Plan"**). Each Annual Development Plan and budget shall be proposed by the JRDC for approval by the JEC. Each Annual Development Plan for such Product, and any modifications thereto, shall cover, and be consistent in all material respects with, all the Development activities and budgets in the then-current Initial Development Plan for such Product that are to be performed in that particular Calendar Year.

(b) Procedure. The initial Annual Development Plan shall be prepared by the Lead Development Party in conjunction with the preparation of the Initial Development Plan described in Section 5.2(b). Thereafter, the Lead Development Party shall submit on an annual basis an Annual Development Plan for each Product to the JRDC for its review, comment, and approval. Each such submission shall be no later than [*] of the Calendar Year immediately preceding the year covered by such Annual Development Plan, with a goal of having the Annual Development Plan approved, and any disputes resolved, by [*] of such immediately preceding Calendar Year.

5.4. Exelixis Clinical Trials.

(a) Scope. Exelixis shall conduct the Exelixis Clinical Trials for each applicable Product in a collaborative and efficient manner. The Parties shall engage in joint decision-making for the Exelixis Clinical Trials as set forth in Article 4.

(b) Notwithstanding anything to the contrary in this Agreement, the Parties agree that Exelixis shall be the sponsor for, and the Lead Development Party for, the Exelixis Clinical Trials, and that Exelixis shall have the responsibility and the authority to act as the sponsor and make those decisions and take all actions necessary to assure compliance with all regulatory requirements. Exelixis agrees to be bound by, and perform all obligations set forth in, 21 C.F.R. §312 related to its role as the sponsor for the Exelixis Clinical Trials for a given Product. Notwithstanding anything to the contrary in this Agreement, Exelixis may discontinue or modify any clinical trial that is part of the Exelixis Clinical Trials without the approval of the JRDC or the JEC in the event such actions are: (i) [*] by an [*] that is [*] to a [*]; and (ii) [*] to [*] the [*] of [*] or [*], provided however, that in such an event the JRDC and JEC shall be informed of such discontinuation or modification without delay. The Annual Development Plan for an Exelixis Clinical Trial may specify that outside contractors (reporting to, or acting on behalf of, Exelixis and reasonably selected by Exelixis) will have responsibility to direct and conduct any additional pre-clinical activities and applicable clinical trials in any country. The Parties shall, to the extent practicable and permitted by applicable law, rule or regulation, cooperate, prior to engagement of a given outside contractor, to minimize costs associated with the retention of any outside contractors, including, where possible, the retention by Exelixis of Sanofi-Aventis contractors where cost savings may be achieved by doing so.

(c) Exelixis shall use Diligent Efforts to carry out its responsibilities under the then-applicable Initial Development Plan and Annual Development Plan. Exelixis shall have the right to use commercially reasonable discretion in carrying out its obligations under the Annual Development Plan and the Initial Development Plan, including without limitation: (i) carrying out day-to-day planning and implementation of activities under the Annual Development Plan; (ii) managing day-to-day regulatory compliance matters, including adverse event reporting; (iii) managing clinical research organizations engaged to carry out activities under the Annual Development Plan; and (iv) managing the Exelixis Clinical Trials.

5.5. Exelixis Development Expenses.

(a) Process for Payments of Exelixis Development Expenses. Promptly after the date of the JRDC meeting allocating to Exelixis the performance of a Phase I Clinical Trial, Exelixis shall provide Sanofi-Aventis with an estimate of the Exelixis Development Expenses (and invoice for Exelixis FTE Costs and for Out-of-Pocket Costs incurred by Exelixis, accompanied by reasonable supporting documentation,

given that such invoicing will be on an accrual basis) covering: (i) the period between the aforementioned JRDC meeting and the start of the first Calendar Quarter arising after the date of such JRDC meeting; and (ii) the first Calendar Quarter arising after the date of such JRDC meeting. By the [*] of each subsequent Calendar Quarter during the Term, Exelixis shall provide Sanofi-Aventis with: (A) an estimate of the Exelixis Development Expenses for such Calendar Quarter (and invoice for Exelixis FTE Costs); and (B) with the actual Exelixis Development Expenses for the preceding Calendar Quarter (and invoice for Out-of-Pocket Costs incurred by Exelixis during that Calendar Quarter, accompanied by reasonable supporting documentation, given that such invoicing will be on an accrual basis). Any overpayment or underpayment of the actual Exelixis FTE Costs against the prepayment made for the preceding Calendar Quarter will be netted by Exelixis against the current Calendar Quarter estimate therefor. Sanofi-Aventis shall pay Exelixis the amount in each such invoice within [*] after receipt thereof. Sanofi-Aventis shall have the right, at a reasonable time and upon reasonable prior notice [*], to audit Exelixis' records as provided in Section 13.3(c) to confirm the accuracy of Exelixis' costs and reports with respect to Exelixis Development Expenses under this Agreement.

(b) Accounting of Exelixis Development Expenses. Exelixis agrees to determine Exelixis Development Expenses using its standard accounting procedures, consistently applied, to the [*] as [*] were a [*] of [*], [*] as specifically provided in this Agreement. The Parties also recognize that such procedures may change from time to time. The Parties agree that, where such changes are economically material to either Party, and consistent with GAAP, adjustments shall be made to compensate the affected Party to preserve the same economics as reflected under this Agreement under Exelixis' accounting procedures in effect as of the date on which the activity in question (e.g., Development) first commences under this Agreement. Where the [*] is or would be [*] to [*], [*] shall [*] with an [*] for the [*] and an [*] of the [*] of the [*] on the [*]. Transfers between a Party and its Affiliates (or between its Affiliates) shall not have effect for purposes of calculating revenues, costs, profits, royalties or other payments or expenses under this Agreement.

(c) [*]. If [*] enters into any agreement with any of [*] for the [*] of [*] or [*] pursuant to this Agreement, all [*] for the [*] of such [*] or [*] that are [*] by [*] under this Agreement shall be [*] on the basis of [*] thereof to such [*] and [*] on the basis of any [*] in effect between [*] and such [*].

(d) FTE Records and Calculations; Adjustments to Exelixis FTE Rate. Exelixis shall record and account for its FTE effort for the Development of Products to the extent that such FTE efforts are included in Exelixis Development Expenses, and shall report such FTE effort to the JRDC on a quarterly basis. The Exelixis FTE Rate may be adjusted annually, with each annual adjustment effective as of January 1 of each Calendar Year, in accordance with the percentage increase or decrease, if any, in the US CPI for the twelve (12) months ending June 30 of the Calendar Year prior to the Calendar Year for which the adjustment is being made.

5.6. Technology and Regulatory Transfer of Collaboration Compounds. Exelixis shall disclose or transfer to Sanofi-Aventis the Information and documents described in subsections 5.6(a) and 5.6(b) below:

(a) Within [*] after the Transfer Date, Exelixis shall, at Sanofi-Aventis' expense, disclose (and provide copies, as applicable) to Sanofi-Aventis any Information, including any preclinical data, clinical data, assays, protocols, procedures and any other information in Exelixis' possession or control, not previously disclosed to Sanofi-Aventis, and [*] to continue clinical Development of such Product, or in seeking Regulatory Approval of such Products.

(b) The Parties shall cooperate to ensure that Exelixis transfers to Sanofi-Aventis, [*] after the Transfer Date for a given Product: (i) all [*] (including any [*], and [*]) in [*] for [*]; (ii) any agreements [*] and [*] for the [*] of [*] (including any agreements relating to the [*] of a [*] for [*]); (iii) [*] of any [*] in [*] that are [*] pursuant to [*] under the [*]; and (iv) at [*], all agreements entered into by [*] with any [*] regarding the [*] or [*] of [*]. If an agreement that is described in subsection [*] is not assignable, then Exelixis shall use Diligent Efforts to amend the agreement to permit assignment.

6. REGULATORY

6.1. Regulatory Responsibility.

(a) Subject to Section 3.2 and Section 6.1(b), Sanofi-Aventis shall, during the Term, have [*] discretion, control and responsibility for the preparation, drafting, submission and filing, in its own name and at its own cost, of all DAAs, documents, dossiers, etc., for Regulatory Approvals for the Products. Subject to Section 6.1(b), Sanofi-Aventis shall have [*] responsibility for interacting with any Regulatory Authority regarding any issues, DAAs or any Regulatory Approval, and Exelixis shall provide its reasonable assistance to Sanofi-Aventis (at Sanofi-Aventis' expense), whenever Sanofi-Aventis seeks such assistance, to answer questions on the Products from any Regulatory Authority. Additionally, in the event Sanofi-Aventis must communicate with or respond to a Regulatory Authority within a very limited amount of time and needs the assistance of Exelixis for such interaction with the Regulatory Authority, Exelixis will use its Diligent Efforts to assist Sanofi-Aventis within the required time frame (at Sanofi-Aventis' expense). Furthermore, subject to Section 6.1(b) and to applicable laws and regulations, Sanofi-Aventis shall own all Regulatory Approvals, submissions and dossiers that it files as well as the Regulatory Approvals that are granted during the Term, including supporting documentation and information.

(b) Pending the [*] of [*] by [*] with respect to a [*] pursuant to [*], Exelixis shall remain the primary contact of Regulatory Authorities for regulatory activities regarding such Product, on behalf of Sanofi-Aventis. However, Sanofi-Aventis shall have the right to review and approve in advance any communication with any Regulatory Authority regarding such Product. Upon the [*] of [*] with respect to a [*] pursuant to [*], Exelixis shall notify the applicable Regulatory Authorities in writing that it is [*] for the applicable Product to Sanofi-Aventis, and Sanofi-Aventis would notify the applicable Regulatory Authorities in writing that it is [*] and all responsibilities associated therewith (including without limitation, the responsibility for reporting adverse events), other than any ongoing activities of Exelixis relating to ongoing Exelixis Clinical Trials (if applicable).

6.2. Other Regulatory Matters.

(a) Pharmacovigilance. Sanofi-Aventis shall be responsible for the management of all pharmacovigilance and all reports required by the Regulatory Authorities in order to obtain and maintain any Regulatory Approvals granted for the Products in the Territory, including, without limitation, adverse drug experience reports. The Parties agree to negotiate and execute a definitive safety data exchange agreement (the "SDEA") within [*] of the Effective Date of this Agreement, or within another time period as mutually agreed by the Parties, which will describe the responsibilities and procedures to be followed by the Parties with regard to all regulatory reporting for the Products under this Agreement.

(b) Pricing and Reimbursement Approvals. Sanofi-Aventis and its Affiliates shall have sole responsibility in the conduct of all pricing and reimbursement approval proceedings relating to each Product.

(c) Rights of Reference. Each Party shall have the right to cross reference, file or incorporate by reference any regulatory filing or drug master file (as defined in the Code of Federal Regulations) (and any data contained therein) for any Product (including all Approvals) in order to support regulatory filings that such Party is permitted to make under this Agreement for any such Product and to enable such Party to fulfill its obligations under this Agreement to Develop, Manufacture (anywhere in the world), or Commercialize any such Product.

6.3. Packaging and Promotional Materials.

(a) Subject to Section 6.3(b) through 6.3(d), Sanofi-Aventis shall be solely responsible for creating all packaging and promotional materials for the Products. Sanofi-Aventis shall own all right, title and interest in and to any and all such promotional materials, including all applicable copyrights, trademarks, program names and domain names.

(b) During the Term, Sanofi-Aventis shall ensure that the packaging artwork and label and the marketing materials, used for Commercializing each Product in the U.S., Japan, and the Major European Countries, clearly identify Exelixis as the licensor of the Product, provided however that any such references comply with applicable laws and market practice in such countries. For the purpose of the foregoing, Exelixis grants Sanofi-Aventis the right to use certain of Exelixis corporate trademarks in accordance with the Trademark License Agreement attached as **Exhibit 6.3**.

(c) Sanofi-Aventis shall provide to Exelixis, the mock-ups for any packaging artwork and labels or marketing material it wishes to use for the Commercialization of a Product.

(d) In the event Exelixis shall desire to make any change to any printing, packaging or labeling proposed or used for a Product to reflect any changes to its trademark, tradename, logo or other features thereof (other than a change to correct an error or omission in such trademark, tradename, logo or other features), Exelixis shall be responsible for, and shall reimburse Sanofi-Aventis for, all costs associated with such changes, if any, including the costs of any inventory of the Product or labeling, printing or packaging materials rendered obsolete or rejected as a result of such change, including the cost of destruction of any of the foregoing.

6.4. Recalls. Any decision to initiate a recall or withdrawal of a Product shall be made by Sanofi-Aventis. In the event of any recall or withdrawal, Sanofi-Aventis shall take any and all necessary action to implement such recall or withdrawal in accordance with applicable law, with assistance from Exelixis as reasonably requested by Sanofi-Aventis. The costs of any such recall or withdrawal shall be borne solely by Sanofi-Aventis, [*] that the [*] or [*] is [*] to: (a) the [*] of [*], in which [*] shall [*] such [*]; or (b) the [*] of [*], in which [*] shall [*] such [*] to the [*] of its [*].

7. MANUFACTURING

7.1. Manufacturing Generally.

(a) Subject to the terms and conditions of this Agreement, Sanofi-Aventis shall at all time Control the Manufacturing process development and may elect to Manufacture a Lead Compound, Development Candidate or a Product at any time during the Term. Any and all technology and Information relating to and required for the Manufacturing of a Lead Compound, a Development Candidate or a Product (including, as the case may be, any related Third Party agreements) (the "**Manufacturing Technology**") [*] during the Term of this Agreement, shall be transferred and assigned to Sanofi-Aventis and disclosed pursuant to Section 7.3, within a reasonable period following Exelixis' receipt of notification in writing by Sanofi-Aventis of its election to take over the Manufacturing of such Lead Compound, Development Candidate or Product.

(b) Notwithstanding the foregoing, the Party designated by the JRDC pursuant to Section 7.2(a) to perform process development and Manufacturing activities shall, retain responsibility for the Manufacture and supply of part or all of the Clinical Supply Requirements necessary for the Development of a Development Candidate or a Product in accordance with Section 7.2(c).

7.2. Manufacturing Activities.

(a) Discovery and Characterization of Lead Compounds. During the Collaborative Research Term, the JRDC shall prioritize advanced Lead Compounds for scale-up manufacturing to allow expanded profiling in efficacy, PK and toxicology assays. The JRDC shall also determine which Party shall conduct (or have conducted) the following activities, [*] the [*] that the [*] that [*] such [*] would [*] such [*], [*] the [*] has [*] or [*] to [*] such [*] for such [*]:

(i) Evaluation of the medicinal chemistry synthetic route for such Lead Compound to determine if it can be safely and reproducibly scaled up. If such route cannot be safely scaled up, then evaluate alternate routes. Preparation for this activity may occur before the Development Candidate declaration.

(ii) [*], and [*] of [*] at [*] and [*].

(iii) Preformulation characterization.

(iv) Manufacture of approximately [*] of such Lead Compound required for full characterization.

The Party designated by the JRDC shall use Diligent Efforts to perform (or have performed) the activities described in subsections (i) - (iv) at is own expense.

(b) CMC Activities for Development Candidates. After Sanofi-Aventis determines to advance a Lead Compound as a Development Candidate, the Party that was allocated the Manufacturing responsibilities for such Development Candidate shall use Diligent Efforts during the Collaborative Research Term to conduct the following activities on such Development Candidate to support its IND submission and early clinical development (the "**CMC Activities**"):

(i) Conduct analytical methods development and qualification (e.g., stability indicating HPLC, process specific OVI's by GC, etc.).

(ii) Preparation of drug substance for IND-enabling non-clinical safety studies ("**NCSS**").

(iii) Conduct stability studies (ICH) on the NCSS batch.

(iv) Perform the tech transfer of process and analytical methods to internal production group or contract manufacturing organization for preparation of GMP drug substance.

(v) Identify a suitable formulation for the GLP NCSS.

(vi) Develop a simple formulation for rapid entry into Phase I Clinical Trials.

(vii) Prepare a prototype formulation for comparative pK study (intended clinical formulation vs. NCSS tox formulation).

(viii) Conduct stability studies on formulation prototypes (ICH).

(ix) Conduct further analytical methods development and qualification (e.g., potency, purity, dissolution, content uniformity, etc.).

(x) Perform the tech transfer of drug product process and analytical methods to contract manufacturing organization for preparation of GMP clinical supplies.

(c) Clinical Supply.

(i) Any costs and expenses incurred by either Party in carrying out the Manufacturing of Clinical Supply Requirements for the first Phase I Clinical Trial of any Product shall be borne solely by Sanofi-Aventis, including expenses for Exelixis' transfer to Sanofi-Aventis of any Product (or related active pharmaceutical ingredients) that may exist prior to the Transfer Date and that was Manufactured for use in the Development of such Product.

(ii) Prior to the transfer and assignment under Section 7.3 of any Manufacturing Technology for a Product [*], Exelixis shall Manufacture, or arrange with a Third Party for the Manufacture of Clinical Supply Requirements with respect to such Product. After the completion of Exelixis' transfer

under Section 7.3 of the Manufacturing Technology for a given Product, Sanofi-Aventis may, at its discretion, Manufacture, or arrange with Third Parties for the Manufacture of any Clinical Supply Requirements (in bulk and finished form). Alternatively, Sanofi-Aventis may require that Exelixis continues to supply such Clinical Supply Requirements for a period to be agreed between the Parties or as may be imposed by regulatory requirements.

(iii) Promptly after the Effective Date, the Parties shall enter into a letter agreement, substantially in the form of the letter described in **Exhibit 7.2**, containing the terms and conditions for the quality responsibilities associated with Exelixis' provision of Clinical Supply Requirements for the Development of the Products.

(d) Commercial Supply. Sanofi-Aventis shall Manufacture, or arrange with Third Parties for the Manufacture of Product(s) (in bulk and finished form) for use in Commercialization.

7.3. Transfer of Manufacturing Technology.

(a) [*] after the Transfer Date for a given Product, Exelixis shall disclose (and provide copies, as applicable) to either Sanofi-Aventis or a Third Party manufacturer designated by Sanofi-Aventis [*] that is Controlled by Exelixis, required for the Manufacture of such Product and is [*] to enable Sanofi-Aventis or such Third Party manufacturer (as appropriate) to Manufacture such Product, including the Information described on **Exhibit 7.3(a).** The steps, planning and obligations of the Parties regarding the transfer of the Manufacturing Technology for such Product (for both the active pharmaceutical ingredient and the drug product as the case may be) will be set forth in a "Technology Transfer Master Plan API" and a "Technology Transfer Master Plan Drug Product" respectively, to be executed between the Parties.

(b) Upon request, Exelixis will [*] use Diligent Efforts to provide Sanofi-Aventis with any additional information or on-site support as may be required by Sanofi-Aventis and its Affiliates in connection with the transfer of the Manufacturing Technology. Sanofi-Aventis shall reimburse Exelixis for any on-site support rendered at the Exelixis FTE Rate per FTE-day of 8 hours, provided further Exelixis shall in no event be obliged to provide more than [*] FTE-days of 8 hours in total, unless the Parties otherwise agree in writing.

(c) At any time during the transfer of the Manufacturing Technology, Sanofi-Aventis may require to perform a technical audit of Exelixis' or any Third Party's facilities where the Products and their respective active pharmaceutical ingredient are Manufactured. During such audit, Sanofi Aventis shall have the right to review the batch records and any other relevant documentation related to the Manufacture of the Product, and Exelixis shall use its Diligent Efforts to facilitate such review. Should Exelixis' agreement with the applicable Third Party vendor not permit or contemplate the possibility of such an audit, [*] shall use [*] to [*] from the [*] the [*] for [*] to [*] such [*].

(d) For the purpose of this Section 7.4, the actual transfer to Sanofi-Aventis of the Manufacturing Technology with respect to a particular Product shall be deemed completed when [*] as [*] in the [*] and the [*] shall [*].

8. Licenses and Related Rights

8.1. Licenses to Sanofi-Aventis; Exelixis' Retained Rights; and Co-Branding.

(a) Collaborative Research. During the Collaborative Research Term, and subject to the terms and conditions of this Agreement, Exelixis hereby grants Sanofi-Aventis an exclusive, worldwide, royalty-free license (without the right to sublicense except to Third Party contract research providers and manufacturers), under the Exelixis Patents, Exelixis Know-How and Exelixis' interest in the Joint Invention Patents, solely to: (i) conduct Sanofi-Aventis' responsibilities under the Research Plan; and (ii) conduct Manufacturing activities pursuant to Section 7.2(a) or Section 7.2(b), as applicable.

(b) Development and Commercialization. During the Term, and subject to the terms of this Agreement, Exelixis hereby grants Sanofi-Aventis an exclusive, worldwide, royalty-bearing license (with the right to sublicense), under the Exelixis Patents, Exelixis Know-How and Exelixis' interest in the Joint Invention Patents to: (i) develop, make, have made, or use any Development Candidate; and (ii) develop, make, have made, use, import, sell, offer to sell, have sold, or otherwise commercialize Products.

(c) Exelixis Retained Rights. Exelixis retains all rights to use the Exelixis Know-How, Exelixis Patents and Joint Invention Patents, except those expressly granted to Sanofi-Aventis on an exclusive basis under the terms of this Agreement. Notwithstanding the exclusive licenses granted to Sanofi-Aventis pursuant to Sections 8.1(a) and 8.1(b), Exelixis retains the right to practice the Exelixis Patents, the Exelixis Know-How and the Joint Invention Patents to: (i) make, have made, use, and test Collaboration Compounds solely for internal research purposes; and (ii) perform (and to sublicense (or otherwise enter into contractual arrangements with) Third Parties to perform) Exelixis' obligations under this Agreement, including the conduct of any Exelixis Clinical Trials and any related Manufacture of Products under Article 7.

8.2. Sanofi-Aventis License Limitations and Covenants.

(a) Sanofi-Aventis hereby covenants that Sanofi-Aventis shall not (and shall ensure that any of its permitted sublicensees shall not) use any Exelixis Know-How, Exelixis Patents or any chemical or biological materials that may be transferred to it by Exelixis under this Agreement during the Collaborative Research Term, in each case for a purpose other than that expressly permitted in Sections 8.1(a) and (b) above.

(b) Sanofi-Aventis acknowledges and agrees that: (i) the licenses granted in Section 8.1(a) shall not create (by any means, whether expressly, impliedly or by estoppel) any right or license under any Patents, Information or other intellectual property right that is Controlled by Exelixis to research, develop, manufacture and/or commercialize any compound that is not a Collaboration Compound, and/or any composition containing any of the foregoing; and (ii) the license granted in Section 8.1(b) shall not create (by any means, whether expressly, impliedly or by estoppel) any right or license under any Patents, Information or other intellectual property right that is Controlled by Exelixis to develop, manufacture and/or commercialize any compound that is not a Development Candidate, and/or any composition containing any of the foregoing. For clarity, the licenses in Sections 8.1(a) and (b) do not grant Sanofi-Aventis any right to research, develop, make, have made, use, import, sell, offer to sell, have sold and otherwise commercialize any compounds that selectively inhibit PI3Kd or PI3Kg.

8.3. Limited License to Exelixis for Collaborative Research and Development. During the Term, and subject to the terms and conditions of this Agreement, Sanofi-Aventis hereby grants Exelixis a non-exclusive, worldwide, royalty-free license (without the right to sublicense except to Third Party contract research providers and manufacturers), under the Sanofi-Aventis Patents, Sanofi-Aventis Know-How and Sanofi-Aventis' interest in the Joint Invention Patents, to perform (and to sublicense (or otherwise enter into contractual arrangements with) Third Parties to perform) Exelixis' obligations under this Agreement, including the conduct of any of Exelixis' responsibilities under the Research Plan, the conduct of the Exelixis Clinical Trials and any related Manufacture of Products under Article 7.

8.4. Exelixis License Limitations and Covenants.

(a) Exelixis hereby covenants that Exelixis shall not (and shall ensure that any of its permitted sublicensees shall not) use any Sanofi-Aventis Know-How, Sanofi-Aventis Patents or any chemical or biological materials that may be transferred to it by Sanofi-Aventis under this Agreement during the Collaborative Research Term, in each case for a purpose other than that expressly permitted in Sections 8.3 and 12.3.

(b) Each sublicense granted by Exelixis, pursuant to Section 8.3, to a Party who is an Affiliate at the time such license is granted shall terminate immediately upon such Party ceasing to be an Affiliate.

8.5. No Additional Licenses. Except as expressly provided in Sections 8.1, 8.3, and 12.3, nothing shall grant either Party any right, title or interest in and to the intellectual property rights of the other Party (either expressly or by implication or estoppel).

8.6. Sublicensing. Each Party shall provide the other Party with the name of each permitted sublicensee of its rights under this Article 8 and a copy of the applicable sublicense agreement; provided that each Party may redact confidential or proprietary terms from such copy, including financial terms. The sublicensing Party shall remain responsible for each permitted sublicensee's compliance with the applicable terms and conditions of this Agreement.

8.7. Exclusivity.

(a) General Rule. Subject to Sections 8.7(b) (c) and (d), during the period beginning on the Effective Date and ending on the [*] or [*] of [*], neither Party shall (directly or indirectly, and either with or without a *bona fide* collaborator) [*] the [*] of [*] any [*] that are [*] to [*] or [*] a [*], or [*].

(b) Exception for [*]. Notwithstanding anything to the contrary, if a Party is engaged in the [*] of any [*] compound: (i) for which [*] have [*]; and (ii) that is [*] to [*] a [*], or [*], and [*] obtains [*] that such [*] as a [*], or [*], then such [*] shall [*] of [*] and such [*] shall [*] to [*] with such [*], [*] to [*] such [*] by [*] that [*] the [*] and [*] for a [*], or [*] (as applicable).

(c) Exception for [*]. Notwithstanding anything to the contrary, the restrictions in Section 8.7(a) shall not apply to any [*] compound: (i) that has been [*] or [*] by [*] for [*] or [*] of a [*]; and (ii) for which [*] have [*], or which is at a [*] of [*] or is [*], in each case [*] a [*] of such [*] to [*] a [*], or [*]; and (iii) for which such [*] obtains [*] that such [*] a [*], or [*].

(d) Sanofi-Aventis [*]. Following the termination of the Agreement pursuant to Section 12.2(a), Exelixis shall have the right but not the obligation to conduct any programs that are intended to [*] or [*] a [*], or [*], provided, however, that in the event Exelixis wishes to [*] and/or [*], [*] or [*] with a [*], any [*] from any such [*] during a [*] such [*], then [*] shall [*] of such [*] and [*] to [*] such [*] to [*] in writing (such [*] to be [*] by [*] on the [*], [*] for [*] to [*] whether it is [*] in [*] such [*]) and [*] shall have the [*] to [*] an [*] with [*] the [*] and [*] of such [*], on the [*] and [*] in [*]. If the Parties do not [*] such [*] (or otherwise [*] to [*] with respect to the [*] and [*] of the [*]) within [*], then [*] shall have [*] to the [*] such [*].

9. Compensation

9.1. Fees.

(a) Upfront Fee. Sanofi-Aventis shall pay Exelixis an upfront fee of Twenty Million Dollars ($20,000,000) within [*] after the Effective Date. The upfront fee payment made by Sanofi-Aventis to Exelixis pursuant to this Section 9.1(a) shall be noncreditable and nonrefundable.

(b) Annual Research Fee. Sanofi-Aventis shall pay Exelixis a guaranteed annual research fee of Seven Million Dollars ($7,000,000) during the Collaborative Research Term in [*]. The [*] for the [*] shall be due on the [*] of the Effective Date, and each of the remaining [*] for the [*] shall be due [*]. Payments of [*] in subsequent years will be due on the [*] of the respective [*] for the [*]. The guaranteed annual research fee payments made by Sanofi-Aventis to Exelixis pursuant to this Section 9.1(b) shall be noncreditable and nonrefundable.

(c) Success Fees. Sanofi-Aventis shall pay Exelixis success fees of:

(i) [*] Dollars ($[*]) within [*] after [*] of [*] the [*]; and

(ii) [*] Dollars ($[*]) within [*] after [*] the [*] of [*] of a [*].

The success fee payments made by Sanofi-Aventis to Exelixis pursuant to this Section 9.1(c) shall be noncreditable and nonrefundable. Notwithstanding [*] or the [*], the fees payable pursuant to: (X) Section 9.1(c)(i) shall in no event be greater than [*] Dollars ($[*]) in the aggregate; and (Y) Section 9.1(c)(ii) shall in no event be greater than [*] Dollars ($[*]) in the aggregate.

9.2. Milestone Payments. The milestone payments under both subsections (a) and (b) of this Section 9.2 shall be applicable and payable for each Product. All milestone payments made by Sanofi-Aventis to Exelixis hereunder shall be noncreditable and nonrefundable.

(a) Development and Regulatory Milestones. Sanofi-Aventis shall make the milestone payments set forth below to Exelixis within [*] after the achievement of each of the following events for each Product by Sanofi-Aventis or any of its Affiliates or sublicensees:

Event	Milestone Payment
[*]	$[*]
[*]	$[*]
[*]	$[*]
[*]	$[*]
[*]	$[*]
[*]	$[*]
[*]	$[*]
[*]	$[*]
[*]	$[*]
[*]	$[*]

An Indication that is relevant for the achievement of a given clinical trial or approval event in Section 9.2(a) does not have to be the same Indication that is relevant for the achievement of a different clinical trial or approval event in Section 9.2(a). For example, the [*] for which a [*] is [*] may [*] the [*] (or [*]) [*] that [*].

(b) Commercial Milestones. Sanofi-Aventis shall make the milestone payments set forth below to Exelixis after the achievement of each of the following events by Sanofi-Aventis or any of its Affiliates or sublicensees for each Product. Each milestone payment shall be made by Sanofi-Aventis within [*] after the end of the year in which such milestone event is met:

(i) [*] Dollars ($[*]) upon the first time the annual, worldwide, aggregate, Net Sales of the Product reach or exceed [*] Dollars ($[*]);

(ii) [*] Dollars ($[*]) upon the first time the annual, worldwide, aggregate, Net Sales of the Product reach or exceed [*] Dollars ($[*]); and

(iii) [*] Dollars ($[*]) upon the first time the annual, worldwide, aggregate, Net Sales of the Product reach or exceed [*] Dollars ($[*]).

9.3. Royalty Payments.

(a) Royalty Rates. Sanofi- Aventis shall pay Exelixis royalties, on a country-by-country basis, on Net Sales of each Product at the royalty rates stated below.

(i) If [*] or [*] a [*] that either: (X) was [*] by [*] from [*]; or (Y) was [*] from the [*] of a [*], then the royalty rates are:

(1) [*] percent ([*]%) of the annual, worldwide, aggregate Net Sales less than $[*] by Sanofi-Aventis (or its Affiliate or sublicensee) of such Product;

(2) [*] percent ([*]%) of the annual, worldwide, aggregate Net Sales equal to or greater than $[*] and less than $[*] by Sanofi-Aventis (or its Affiliate or sublicensee) of such Product;

(3) [*] percent ([*]%) of the annual, worldwide, aggregate Net Sales equal to or greater than $[*] by Sanofi-Aventis (or its Affiliate or sublicensee) of such Product.

(4) By way of example, if, during any Calendar Year, the amount of Net Sales of a Product is $[*], Exelixis will receive [*]% of $[*] + [*]% of $[*].

(ii) If [*] or [*] a [*] that is a [*] that either: (X) was [*] by [*] from [*]; or (Y) was [*] from the [*] of a [*], then the royalty rates are:

(1) [*] percent ([*]%) of the annual, worldwide, aggregate Net Sales less than $[*] by Sanofi-Aventis (or its Affiliate or sublicensee) of such Product;

(2) [*] percent ([*]%) of the annual, worldwide, aggregate Net Sales equal to or greater than $[*] and less than $[*] by Sanofi-Aventis (or its Affiliate or sublicensee) of such Product;

(3) [*] percent ([*]%) of the annual, worldwide, aggregate Net Sales equal to or greater than $[*] by Sanofi-Aventis (or its Affiliate or sublicensee) of such Product.

(iii) By way of example, if, during any Calendar Year, the amount of Net Sales of a Product is $[*], Exelixis will receive [*]% of $[*] + [*]% of $[*].

(b) Royalty Adjustments.

(i) Third Party Royalty Offset. Subject to Section 9.3(b)(iii) below, Sanofi-Aventis may deduct from the royalties it would otherwise owe in a particular country for a particular Product pursuant to Section 9.3(a), an amount equal to [*] percent ([*]%) of royalties paid by Sanofi-Aventis to Third Parties with respect to licenses to [*] of [*] that [*] the [*] of the [*] or [*] in such Product in such country.

(ii) Reduced Royalties. Subject to Section 9.3(b)(iii) below, Sanofi-Aventis' royalty obligations under Section 9.3(a) above with respect to a particular Product in a particular country shall be reduced by [*] percent ([*]%): (A) in the event the Product is [*] by [*] of a [*] which [*] a [*]; or (B) after expiration in such country of the [*] of the [*] that is [*] (either [*] or [*]), or in the event that there [*] such Product in such country.

(iii) Minimum Royalty Rate. During the Royalty Term the operation of [*], singularly or in combination, shall not reduce the royalties due to Exelixis for any Product below [*] percent ([*]%) of what would otherwise have been due under Section 9.3(a).

(iv) [*]. During the applicable Royalty Term, for a particular Product and in a particular country, if a [*] is [*], and [*] in any [*] following such [*] by at least [*] percent ([*]%) but less than [*] percent ([*]%) as compared to the amount of [*] by [*] for that [*] in that [*] during the [*] immediately [*] the first [*] of a [*], then the [*] to [*] shall be [*] by [*] percent ([*]%) from what would otherwise have been [*] under Section [*] for as long as a [*] is [*] in such [*] or [*] in any [*] following [*] of such [*] between [*] percent ([*]%) to [*] percent ([*]%) [*] the amount of [*] by [*] for that [*] in that [*] during the [*] immediately [*] the [*] of a [*]. During the applicable Royalty Term, for a particular Product and in a particular country, if a [*] is [*], and [*] in any [*] such [*] by more than [*] percent ([*]%) as compared to the amount of [*] by [*] for that [*] in that [*] during the [*] immediately [*] the [*] of the [*], then the [*] to [*] shall be [*] by [*] percent ([*]%) from what would otherwise have been [*] under Section [*] for as long as a [*] is [*] in such [*] or [*] in any [*] following [*] of such [*] at or [*] percent ([*]%) of the amount of [*] by [*] for that [*] in that [*] during the [*] immediately [*] the [*] of a [*].

9.4. Quarterly Payments. All royalties due under Section 9.3 shall be paid quarterly, on a country-by-country basis, within [*] of the end of the relevant quarter for which royalties are due.

9.5. Term of Royalties. Exelixis' right to receive royalties for a particular Product under Section 9.3 shall expire on a country-by-country basis upon the later of: (a) [*] from the [*] of [*] in [*]; or (b) [*] in [*] of the [*] of the [*] that is [*] by [*] (either [*] or [*] with [*]) (the "**Royalty Term**").

9.6. Royalty Payment Reports. Each royalty payment shall be accompanied by a statement stating the number, description, and aggregate Net Sales, by country, of each Product sold during the relevant Calendar Quarter.

9.7. Payment Method. All payments due under this Agreement to Exelixis shall be made by bank wire transfer in immediately available funds to an account designated by Exelixis. All payments hereunder shall be made in Dollars. For milestone payments due under Section 9.2(a), Sanofi-Aventis shall notify Exelixis in writing within [*] of the achievement of each event that triggers a milestone payment, and, within [*] of receipt of such notice, Exelixis shall provide Sanofi-Aventis with an invoice for each such milestone payment.

9.8. Taxes. Exelixis shall pay any and all taxes levied on account of all payments it receives under this Agreement. If laws or regulations require that taxes be withheld, Sanofi-Aventis shall: (a) deduct those taxes from the remittable payment; (b) pay the taxes to the proper taxing authority; and (c) send evidence of the obligation together with proof of tax payment to Exelixis within [*] following that tax payment.

9.9. Blocked Currency. In each country where the local currency is blocked and cannot be removed from the country, royalties accrued in that country shall be paid to Exelixis in the country in local currency by deposit in a local bank designated by Exelixis, unless the Parties otherwise agree.

9.10. Sublicenses. In the event Sanofi-Aventis grants licenses or sublicenses to others to sell Products which are subject to royalties under Section 9.3, such licenses or sublicenses shall include an obligation for the licensee or sublicensee to account for and report its sales of Products on the same basis as if such sales were Net Sales by Sanofi-Aventis, and Sanofi-Aventis shall pay, or shall ensure that sublicensee

shall pay, to Exelixis, with respect to such sales, royalties as if such sales of the licensee or sublicensee were Net Sales of Sanofi-Aventis.

9.11. Foreign Exchange. Conversion of sales recorded in local currencies to U.S. dollars shall be performed in a manner consistent with Sanofi-Aventis' normal practices used to prepare its audited financial statements for internal and external reporting purposes, which uses a widely accepted source of published exchange rates.

9.12. Records; Inspection. Sanofi-Aventis shall keep complete, true and accurate books of account and records for the purpose of determining the payments to be made under this Agreement. Such books and records shall be kept for at least [*] following the end of the Calendar Quarter to which they pertain. Such records shall be open for inspection during such [*] period by independent accountants, solely for the purpose of verifying payment statements hereunder. Such inspections shall be made no more than [*], at reasonable time and on reasonable notice. Any unpaid amounts (plus interest) that are discovered shall be paid promptly by Sanofi-Aventis. Inspections conducted under this Section 9.12 shall be at the expense of Exelixis, unless a variation or error producing an increase exceeding [*] percent ([*]%) of the royalty amount stated for any period covered by the inspection is established in the course of such inspection, whereupon all costs relating to the inspection for such period shall be paid promptly by Sanofi-Aventis.

9.13. Interest. If Sanofi-Aventis fails to make any payment due to Exelixis under this Agreement, then interest shall accrue on a daily basis at the greater of a rate equal to [*] percent ([*]%) [*] the then-applicable [*] commercial lending rate of CitiBank, N.A. San Francisco, California, or at the maximum rate permitted by applicable law, whichever is the lower.

10. INTELLECTUAL PROPERTY

10.1. Ownership.

(a) Inventorship; Joint Research Agreement. The inventorship of all Sole Inventions and Joint Inventions shall be determined under the patent laws of the United States. The Parties acknowledge and agree that this Agreement shall be deemed to be a Joint Research Agreement under 35 U.S.C. 103(c).

(b) Sole Invention Patents. Subject to Section 10.1(c), each Party shall own the entire right, title and interest in and to any and all of its Sole Inventions Patents.

(c) Contractual Joint Patents. Notwithstanding the provision of Section 10.1(b), the Parties agree that the Parties shall be joint owners in and to all Contractual Joint Patents. Accordingly, each Party hereby transfers and assigns an undivided half (1/2) interest in the Contractual Joint Patents to the other Party.

(d) Joint Invention Patents. Sanofi-Aventis and Exelixis shall be joint owners in and to all Joint Inventions. Sanofi-Aventis and Exelixis as joint owners each shall have the right to [*] and to [*] the Joint Invention Patents, and where [*] of such [*], under the laws of a country, the [*] of (or [*] to) the [*], such [*] of (or [*] to) the [*] shall [*], unless otherwise [*] in [*].

(e) Obligations to Assign. All employees, agents and contractors of each Party shall be under written obligation to assign any inventions and related intellectual property to the Party for whom they are employed or are providing services.

10.2. Disclosure. Each Party shall disclose in writing to the JEC any Sole Invention or Joint Invention arising hereunder which it believes may be patentable, within [*] following the day such Invention was made or at such earlier time as may be necessary to preserve patentability of such Invention. Each Party shall provide to the other Party such assistance and execute such documents as are reasonably necessary to permit the filing and prosecution of any Patent to be filed on such Sole Invention or Joint Invention, or the issuance, maintenance or extension thereof.

10.3. Patent Prosecution and Maintenance; Abandonment.

(a) Filing, Prosecution and Maintenance of Exelixis Prosecuted Patents.

(i) Exelixis' Right to File, Prosecute and Maintain Sanofi-Aventis Patents. Subject to the rest of this Section 10.3(a), Exelixis shall be responsible for the preparation, filing, prosecution (including any interferences, reissue proceedings and reexaminations) and maintenance of (A) all [*] (other than [*] claiming any [*] of [*]) and (B) all [*] (the **"Exelixis Prosecuted Patents"**), provided that such responsibilities shall be carried out by [*], or by [*] in conjunction with [*]. Exelixis, [*] shall provide Sanofi-Aventis with an update of the filing, prosecution and maintenance status for each of the Exelixis Prosecuted Patents on a periodic basis, and shall use Diligent Efforts to consult with and cooperate with Sanofi-Aventis with respect to the filing, prosecution and maintenance of the Exelixis Prosecuted Patents, including providing Sanofi-Aventis with drafts of proposed filings to allow Sanofi-Aventis a reasonable opportunity for review and comment before such filings are due. Exelixis, [*] shall provide to Sanofi-Aventis copies of any papers relating to the filing, prosecution and maintenance of the Exelixis Prosecuted Patents promptly upon their being filed and received.

(ii) Abandonment. In no event shall Exelixis knowingly permit any of the Exelixis Prosecuted Patents to be abandoned in any country, or elect not to file a new patent application claiming priority to a patent application within the Exelixis Prosecuted Patents either before such patent application's issuance or within the time period required for the filing of an international (i.e., Patent Cooperation Treaty), regional (including European Patent Office) or national application, without Sanofi-Aventis' written consent (such consent to not be unreasonably withheld, delayed or conditioned) or Sanofi-Aventis otherwise first being given an opportunity to assume full responsibility ([*] at Sanofi-Aventis' expense) for the continued prosecution and maintenance of such Exelixis Prosecuted Patents or the filing of such new patent application. In the event that Exelixis decides either: (A) not to continue the prosecution or maintenance of a Patent within the Exelixis Prosecuted Patents in any country; or (B) not to file such new patent application, Exelixis shall provide Sanofi-Aventis with written notice of this decision at least [*] prior to any pending lapse or abandonment thereof. In the event that Sanofi-Aventis decides to assume responsibility for such filing, prosecution and maintenance, Sanofi-Aventis shall so notify Exelixis in writing and Exelixis shall (i) [*] and [*] to such [*] to [*], and (ii) cooperate as reasonably requested by Sanofi-Aventis to facilitate such [*] and [*] transfer of filing, prosecution and maintenance responsibility to Sanofi-Aventis. The [*] so [*] to [*] shall be [*] as of the [*] of [*], and [*] to [*] with respect to such [*] shall [*]. In the case where Sanofi-Aventis takes over the filing, prosecution or maintenance of any Patent as set forth above,

Exelixis shall not be liable to Sanofi-Aventis in any way with respect to the results obtained from, the filing, prosecution, issuance, extension or maintenance of any such Patent or any failure by Sanofi-Aventis to so file, prosecute, extend or maintain, provided however that Exelixis shall, at the expense of Sanofi-Aventis, provide such assistance and execute such documents as are reasonably necessary to continue or permit the filing, prosecution or maintenance of such Patent or the issuance, maintenance or extension of any resulting Patent or permit enforcement of Patents.

(b) Filing, Prosecution and Maintenance of Sanofi-Aventis Prosecuted Patents.

(i) Sanofi-Aventis' Right to File, Prosecute and Maintain Exelixis Patents. Subject to the rest of this Section 10.3(b), Sanofi-Aventis shall be responsible for the filing, prosecution (including any interferences, reissue proceedings and reexaminations) and maintenance of (A) all [*] claiming any [*] of [*] and (B) all [*] (the "**Sanofi-Aventis Prosecuted Patents**"). Sanofi-Aventis, [*] shall provide Exelixis with an update of the filing, prosecution and maintenance status for each of the Sanofi-Aventis Prosecuted Patents on a periodic basis, and shall use Diligent Efforts to consult with and cooperate with Exelixis with respect to the filing, prosecution and maintenance of the Sanofi-Aventis Prosecuted Patents, including providing Exelixis with drafts of proposed filings to allow Exelixis a reasonable opportunity for review and comment before such filings are due. Sanofi-Aventis, [*] shall provide to Exelixis copies of any papers relating to the filing, prosecution and maintenance of the Sanofi-Aventis Prosecuted Patents promptly upon their being filed and received.

(ii) Abandonment. In no event shall Sanofi-Aventis knowingly permit any of the Sanofi-Aventis Prosecuted Patents to be abandoned in any country, or elect not to file a new patent application claiming priority to a patent application within the Sanofi-Aventis Prosecuted Patents either before such patent application's issuance or within the time period required for the filing of an international (i.e., Patent Cooperation Treaty), regional (including European Patent Office) or national application, without Exelixis' written consent (such consent to not be unreasonably withheld, delayed or conditioned) or Exelixis otherwise first being given an opportunity to assume full responsibility ([*] at Exelixis' expense) for the continued prosecution and maintenance of such Sanofi-Aventis Prosecuted Patents or the filing of such new patent application. In the event that Sanofi-Aventis decides either: (A) not to continue the prosecution or maintenance of a Patent within the Sanofi-Aventis Prosecuted Patents in any country; or (B) not to file such new patent application, Sanofi-Aventis shall provide Exelixis with written notice of this decision at least [*] prior to any pending lapse or abandonment thereof. In the event that Exelixis decides to assume responsibility for such filing, prosecution and maintenance, Exelixis shall so notify Sanofi-Aventis in writing and Sanofi-Aventis shall (i) [*] and [*] to such [*] to [*], and (ii) cooperate as reasonably requested by Exelixis to facilitate such [*] and [*] transfer of filing, prosecution and maintenance responsibility to Exelixis. The [*] so [*] to [*] shall be [*] as of the [*] of [*], and [*] to [*] with respect to such [*] shall [*]. In the case where Exelixis takes over the filing, prosecution or maintenance of any Patent as set forth above, Sanofi-Aventis shall not be liable to Exelixis in any way with respect to the results obtained from, the filing, prosecution, issuance, extension or maintenance of any such Patent or any failure by Exelixis to so file, prosecute, extend or maintain, provided however that Sanofi-Aventis shall, at the expense of Exelixis, provide such assistance and execute such documents as are reasonably necessary to continue or permit the filing, prosecution or maintenance of such Patent or the issuance, maintenance or extension of any resulting Patent or permit enforcement of Patents.

(c) Patent Term Extension. Exelixis and Sanofi-Aventis shall each cooperate with each another and shall use Diligent Efforts in obtaining patent term extension (including any pediatric exclusivity extensions as may be available) or supplemental protection certificates or their equivalents in any country with respect to patent rights covering the Products. In the event that any [*] that [*] a [*] and [*] that [*] that are [*], then, if reasonably requested to [*] by [*], [*] shall [*] to [*] any [*] that [*] and to [*] such [*] in a [*] (e.g., a [*] or [*]) in order to [*] the [*] to [*] or [*] or [*] in any [*] for the [*]. Exelixis [*] to [*] the [*] and [*] to apply for patent term extensions or supplemental protection certificates or their equivalents in any country under the [*] during the Term. If elections with respect to obtaining such patent term extensions or supplemental protection certificates or their equivalents in any country are to be made, [*] shall have the right to make the election to seek patent term extension or supplemental protection or their equivalents in any country, *provided* that such election shall be made so as to [*] the [*] of [*] for the [*].

(d) Patent Expenses.

(i) [*] shall bear any and all costs and expenses (including fees for any outside counsel, and inside counsel fees) associated with the filing, prosecution (including any interferences, reissue proceedings and reexaminations) and maintenance of the [*] Patents].

(ii) [*] shall bear any and all costs and expenses (including fees for any outside counsel, and inside counsel fees) associated with the filing, prosecution (including any interferences, reissue proceedings and reexaminations) and maintenance of the [*] Patents].

(e) Patent Report. Each Party shall provide to the other Party, on a [*] basis, a patent report that includes the serial number, docket number and status of each Patent for which, pursuant to this Section 10.3, such Party has the right to direct the filing, prosecution and maintenance and which covers a Sole Invention or Joint Invention.

10.4. Enforcement of Patent Rights. If either Party becomes aware of a suspected infringement of any Exelixis Patents, Sanofi-Aventis Patents, or Joint Invention Patents by a Third Party, such Party shall notify the other Party promptly, and following such notification, the Parties shall confer. [*] shall have the first right, but shall not be obligated, to bring an infringement action against such Third Party at its own expense and by counsel of its own choice, and [*] shall have the right to participate in such action, at its own expense and by counsel of its own choice. If [*] fails to bring such an action or proceeding prior to the earlier of: (a) [*] following [*] receipt of notice of alleged infringement; or (b) [*] before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, [*] shall have the right to bring and control any such action, at its own expense and by counsel of its own choice, and [*] shall have the right to be represented in any such action, at its own expense and by counsel of its own choice. If a Party brings an infringement action pursuant to this Section 10.4, the other Party will reasonably assist the enforcing Party (at the enforcing Party's expense) in such actions or proceedings if so requested, and will lend its name to such actions or proceedings if required by law in order for the enforcing Party to bring such action. Neither Party, and no Third Party having a license under any Exelixis Patent or Joint Invention Patent shall have the right to settle any patent infringement litigation under this Section 10.4 in a manner that diminishes the rights or interests of the other Party without the prior written consent of such other Party, such consent not to be unreasonably withheld or delayed. Except as otherwise agreed to by the Parties as part of

a cost sharing arrangement, any recovery realized as a result of such litigation, after reimbursement of any litigation expenses of Sanofi-Aventis and Exelixis, shall be treated as [*] and subject to [*] and [*] in accordance with [*] and [*], except that any recovery in the form of [*] shall be allocated [*] percent ([*]%) to Sanofi-Aventis and [*] percent ([*]%) to Exelixis.

(a) Data Exclusivity and Orange Book Listings. With respect to data exclusivity periods (such as those periods listed in the FDA's Orange Book (including any available pediatric extensions) or periods under national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83, and all international equivalents), Sanofi-Aventis shall use commercially reasonable efforts consistent with its obligations under applicable law (including any applicable consent order) to seek maintain and enforce all such data exclusivity periods available for the Products. With respect to filings in the FDA Orange Book (and foreign equivalents) for issued patents for a Product, upon request by Sanofi-Aventis (and at Sanofi-Aventis' expense), Exelixis shall provide reasonable cooperation to Sanofi-Aventis in filing and maintaining such Orange Book (and foreign equivalent) listings.

(b) No Action in Violation of Law. Neither Party shall be required to take any action pursuant to this Section 10.4 that such Party reasonably determines in its sole judgment and discretion conflicts with or violates any court or government order or decree applicable to such Party.

(c) Notification of Patent Certification. Exelixis shall notify and provide Sanofi-Aventis with copies of any allegations of alleged patent invalidity, unenforceability or non-infringement of an Exelixis Patent licensed hereunder pursuant to a Paragraph IV Patent Certification by a third Party filing an Abbreviated New Drug Application, an application under §505(b)(2) or other similar patent certification by a Third Party, and any foreign equivalent thereof. Such notification and copies shall be provided to Sanofi-Aventis by Exelixis as soon as practicable and at least within [*] after Exelixis receives such certification, and shall be sent by facsimile and overnight courier to the address set forth in Section 15.7 below.

10.5. Defense of Third Party Claims. [*]. If a claim is brought by a Third Party that any [*] related to [*] by a [*] hereunder [*] the [*] of such [*], each Party shall give prompt written notice to the other Party of such claim, and following such notification, the Parties shall confer on how to respond. Notwithstanding anything contained herein to the contrary, each Party shall [*] and [*] the [*], [*] and [*] and all [*] the [*] by the [*] of the [*] of a [*] in the [*] under Section [*], including without limitation [*].

10.6. Copyright Registrations. Copyrights and copyright registrations on copyrightable subject matter shall be filed, prosecuted, defended, and maintained, and the Parties shall have the right to pursue infringers of any copyrights owned or Controlled by it, in substantially the same manner as the Parties have allocated such responsibilities, and the expenses therefor, for patent rights under this Article 10.

11. CONFIDENTIALITY

11.1. Nondisclosure of Confidential Information. All Information disclosed by one Party to the other Party pursuant to this Agreement, including disclosure by either Party to the other of any results and data resulting from its activities hereunder shall be "**Confidential Information**" for all purposes hereunder. The Parties agree that during the Term and for a period of [*] thereafter, a Party receiving Confidential

Information of the other Party shall: (a) use Diligent Efforts to maintain in confidence such Confidential Information (but not less than those efforts as such Party uses to maintain in confidence its own proprietary industrial information of similar kind and value) and not to disclose such Confidential Information to any Third Party without prior written consent of the other Party (such consent to not be unreasonably withheld, delayed or conditioned), except for disclosures made in confidence to any Third Party under terms consistent with this Agreement and made in furtherance of this Agreement or of rights granted to a Party hereunder; and (b) not use such other Party's Confidential Information for any purpose except those permitted by this Agreement or in connection with exercising such Party's rights and/or fulfilling its obligations under this Agreement (it being understood that this Section 11.1 shall not create or imply any rights or licenses not expressly granted under Article 8 or Section 12.3 hereof). Notwithstanding anything to the contrary in this Section 11.1, data or other information resulting from the research conducted by each Party pursuant to the Collaboration shall be Confidential Information of both Parties, whether disclosed by Exelixis or Sanofi-Aventis.

11.2. Exceptions. The obligations in Section 11.1 shall not apply with respect to any portion of the Confidential Information that the receiving Party can show by competent written proof:

(a) Subject to the last sentence in Section 11.1, is publicly disclosed by the disclosing Party, either before or after it is disclosed to the receiving Party hereunder; or

(b) Was known to the receiving Party or any of its Affiliates, without obligation to keep it confidential, prior to disclosure by the disclosing Party; or

(c) Is subsequently disclosed to the receiving Party or any of its Affiliates by a Third Party lawfully in possession thereof and without obligation to keep it confidential; or

(d) Is published by a Third Party or otherwise becomes publicly available or enters the public domain, either before or after it is disclosed to the receiving Party, and is not directly or indirectly supplied by the receiving Party in violation of this Agreement; or

(e) Has been independently developed by employees or contractors of the receiving Party or any of its Affiliates without the aid, application or use of the disclosing Party's Confidential Information.

11.3. Authorized Disclosure. A Party may disclose the Confidential Information belonging to the other Party to the extent such disclosure is reasonably necessary in the following instances; provided that notice of any such disclosure shall be provided as soon as practicable to the other Party:

(a) Filing or prosecuting Patents relating to Sole Inventions, Joint Inventions or Products, in each case pursuant to activities under this Agreement, provided that the non-filing Party is given a reasonable opportunity to review the extent and necessity for its Confidential Information to be included prior to submission of any patent application;

(b) Regulatory filings;

(c) Prosecuting or defending litigation;

(d) Complying with applicable governmental laws and regulations; and

(e) Disclosure, in connection with the performance of this Agreement, to Affiliates, potential collaborators, partners, and licensees (including potential co-marketing and co-promotion contractors), research collaborators, potential investment bankers, investors, lenders, and investors, employees, consultants, or agents, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 11.

The Parties acknowledge that the terms of this Agreement shall be treated as Confidential Information of both Parties. Such terms may be disclosed by a Party to individuals or entities covered by 8.3(e) above, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 11. In addition, a copy of this Agreement may be filed by either Party with the Securities and Exchange Commission in connection with any public offering of such Party's securities. In connection with any such filing, such Party shall endeavor to obtain confidential treatment of economic and trade secret information.

In any event, the Parties agree to take all reasonable action to avoid disclosure of Confidential Information except as permitted hereunder.

11.4. Publicity. The Parties agree that the public announcement of the execution of this Agreement shall be substantially in the form of the press releases attached as **Exhibit 11.4**. Any other publication, news release or other public announcement relating to this Agreement or to the performance hereunder, shall first be reviewed and approved by both Parties; *provided*, *however*, that any disclosure which is required by law, including disclosures required by the U.S. Securities and Exchange Commission or made pursuant to the requirements of the national securities exchange or other stock market on which such Party's securities are traded, as advised by the disclosing Party's counsel may be made without the prior consent of the other Party, although the other Party shall be given prompt notice of any such legally required disclosure and to the extent practicable shall provide the other Party an opportunity to comment on the proposed disclosure.

11.5. Publications. Neither Party shall publish or present any proposed disclosure which relates to any Inventions, or which otherwise may contain Confidential Information of the other Party, without the opportunity for prior review by the other Party. Subject to Section 11.3, each Party agrees to provide the other Party the opportunity to review any proposed disclosure which would or may constitute an oral, written or electronic public disclosure if made (including the full content of proposed abstracts, manuscripts or presentations) which relate to any Collaboration Compound (including a presentation or publication about the outcome of any Exelixis Clinical Trial), or which otherwise may contain Confidential Information, at least [*] prior to its intended submission for publication and agrees, upon request, not to submit any such abstract or manuscript for publication until the other Party is given a reasonable period of time to secure patent protection for any material in such publication which it believes to be patentable. Both Parties understand that a reasonable commercial strategy may require delay of publication of information or filing of patent applications. The Parties agree to review and consider delay of publication and filing of patent applications under certain circumstances. The JEC shall review such requests and recommend subsequent action. Neither Party shall have the right to publish or present Confidential Information of the other Party which is subject to Section 11.1. Nothing contained in this Section 11.5 shall prohibit the inclusion of Confidential Information of the non-filing Party necessary for a patent application, provided the non-filing

Party is given a reasonable opportunity to review the extent and necessity for its Confidential Information to be included prior to submission of such patent application. Any disputes between the Parties regarding delaying a publication or presentation to permit the filing of a patent application shall be referred to the JEC.

12. TERM AND TERMINATION

12.1. Term. This Agreement shall become effective on the Effective Date and shall remain in effect until the expiration of the last payment obligation with respect to any Product, as provided in Article 9 (the "**Term**"), unless earlier terminated in accordance with Section 12.2 or by mutual written agreement. Upon expiration of the Term of this Agreement (but not a termination pursuant to Section 12.2), [*] shall have a [*] license to the [*].

12.2. Early Termination.

(a) Termination at End of Collaborative Research Term. If Sanofi-Aventis has not [*] any [*] as a [*] by the last day of the Collaborative Research Term, then this Agreement shall automatically terminate as of the last day of the Collaborative Research Term.

(b) Termination by Sanofi-Aventis. Beginning on the [*] the [*] of the [*], Sanofi-Aventis shall have the right to terminate this Agreement without cause, in whole or on a Product-by-Product basis, upon [*] prior written notice, at the end of which the termination shall be effective.

(c) Termination by Exelixis. Exelixis may terminate this Agreement in its entirety upon [*] advance written notice if Sanofi-Aventis or its Affiliates or sublicensees (directly or indirectly, individually or in association with any other person or entity) challenge the validity, enforceability or scope of any Exelixis Patents anywhere in the world. For clarity, any dispute as to whether a given Patent is within the scope of Exelixis Patents, such matter shall be subject to dispute resolution as set forth in Section 15.3.

(d) Termination for Material Breach. This Agreement may be terminated by written notice by either Party at any time during the Term of this Agreement for the uncured material breach by the other Party of such other Party's representations, warranties, covenants or obligations under this Agreement. The breaching Party shall be given [*] from the date of the notice by the non-breaching Party to cure its material breach, and, if it does not do so, this Agreement shall be terminated at the end of the [*] cure period; provided, however, if the cause of the material breach is non-payment of the amounts due under this Agreement, then the cure period for such non-payment shall be [*] from the date of notice of material breach by the non-breaching Party, unless there exists a *bona fide* dispute as to whether such payment is due to the non-breaching Party, in which case, the [*] cure period shall be extended pending resolution of such dispute.

12.3. Survival; Effect of Termination.

(a) Survival. In the event of termination of this Agreement for any reason, the following provisions of this Agreement shall survive: Articles [*], and [*]; and Sections [*].

(b) General Effects. In any event, termination of this Agreement shall not relieve the Parties of any liability which accrued hereunder prior to the effective date of such termination nor preclude

either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation.

(c) Effects of Termination under Section 12.2(a). In the event of termination of this Agreement pursuant to Section 12.2(a), all licenses granted by one Party to the other Party under this Agreement shall immediately terminate, and each Party's rights to [*] shall [*].

(d) Effects of Termination under Sections 12.2(b), Section 12.2(c), or by Exelixis for Sanofi-Aventis' breach under Section 12.2(d). In the event of termination of this Agreement pursuant to Section 12.2(b), Section 12.2(c) or by Exelixis for Sanofi-Aventis' breach under Section 12.2(d):

(i) Sanofi-Aventis hereby grants Exelixis a worldwide, exclusive license (with the right to sublicense) under the Sanofi-Aventis Know-How, Sanofi-Aventis Patents and Sanofi-Aventis interest in the Joint Invention Patents to develop, make, have made, use, import, sell, offer to sell and have sold any terminated Collaboration Compound and products comprising or incorporating one or more of such Collaboration Compounds (the "**Reverted Products**"), effective upon such termination of this Agreement.

(ii) In consideration for the foregoing license, Exelixis shall pay to Sanofi-Aventis the following (as applicable).

(1) If Exelixis terminates under Section 12.2(c) or 12.2(d), then Exelixis shall pay Sanofi-Aventis [*] percent ([*]%) of any [*] by [*] a [*] under any [*] of the [*] in [*] such [*] the [*] to [*] the [*].

(2) If there is a termination under Section 12.2(b), and, [*] of the date of such termination, [*] a [*] under [*] the [*] to [*] the [*], then Exelixis shall pay Sanofi-Aventis [*] percent ([*]%) of [*], [*] and [*] by [*] such [*] under such [*]. For clarity, "[*]" as used in this section shall [*] by [*] and [*] as [*] or [*] for [*] or other [*] by or for [*] (other than any [*] of [*] or [*] or [*] by [*] under [*]) with respect to the [*] (including [*] with [*] or [*]).

(3) If there is a termination under Section 12.2(b), and, [*] of the date of such termination, [*] a [*] under [*] the [*] to [*] the [*], then Exelixis shall pay Sanofi-Aventis either: (A) [*] percent ([*]%) of [*], [*] and [*] by [*] such [*] under such [*] such [*] the [*] sell Reverted Products containing a Collaboration Compound that either: (I) was [*] by [*] from [*]; or (II) was [*] the [*] of a [*]; (B) [*] percent ([*]%) of [*], [*] and [*] by [*] such [*] under such [*] such [*] the [*] sell Reverted Products containing a Collaboration Compound that either: (III) was [*] by [*] from [*]; or (IV) was [*] from the [*] of a [*]; or (C) [*] percent ([*]%) of [*], [*] and [*] by [*] such [*] under such [*] such [*] the [*] sell both: (X) a [*] containing a [*] that is [*] or [*]; and (Y) a [*] containing a [*] that is [*] or [*]. For clarity, "[*]" as used in this section shall [*] any [*] by [*] and [*] as [*] or [*] for [*] or other [*] by or for [*] (other than any [*] or [*] of [*] or [*] or [*] by [*] under [*]) with respect to the [*] (including [*] with [*] or [*]).

(iii) Sanofi-Aventis shall to transfer via assignment, license or sublicense to Exelixis: (A) all Sanofi-Aventis Know-How [*] for the development, manufacture and commercialization of any Reverted Product; (B) all regulatory filings (including any Regulatory Approvals, drug dossiers, and

drug master files) in Sanofi-Aventis' name; (C) agreements with Third Parties (at Exelixis' sole discretion and to the extent that such agreement is assignable or sublicensable); (D) trademark rights Controlled by Sanofi-Aventis; and (E) supplies of Product (including any intermediates, retained samples and reference standards), that in each case ((A) through (E)) are existing and in Sanofi-Aventis' Control and that relate to such Reverted Products. Any such transfer(s) shall be at the sole expense of Exelixis. Sanofi-Aventis shall use commercially reasonable efforts to maintain ([*]) and not to breach any agreements with Third Parties that provide a grant from such Third Party to Sanofi-Aventis of rights that are Controlled by Sanofi-Aventis and that are licensed to Exelixis pursuant to Section 12.3(d)(i). If an agreement that is described in subsection (iii)(C) is not assignable or not sublicensable, then Sanofi-Aventis shall use Diligent Efforts to amend the agreement to permit assignment or sublicensing.

(iv) At Exelixis' written request, Sanofi-Aventis shall supply, or cause to be supplied, to Exelixis sufficient quantities of Reverted Product to satisfy Exelixis' requirements for Reverted Product for a period of up to [*] following the effective date of termination, as Exelixis may require until Exelixis can itself assume or transition to a Third Party such manufacturing responsibilities; *provided, however* that Exelixis shall use Diligent Efforts to affect such assumption (or transition) as promptly as practicable. Such supply shall be at a price equal to [*] for such [*]. Any such supply will be made pursuant to a supply agreement between the Parties with typical provisions relating to quality, forecasting and ordering to forecast, force majeure and product liability and indemnity.

(e) Effects of Termination by Sanofi-Aventis for Exelixis' breach under Section 12.2(d). In the event of termination of this Agreement by Sanofi-Aventis for Exelixis' breach under Section 12.2(d), all licenses granted under this Agreement shall [*], subject to [*] of [*] under [*] prior to and after the [*] of [*]; *provided, however*, that such [*] shall be [*] by [*] percent ([*]%) for any [*] that were [*] by [*].

13. REPRESENTATIONS AND WARRANTIES AND COVENANTS

13.1. Mutual Authority. Exelixis and Sanofi-Aventis each represents and warrants to the other as of the Effective Date that: (a) it has the authority and right to enter into and perform this Agreement; (b) this Agreement is a legal and valid obligation binding upon it and is enforceable in accordance with its terms, subject to applicable limitations on such enforcement based on bankruptcy laws and other debtors' rights; and (c) its execution, delivery and performance of this Agreement shall not conflict in any material fashion with the terms of any other agreement or instrument to which it is or becomes a Party or by which it is or becomes bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having authority over it.

13.2. Rights in Technology.

(a) During the Term, each Party shall use commercially reasonable efforts to maintain ([*]) and not to breach any agreements with Third Parties that provide a grant of rights from such Third Party to a Party that are Controlled by such Party and are licensed or become subject to a license from such Party to the other Party under Article 8. Each Party agrees to provide promptly the other Party with notice of any such alleged breach or obligation to renew. As of the Effective Date, each Party is in compliance in all material respects with any aforementioned agreements with Third Parties.

(b) Each Party represents and warrants that it: (i) has the ability to grant the licenses contained in or required by this Agreement; and (ii) is not currently subject to any agreement with any Third Party or to any outstanding order, judgment or decree of any court or administrative agency that restricts it in any way from granting to the other Party such licenses or the right to exercise its rights hereunder.

(c) Each Party represents and warrants that: (i) it has not granted, and covenants that it shall not grant after the Effective Date and during the Term, any right, license or interest in or to, or an option to acquire any of the foregoing with respect to, the intellectual property rights licensed to the other Party hereunder (including the Exelixis Patents and the Sanofi-Aventis Patents, as the case may be) that is in conflict with the licenses granted to the other Party under this Agreement; and (ii) it has not granted any lien, security interest or other encumbrance (excluding any licenses) with respect to any of the intellectual property rights licensed to the other Party hereunder that would prevent it from performing its obligations under this Agreement, or permitted such a lien, security interest or other encumbrance (excluding any permitted licenses) to attach to the intellectual property rights licensed to the other Party hereunder.

13.3. Covenants of Each Party.

(a) Compliance with Law. Each Party hereby covenants and agrees to comply with applicable law, rule and regulation in performing its activities under the Agreement.

(b) Performance by Affiliates. The Parties recognize that each may perform some or all of its obligations under this Agreement through Affiliates; *provided, however*, that each Party shall remain responsible and be guarantor of the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. In particular, if any Affiliate of a Party participates under this Agreement with respect to Collaboration Compounds: (a) the restrictions of this Agreement which apply to the activities of a Party with respect to Collaboration Compounds shall apply equally to the activities of such Affiliate; and (b) the Party affiliated with such Affiliate shall assure, and hereby guarantees, that any intellectual property developed by such Affiliate shall be governed by the provisions of this Agreement (and subject to the licenses set forth in Article 8 and Section 12.3) as if such intellectual property had been developed by the Party.

(c) Records. Each Party shall maintain complete and accurate records of all work conducted and all results, data and developments made pursuant to its activities hereunder. Such records shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance hereof in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes. Each Party shall maintain such records for a period of [*] after such records are created; provided that the following records may be maintained for a longer period, in accordance with each Party's internal policies on record retention: (a) scientific notebooks; and (b) any other records that the other Party reasonably requests be retained in order to ensure the preservation, prosecution, maintenance or enforcement of intellectual property rights. Either Party shall have the right to review and copy such records of the other Party at reasonable times to the extent necessary or useful for it to conduct its obligations or enforce its rights under this Agreement; provided, however, that no Party shall have the right to audit the other Party more than [*].

(d) Third Party Agreements. During the Term, each Party shall use Diligent Efforts to maintain and not to breach any agreements with Third Parties that provide a grant of rights from such Third Party to a Party that are Controlled by such Party and are licensed or become subject to a license from such Party to the other Party under Article 8 or Section 12.3. Each Party agrees to provide promptly the other Party with notice of any such alleged breach or obligation to renew. As of the Effective Date, each Party is in compliance in all material respects with any aforementioned agreements with Third Parties.

13.4. Disclaimer. EXCEPT AS PROVIDED IN ARTICLE 13 ABOVE, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES WITH RESPECT TO ANY RESEARCH RESULTS, COLLABORATION COMPOUNDS, DATA, OR INVENTIONS (AND ANY PATENT RIGHTS OBTAINED THEREON) IDENTIFIED, MADE OR GENERATED BY EXELIXIS HEREUNDER OR OTHERWISE MADE AVAILABLE TO THE OTHER PARTY PURSUANT TO THE TERMS OF THE AGREEMENT.

14. INDEMNIFICATION AND LIMITATION OF LIABILITY

14.1. Indemnification by Sanofi-Aventis. Subject to Section 14.3, Sanofi-Aventis hereby agrees to indemnify, defend and hold harmless Exelixis and its directors, employees and agents from and against any and all Third Party suits, claims, actions, demands, liabilities, expenses and/or losses, including reasonable legal expenses and reasonable attorneys' fees (collectively, "**Losses**") to the extent such Losses result from the Manufacture, use, handling, storage, sale or other disposition of Collaboration Compounds or Products by Sanofi-Aventis or its Affiliates, agents or sublicensees, except to the extent such Losses result from any: (a) breach by Exelixis of any of its representations and warranties or covenants under the Agreement; (b) breach of the Agreement or applicable law by Exelixis; or (c) negligence or willful misconduct by Exelixis, its Affiliates or (sub)licensees, or their respective directors, employees and agents in the performance of the Agreement.

14.2. Indemnification by Exelixis. Subject to Section 14.3, Exelixis hereby agrees to indemnify, defend and hold harmless Sanofi-Aventis and its directors, employees and agents from and against any and all Losses to the extent such Losses result from the Manufacture, use, handling, storage, sale or other disposition of any Collaboration Compound, Product, or Reverted Product by Exelixis or its Affiliates, agents or sublicensees, except to the extent such Losses result from any: (a) breach by Sanofi-Aventis of any of its representations and warranties or covenants under the Agreement; (b) breach of the Agreement or applicable law by Sanofi-Aventis; or (c) negligence or willful misconduct by Sanofi-Aventis, its Affiliates or (sub)licensees, or their respective directors, employees and agents in the performance of the Agreement.

14.3. Conditions to Indemnification. As used herein, "**Indemnitee**" shall mean a Party entitled to indemnification under the terms of Section 14.1 or 14.2. A condition precedent to each Indemnitee's right to seek indemnification under such Section 14.1 or 14.2 is that such Indemnitee shall:

(a) inform the indemnifying Party under such applicable Section of a Loss as soon as reasonably practicable after it receives notice of the Loss;

(b) if the indemnifying Party acknowledges that such Loss falls within the scope of its indemnification obligations hereunder, permit the indemnifying Party to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the Loss (including the right to settle the claim solely for monetary consideration); provided, that the indemnifying Party shall seek the prior written consent (such consent to not be unreasonably withheld, delayed or conditioned) of any such Indemnitee as to any settlement which would materially diminish or materially adversely affect the scope, exclusivity or duration of any Patents licensed under this Agreement, would require any payment by such Indemnitee, would require an admission of legal wrongdoing in any way on the part of an Indemnitee, or would effect an amendment of this Agreement; and

(c) fully cooperate (including providing access to and copies of pertinent records and making available for testimony relevant individuals subject to its control) as reasonably requested by, and at the expense of, the indemnifying Party in the defense of the Loss.

Provided that an Indemnitee has complied with all of the conditions described in subsections (a) - (c), as applicable, the indemnifying Party shall provide attorneys reasonably acceptable to the Indemnitee to defend against any such Loss. Subject to the foregoing, an Indemnitee may participate in any proceedings involving such Loss using attorneys of the Indemnitee's choice and at the Indemnitee's expense. In no event may an Indemnitee settle or compromise any Loss for which the Indemnitee intends to seek indemnification from the indemnifying Party hereunder without the prior written consent of the indemnifying Party (such consent to not be unreasonably withheld, delayed or conditioned), or the indemnification provided under such Section 14.1 or 14.2 as to such Loss shall be null and void.

14.4. Limitation of Liability. EXCEPT FOR AMOUNTS PAYABLE TO THIRD PARTIES BY A PARTY FOR WHICH IT SEEKS REIMBURSEMENT OR INDEMNIFICATION PROTECTION FROM THE OTHER PARTY PURSUANT TO SECTIONS 14.1 AND 14.2, AND EXCEPT FOR BREACH OF SECTION 8.7 OR ARTICLE 11 HEREOF, IN NO EVENT SHALL EITHER PARTY, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR AFFILIATES BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER BASED UPON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT, OR OTHERWISE, ARISING OUT OF THE AGREEMENT.

15. MISCELLANEOUS

15.1. Dispute Resolution.

(a) In the event of any dispute, controversy or claim arising out of, relating to or in connection with any provision of the Agreement, other than a dispute between members of a Committee regarding matters under such Committee's authority (which shall be handled in accordance with Section 4.4(c)) or a dispute described in Section 15.3, the Parties shall try to settle their differences amicably between themselves first, by referring the disputed matter to the CEO of Exelixis (or his designee) and the CEO of Sanofi-Aventis (or his designee). Either Party may initiate such informal dispute resolution by sending written notice of the dispute to the other Party, and, within [*] after such notice, such CEOs (or their respective designees) of the Parties shall meet for attempted resolution by good faith negotiations. If such CEOs (or their respective designees) are unable to resolve such dispute within [*] of their first meeting for such

negotiations, either Party may seek to have such dispute resolved by arbitration in accordance with Section 15.1(b) below.

(b) Except as otherwise expressly provided in this Agreement, any unresolved disputes between the Parties relating to, arising out of or in any way connected with this Agreement or any term or condition hereof, or the performance by either Party of its obligations hereunder, whether before or after termination of this Agreement, shall be submitted to the exclusive jurisdiction of the state and federal courts sitting in New York, New York.

15.2. Governing Law. Resolution of all disputes, controversies or claims arising out of, relating to or in connection with the Agreement or the performance, enforcement, breach or termination of the Agreement and any remedies relating thereto, shall be governed by and construed under the substantive laws of the State of New York, without regard to conflicts of law rules.

15.3. Patents and Trademarks; Equitable Relief.

(a) Any dispute, controversy or claim arising out of, relating to or in connection with: (i) the scope, validity, enforceability or infringement of any Patent rights covering the manufacture, use or sale of any Product; or (ii) any trademark rights related to any Product, in each case shall not be resolved through the procedure described in Section 15.1 but shall be submitted to a court of competent jurisdiction in the territory in which such Patent or trademark rights were granted or arose.

(b) Any dispute, controversy or claim arising out of, relating to or in connection with the need to seek preliminary or injunctive measures or other equitable relief (e.g., in the event of a potential or actual breach of the confidentiality and non-use provisions in Article 11) shall not be resolved through the procedure described in Section 15.1 but shall be immediately brought in a court of competent jurisdiction.

15.4. Entire Agreement; Amendments. This Agreement sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties with respect to the subject matter of this Agreement and supersedes and terminates all prior agreements and understandings between the Parties with respect to such subject matter. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties with respect to such subject matter other than as are set forth in this Agreement. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party.

15.5. Bankruptcy.

(a) All rights and licenses granted under or pursuant to this Agreement, including amendments hereto, by Exelixis to Sanofi-Aventis are, for all purposes of Section 365(n) of Title 11 of the U.S. Code ("**Title 11**"), licenses of rights to intellectual property as defined in Title 11. Exelixis agrees during the Term to create and maintain current copies or, if not amenable to copying, detailed descriptions or other appropriate embodiments, to the extent feasible, of all such intellectual property. If a case is commenced by or against Exelixis (the "**Bankrupt Party**") under Title 11, then, unless and until this Agreement is rejected as provided in Title 11, Exelixis (in any capacity, including debtor-in-possession) and its successors and

assigns (including a Title 11 Trustee) shall, at the election of Exelixis made within sixty (60) days after the commencement of the case (or, if no such election is made, immediately upon the request of Sanofi-Aventis) either (i) perform all of the obligations provided in this Agreement to be performed by Exelixis including, where applicable, providing to Sanofi-Aventis portions of such intellectual property (including embodiments thereof) held by Exelixis and such successors and assigns or otherwise available to them or (ii) provide to Sanofi-Aventis all such intellectual property (including all embodiments thereof) held by Exelixis and such successors and assigns or otherwise available to them.

(b) If a Title 11 case is commenced by or against Exelixis and this Agreement is rejected as provided in Title 11 and Sanofi-Aventis elects to retain its rights hereunder as provided in Title 11, then Exelixis (in any capacity, including debtor-in-possession) and its successors and assigns (including a Title 11 Trustee) shall provide to Sanofi-Aventis all such intellectual property (including all embodiments thereof) held by Exelixis and such successors and assigns or otherwise available to them immediately upon Sanofi-Aventis's written request therefor. Whenever Exelixis or any of its successors or assigns provides to Sanofi-Aventis any of the intellectual property licensed hereunder (or any embodiment thereof) pursuant to this Section 14.5, Sanofi-Aventis shall have the right to perform the obligations of Exelixis hereunder with respect to such intellectual property, but neither such provision nor such performance by Sanofi-Aventis shall release Exelixis from any such obligation or liability for failing to perform it.

(c) All rights, powers and remedies of Sanofi-Aventis provided herein are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including Title 11) in the event of the commencement of a Title 11 case by or against Exelixis. Sanofi-Aventis, in addition to the rights, power and remedies expressly provided herein, shall be entitled to exercise all other such rights and powers and resort to all other such remedies as may now or hereafter exist at law or in equity (including under Title 11) in such event. The Parties agree that they intend the foregoing Sanofi-Aventis rights to extend to the maximum extent permitted by law and any provisions of applicable contracts with Third Parties, including for purposes of Title 11, (i) the right of access to any intellectual property (including all embodiments thereof) of Exelixis or any Third Party with whom Exelixis contracts to perform an obligation of Exelixis under this Agreement, and, in the case of the Third Party, which is necessary for the development, registration and manufacture of licensed products and (ii) the right to contract directly with any Third Party described in (i) in this sentence to complete the contracted work. Any intellectual property provided pursuant to the provisions of this Section 14.5 shall be subject to the licenses set forth elsewhere in this Agreement and the payment obligations of this Agreement, which shall be deemed to be royalties for purposes of Title 11.

15.6. Force Majeure. Each Party shall be excused from the performance of its obligations under this Agreement to the extent that such performance is prevented by force majeure (defined below) and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party takes reasonable efforts to remove the condition. For purposes of this Agreement, "**force majeure**" shall include conditions beyond the control of the Parties, including an act of God, war, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe. The payment of invoices due and owing hereunder shall in no event be delayed by the payer because of a force majeure affecting the payer.

15.7. Notices. Any notices given under this Agreement shall be in writing, addressed to the Parties at the following addresses, and delivered by person, by facsimile (with receipt confirmation), or by FedEx or other reputable courier service. Any such notice shall be deemed to have been given: (a) as of the day of personal delivery; (b) one (1) day after the date sent by facsimile service; or (c) on the day of successful delivery to the other Party confirmed by the courier service. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below.

For Exelixis: Exelixis, Inc.
170 Harbor Way
P.O. Box 511
South San Francisco, CA 94083
Attention: Executive Vice President and General Counsel

With a copy to: Cooley Godward LLP
Five Palo Alto Square
3000 El Camino Real
Palo Alto, CA 94306
Attention: Marya A. Postner, Esq.

For Sanofi-Aventis: Sanofi-Aventis
174 Avenue de France
75013 Paris, France
Attn: General Counsel

Furthermore, a copy of any notices required or given under Section 10.4(c) of this Agreement shall also be addressed as set forth in Section 10.4(c).

15.8. Maintenance of Records Required by Law or Regulation. Each Party shall keep and maintain all records required by law or regulation with respect to Products and shall make copies of such records available to the other Party upon request.

15.9. Assignment.

(a) Neither Party may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other (such consent to not be unreasonably withheld, delayed or conditioned), except a Party may make such an assignment without the other Party's consent to an Affiliate or to a Third Party successor to substantially all of the business of such Party to which this Agreement relates, whether in a merger, sale of stock, sale of assets or other transaction; provided that any such permitted successor or assignee of rights and/or obligations hereunder is obligated, by reason of operation of law or pursuant to a written agreement with the other Party, to assume performance of this Agreement or such rights and/or obligations; and provided, further, that if assigned to an Affiliate, the assigning Party shall remain jointly and severally responsible for the performance of this Agreement by such Affiliate. Any permitted assignment shall be binding on the successors of the assigning Party. Any assignment or attempted assignment by either Party in violation of the terms of this Section 15.9(a) shall be null and void and of no legal effect.

(b) In the event that a Party is acquired by a Third Party (such Third Party, hereinafter referred to as an **"Acquiror"**), then the intellectual property of such Acquiror held or developed by such Acquiror (whether prior to or after such acquisition) shall be excluded from the intellectual property definitions under this Agreement, and such Acquiror (and Affiliates of such Acquiror which are not controlled by (as defined in Section 1.1) the acquired Party itself) shall be excluded from "Affiliate" solely for purposes of the applicable components of the intellectual property definitions herein, in all such cases if and only if: (a) the acquired Party remains a wholly-owned subsidiary of the Acquiror; (b) all intellectual property of the acquired Party and all research and development assets and operations of the acquired Party, in each case relating to Collaboration Compounds, remain with the acquired Party and are not transferred to the Acquiror or another Affiliate of the Acquiror; (c) the scientific and development activities with respect to Collaboration Compounds of the acquired Party and the Acquiror (if any) are maintained separate and distinct, and (d) there is no exchange of Confidential Information relating to Collaboration Compounds between the acquired Party and the Acquiror. For clarity, in the event that a Party is acquired by an Acquiror and each of the criteria described in subsections (a) through (d) is not satisfied, then the intellectual property of such Acquiror shall be included within the intellectual property definitions herein. Any permitted assignment shall be binding on the successors of the assigning Party.

15.10. Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

15.11. Severability. If any of the provisions of this Agreement are held to be invalid or unenforceable by any court of competent jurisdiction from which no appeal can be or is taken, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

15.12. Independence. Subject to the terms of this Agreement, the activities and resources of each Party shall be managed by such Party, acting independently and in its individual capacity. The relationship between Exelixis and Sanofi-Aventis is that of independent contractors and neither Party shall have the power to bind or obligate the other Party in any manner.

15.13. No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

15.14. Construction of this Agreement. Except where the context otherwise requires, wherever used, the use of any gender shall be applicable to all genders, and the word "**or**" is used in the inclusive sense. When used in this Agreement, "**including**" means "**including without limitation**". References to either Party include the successors and permitted assigns of that Party. The headings of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The Parties have each consulted counsel of their choice regarding this Agreement, and, accordingly, no provisions of this Agreement shall be

construed against either Party on the basis that the Party drafted this Agreement or any provision thereof. If the terms of this Agreement conflict with the terms of any Exhibit, then the terms of this Agreement shall govern. The official text of this Agreement and any Exhibits hereto, any notice given or accounts or statements required by this Agreement, and any dispute proceeding related to or arising hereunder, shall be in English. In the event of any dispute concerning the construction or meaning of this Agreement, reference shall be made only to this Agreement as written in English and not to any other translation into any other language.

15.15. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original and all of which shall constitute together the same document. Counterparts may be signed and delivered by facsimile, or electronically in PDF format, each of which shall be binding when sent.

[Signature page follows.]

In Witness Whereof, the Parties have executed this Agreement in duplicate originals by their proper officers. The date that this Agreement is signed shall not be construed to imply that the document was made effective on that date.

Exelixis, Inc.

/s/ George Scangos

By: George A. SCANGOS, PhD

Title: President and Chief Executive Officer

Date: May 27, 2009

Sanofi-Aventis

/s/ Jérôme CONTAMINE

By: Jérôme CONTAMINE

Title: Executive Vice President, Chief Financial Officer

Date: May 27, 2009

/s/ Laurence DEBROUX

By: Laurence DEBROUX

Title: Senior Vice President, Chief Strategic Officer

Date: May 27, 2009

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Exhibit 1.88

Selectivity Panel & Upstate Panel

"Selectivity Panel" means:

Protein kinases:

[*]

Optional:
[*] will provide [*] and [*] allowing to [*] these [*] at [*], in each case through [*] by the [*] after the [*], and in each case to the extent that provision of such [*] and [*] of such [*] does [*] the [*] of any [*] or would [*] a [*] to a [*].

Unwanted target:

[*]

The "**Upstate Panel**" should comprise [*], including the following:
[*]

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Exhibit 1.91

Target Potency Threshold

"Target Potency Threshold" means:

(a) for a [*], that such [*] and [*] the [*] of [*] with a [*] ("[*]") of [*] than or equal to [*] ([*]);

(b) for a [*], that such [*] and [*] the [*] of [*] with an [*] of [*] than or equal to [*] ([*]);

(c) for a [*], that such [*] and [*] the [*] of: (i) [*] with an [*] of [*] than or equal to [*] ([*]); and (ii) [*] with an [*] of [*] than or equal to [*] ([*]);

(d) for a [*], that such [*] and [*] the [*] of: (i) [*] with an [*] of [*] than or equal to [*] ([*]); and (ii) [*] with an [*] of [*] than or equal to [*] ([*]);

(e) for a [*], that such [*] and [*] the [*] of: (i) [*] with an [*] of [*] than or equal to [*] ([*]); and (ii) [*] with an [*] of [*] than or equal to [*] ([*]); and

(f) for a [*], that such [*] and [*] the [*] of: (i) [*] with an [*] of [*] than or equal to [*] ([*]); (ii) [*] with an [*] of [*] than or equal to [*] ([*]); and (iii) [*] with an [*] of [*] than or equal to [*] ([*]).

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Exhibit 1.92

Target Specificity Threshold

"Target Specificity Threshold" means:

(a) for a [*], that such [*] demonstrates [*] against [*] as determined in the [*]; provided, however that:(i) [*] of the other [*] shall be [*] at an [*] below [*] in a [*], and (ii) [*] of the [*] included in the [*] shall be [*] at an [*] below [*];

(b) for a [*], that such [*] demonstrates [*] against [*] as determined in the [*], provided, however that:(i) [*] of the other [*] shall be [*] at an [*] below [*] in a [*], and (ii) [*] of the [*] included in the [*] shall be [*] at an [*] below [*];

(c) for a [*], that such [*]: (i) demonstrates [*] against [*] as determined in the [*]; and (ii) demonstrates [*] against [*] as determined in the [*]; provided, however that:(i) [*] of the other [*] shall be [*] at an [*] below [*] in a [*], and (ii) [*] of the [*] included in the [*] shall be [*] at an [*] below [*];

(d) for a [*], that such [*]: (i) demonstrates [*] against [*] as determined in the [*]; and (ii) demonstrates [*] against [*] as determined in the [*]; provided, however that:(i) [*] of the other [*] shall be [*] at an [*] below [*] in a [*], and (ii) [*] of the [*] included in the [*] shall be [*] at an [*] below [*];

(e) for a [*], that such [*]: (i) demonstrates [*] against [*] as determined in the [*]; and (ii) demonstrates [*] against [*] as determined in the [*]; provided, however that:(i) [*] of the other [*] shall be [*] at an [*] below [*] in a [*], and (ii) [*] of the [*] included in the [*] shall be [*] at an [*] below [*]; and

(f) for a [*], that such [*]: (i) demonstrates [*] against [*] as determined in the [*]; (ii) demonstrates [*] against [*] as determined in the [*]; provided, however that:(i) [*] of the other [*] shall be [*] at an [*] below [*] in a [*], and (ii) [*] of the [*] included in the [*] shall be [*] at an [*] below [*].

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Exhibit 2.2

Research Plan

1. Introduction

The collaboration is aimed at the discovery, optimization and advancement of [*] of [*]) for use in the treatment of cancer patients harboring tumors with specific [*]. Up to [*] different [*] are envisaged: [*]. The objective of the collaboration is to advance [*] compounds as [*] ("[*]") and to submit [*] for [*], at least one of which is [*].

As of the Effective Date, both Exelixis and Sanofi-Aventis have [*] in this area: Exelixis is [*] and [*]; while Sanofi-Aventis is [*] and [*]. The Parties desire to [*] their respective [*] and work collaboratively as outlined in the general schematic shown below. Briefly, each Party would work [*] to [*] to the point that [*] are [*] for [*]. Following [*] of a series for [*] by the [*], the Parties would work [*] on the [*] of the [*]. The [*] would regularly review progress of the [*] and as appropriate, [*] fully [*] as [*] for [*] for review and decision by the applicable [*] committee. [*] development activities ([*] to [*]) would be collaborative with the [*] of [*] determined by [*] and the [*]. In order to facilitate rapid advancement into the [*], the Party to be responsible for [*] development would be determined immediately following advancement of a [*] into [*]. At the completion of [*] activities the [*] will be responsible for a [*] recommendation for [*] that, in the case of a [*] recommendation, will be reviewed and decided upon by the applicable [*] committee.

The [*] of [*], [*] at each step and [*] of the collaboration are discussed in more detail in the Sections below and outlined in the following diagram:

[*]

2. Lead Discovery

During the [*], each Party shall use [*] to [*] and [*] of its [*] to [*] and [*].

The **Pre-Lead Nomination Criteria** encompass the following:

Biochemical [*]	< [*]
Biochemical [*]	> [*] for [*] vs the [*] of the [*]
[*] assay [*]	<[*]
[*] profile established	[*]; [*]; [*] in multiple [*];
[*] profile	[*] calculated
Exploratory [*]	[*] and [*] compounds

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3. Lead Nomination

The **Lead Compound Nomination Criteria** encompass the following ([*] may waive certain criteria):

Biochemical [*] [*] measurements for selected compounds to be [*] for [*]**.**	<[*] [*] [*] (including on [*], notably [PI3Ka])
Biochemical [*]	> [*]and >[*] for [*] vs [*] of >[*] ([*]) and >[*] vs the [*] and/or [*], depending on the [*] profile
[*] assay [*]	<[*]
[*]	[*] with primary [*]
[*] profile established	[*]; [*]; [*], [*]; [*], [*] in multiple [*]; [*] ID, [*] ([*]), [*], [*], [*] stability
[*] profile	[*] vs [*] or [*]
[*] profile	Measured for [*] of [*] ([*], [*], [*])
Exploratory [*]	[*] established; [*] plan in place
[*] complete	Route to [*] a [*]
[*] assays	Plan in place

4. Lead Optimization

Lead Optimization Responsibilities for a Lead Compound encompass the following:

Activity	**Major Responsible Party**
[*] Chemistry -[*]	[*]
[*] chemistry [*]	[*]
Biochemical [*]	[*]
[*] assays	[*]
[*] biology	[*]
In vitro [*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

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5. Development Candidate Nomination

The **Development Candidate Nomination Criteria** and documentation encompass the following, ([*] may waive certain criteria):

Pharmacology	**To be documented by the Parties**	**Nomination Criteria**
In vitro [*]	[*] on >[*] ([*]); [*] on [*]	[*] effect
Cellular [*]	[*] linked to [*] of [*]	
Cellular [*] assays	[*] of [*] of different [*]	
In vivo [*] ([*])	[*] response and [*] of action; [*] modeling	
[*] models	Multiple [*] models - impact of [*]	
In vitro [*]		
[*] profile	[*] and [*]. [*] ([*])	[*]: [*]>[*] or [*]>[*]. [*]: [*]> [*]
[*] for [*]	[*]; [*]; [*]	[*] mRNA expression in [*]: [*]<[*]. [*] in [*] : [*]>[*]
[*] metabolism	[*], in vitro [*]	[*] in [*] < [*] [*]<[*], [*]<[*]
[*] clearance	[*]	[*][*]
[*] stability	Multiple [*]	
In vitro [*]	[*]	
[*]	[*] or [*]	
[*] interaction	[*]	
Pharmacokinetics		
[*] profile ([*])	[*]; [*]	
[*] from [*] and [*] of [*]	[*]	[*][*] for [*] route
[*]	[*]	
[*] and [*] distribution	[*]	
In vivo [*]	[*]	
In vivo [*]	[*]	
Safety Studies		
[*] interaction	[*]	[*]: [*]>[*]
[*] safety	[*]	[*] or [*] issue
[*] potential	[*]	[*]
[*] study	[*]; [*] and [*]	
Medicinal Chemistry		
[*]	[*]	
[*] route	[*]; route [*] for [*]	
[*]	[*] screen; [*] screen	[*] defined
Analytical Chemistry		
[*] characterization	[*]	
[*] analysis	[*]	
[*]	[*]	
[*]	[*] dependence; multiple [*]	
[*] characterization	[*]	
[*] conditions	[*] to [*]	
[*] properties	[*]	

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6. Preclinical Development

The applicable Party shall conduct, or arrange to have conducted, the following studies (and associated [*] and [*] activities) and activities:

[*] Studies

- [*] and [*] in at least one [*] ([*] or [*]), to [*] a [*]
- [*] study in a [*]

[*] Studies

- [*] and [*] studies in a [*] (typically [*]) and a [*] (typically [*])
- [*] and [*] studies in a [*] and a [*] (usually [*])
- [*] studies: in vitro [*] ([*] and [*]) [*] and in vitro [*] studies (typically [*])
- [*] study [*]: [*] evaluation in [*]; [*] function evaluation in [*]; [*] function evaluation ([*]) in a [*]

[*]-related activities according to Section [*]

7. IND Submission

The IND Submission Criteria encompass the following:

- [*] and [*] at [*] levels
- [*] determined in [*] in [*] and [*] studies. Studies are completed and draft [*] reports are available.
- [*] studies ([*], [*] and [*]) are complete and draft [*] reports are available.
- [*] profile provides guidance for [*] and suggests that [*] can be [*].
- [*] support [*] for [*].
- The [*] profile of the [*] is [*] with respect to a [*] understanding of [*], [*], [*] and [*].
- Availability of [*] according to [*] at the time of [*].
- A [*] plan and protocol exist for the [*].

Exhibit 2.3(b)(i)

[*] Compounds [*] as of the Effective Date

[*] compounds

[*]-04611890
[*]-01290274
[*]-04611808
[*]-04213828

[*] compounds

[*]-04512054
[*]-04611816
[*]-04611805
[*]-04611872
[*]-04611646

[*] compounds (series 1)

[*]-04610198
[*]-04610618
[*]-04611745
[*]-04609480
[*]-04610450
[*]-04610270
[*]-04610459
[*]-04610622
[*]-04609663
[*]-04610592
[*]-04610478
[*]-04610228
[*]-04610262
[*]-04608102
[*]-04609577
[*]-04609123
[*]-04609120
[*]-04609496
[*]-04610480
[*]-04609152
[*]-04609264
[*]-04609151
[*]-04607544
[*]-04610479
[*]-04607555

[*] compounds (Series 2)

[*]-04611799

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[*]-04495312
[*]-04606974
[*]-04611626
[*]-04574291
[*]-04601298
[*]-04603843
[*]-04574312
[*]-04610615
[*]-04601297
[*]-04604475
[*]-04607882
[*]-04605260
[*]-04574311
[*]-04607300
[*]-04611793
[*]-04611627
[*]-04610617
[*]-04611229
[*]-04611739
[*]-04611244
[*]-04611775

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Exhibit 2.3(b)(ii)

[*] Compounds [*] as of the Effective Date

Series 1a: [*]218833
Series 1b: [*]215593 (and [*]216504, [*]215911, [*]209314)
Series 2a: [*]212312 (and [*]207651, [*]212298)
Series 2b: [*]213323 (and [*]209624, [*]212215)
Series 2c: [*]222544

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Exhibit 5.2(d)
Form of [*] Development Report

Period: MM/YY - MM/YY

1. Planned Development and Regulatory Timelines:

Collaboration Compound	Indication	Line	Planned Phase II initiation (MM/YY)	Planned Phase III initiation (MM/YY)	Planned 1st Regulatory Filing (MM/YY)

2. Development Updates:

Collaboration Compound	Indication	Line	Phase	New / Ongoing Trial?

3. Phase III Updates:

Collaboration Compound	Indication	Line	Phase 3 Trial Results	Filing Decision (Y/N)

4. Regulatory Updates:

Collaboration Compound	Indication	Line	Regulatory Status (Filed, Approved)			Major changes in Regulatory Status during Period
			US	Europe	ROW	

5. Explanation for any deviation from Planned Development and Regulatory Timelines

Collaboration Compound	Indication	Line	Comments

6. Publication Updates:

Compound	Indication	Line	Publication Reference

7. Explanation for any safety events leading to label changes or Product withdrawal from market(s)

Compound	Comments

8. Manufacturing Update (Clinical & Commercial)

Compound	Comments

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Exhibit 6.3

Form of Trademark License

Trademark License Agreement

This Trademark License Agreement ("**Agreement**"), effective as of _____, (the "**Effective Date**"), is entered into by and between **Exelixis, inc.,** a Delaware corporation, having its principal place of business at 170 Harbor Way, P.O. Box 511, South San Francisco, California (hereafter "**Exelixis**" or "**Licensor**"), and **Sanofi-Aventis,** a French company, having an address at 174, Avenue de France, 75013 Paris, France (hereafter "**Sanofi-Aventis**" or "**Licensee**").

Whereas, Exelixis and Sanofi-Aventis entered into a Collaboration Agreement executed as of [*] (the "**Collaboration Agreement**") for the purposes of researching, developing and commercializing certain products; and

Whereas Licensor currently owns certain corporate name and logo marks, and desires to license the use of said marks to Licensee pursuant to the restrictions set forth below; and

Whereas, Licensee desires authorization from Licensor to use the marks in the Territory pursuant to the restrictions set forth below;

Now Therefore, the Parties agree as follows:

1. **Definitions**

Capitalized terms used in this Agreement (other than the headings of the Sections or Articles) have the following meanings set forth in this Article 1, or, if not listed in this Article 1, the meanings as designated in the text of this Agreement. If a capitalized term is not defined in this Article 1 or in the text of this Agreement, and that capitalized term is defined within the License Agreement, the definition as set forth in the Collaboration Agreement shall apply.

"Commercialization" shall mean to promote, market, distribute, sell (and offer for sale or contract to sell) or provide product support for a Product, including by way of example: (a) detailing and other promotional activities in support of a Product; (b) advertising and public relations in support of a Product, including market research, development and distribution of selling, advertising and promotional materials, field literature, direct-to-consumer advertising campaigns, media/journal advertising, and exhibiting at seminars and conventions; (c) developing reimbursement programs and information and data specifically intended for national accounts, managed care organizations, governmental agencies (e.g., federal state and local), and other group purchasing organizations, including pull-through activities; (d) co-promotion activities

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not included in the above; (e) conducting Medical Education Activities and journal advertising; and (f) conducting Phase IV Clinical Trials.

"Major European Countries" shall mean France, Germany, Spain, Italy, and the United Kingdom.

"Marks" shall mean the Exelixis marks set forth in Schedule A to this Agreement, as such schedule may be amended from time to time pursuant to Section 7.1.

"Product" shall have the meaning set forth in the Collaboration Agreement.

"Term" shall have the meaning set forth in Section 4.1.

"Territory" shall mean [*], and any and all [*].

"Third Party" shall mean any entity other than: (a) Exelixis; (b) Sanofi-Aventis; or (c) an Affiliate of either Party.

2. **License Grant**.

2.1 License Grant. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee for the Term a nonexclusive, sublicensable (solely in accordance with Section 5.3), nonassignable (except as set forth in Section 7.2), and royalty-free license to use the Marks throughout the Territory solely in connection with the Commercialization of the Products to identify Exelixis as the licensor of the Products, provided that such use of the Marks satisfies all provisions of Section 2.2 and Article 3.

2.2 Compliance. The Marks may only be used on Products that are Commercialized in accordance with applicable law and current pharmaceutical industry standards of quality, including the terms of all applicable Regulatory Approvals.

3. Use and Display of Trademarks.

3.1 Licensee shall use the Marks on labels, packaging and promotional/marketing materials for or in connection with the Products provided that and only so long as such use complies with applicable laws and market practice in the country of use.

3.2 Licensee shall be obligated to display the Marks [*] on the [*] labels or on [*] and [*] material used in connection with the Commercialization of the Product. The display of the Marks on the aforementioned packaging labels or marketing and promotional material shall be [*] the [*] of [*] as [*] of the [*] and [*] shall [*] have [*] its [*] to [*] the [*] to the [*] such [*] is made and the [*]

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or [*] on the [*] labels and material, provided however that Licensee shall not display the Marks in such a manner to suggest that any party (including Licensee) other than Licensor owns the Marks.

3.3 In the event of an uncured material breach of the License Agreement by Licensor, or any bankruptcy or insolvency of Licensor, this Agreement (including the license set forth in Section 2.1) shall remain in effect but Licensee shall no longer be obligated pursuant to the preceding Section to continue using any of the Marks

3.4 Licensee shall use the Marks upon or in relation to the Products only in such manner where the distinctiveness, reputation, and validity of the Marks shall not be impaired. Without prejudice to the generality of the foregoing, Licensee shall ensure in particular that the Marks are correctly spelled, and that any text, graphics, or designs adjacent to the Marks do not put the Marks or Licensor in a negative or derogatory light. Licensee shall provide Licensor with proposed Product packaging and corresponding marketing materials prior to publication or shipment of any Product under the Marks.

4. **Term and Termination of Agreement.**

4.1 The term of this Agreement (the "**Term**") shall commence on the Effective Date and shall continue in full force until the expiration or termination of the Collaboration Agreement, unless earlier terminated pursuant to the terms and conditions of this Agreement or pursuant to the mutual written agreement of Licensor and Licensee.

4.2 In the event of a partial termination of the Collaboration Agreement, where the Collaboration Agreement is terminated only in respect to certain Products or certain countries within the Territory, this Agreement shall terminate with respect to those Products and countries in the Territory for which the Collaboration Agreement terminated and this Agreement shall remain in effect with respect to those Products or countries in the Territory which continue to be governed by the Collaboration Agreement.

4.3 In the event of Licensee committing a material breach of any of the terms of this Agreement and failing to rectify same within [*] of receiving written notification of such breach from Licensor, Licensor shall have the right to terminate this Agreement upon written notice to Licensee.

4.4 Licensor shall also have the right to terminate this Agreement upon written notice to Licensee if, in Licensor's reasonable discretion, Licensee's use of the Marks tarnishes, blurs, or dilutes the quality associated with the Marks or the associated goodwill and Licensee fails to rectify same within [*].

4.5 In the event of termination of this Agreement, the following provisions of this Agreement shall survive: Article 6; and Sections 7.4 and 7.10. In any event, termination of this Agreement shall not relieve the Parties of any liability which accrued hereunder prior to the effective date of such termination nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation.

5. Licensor's Exclusive Interest in the Marks.

5.1 Licensor hereby warrants to Licensee that Licensor is the owner of the Marks and retains all rights, title and interest in and to the Marks. This Agreement does not grant to Licensee any proprietary right of any of Licensor's Marks, other than use of the Marks as set forth in this Agreement.

5.2 In the event that management or in-house counsel for Licensee becomes aware of a suspected infringement of a Mark by a Third Party, Licensee shall notify Licensor promptly in writing. Licensee shall provide the same level of disclosure to Licensor's in-house counsel concerning suspected infringement of a Mark as Licensee would provide to its own in-house counsel with respect to suspected infringement of its own mark. As between the Parties, Licensor shall have the sole right, but shall not be obligated, to bring an action with respect to such suspected infringement at its own expense, in its own name and entirely under its own direction and control.

5.3 In the event that Licensee grants to a Third Party a sublicense of its rights under the Collaboration Agreement to Commercialize one or more Products in one or more countries in the Territory, Licensee shall enter into a sublicense agreement with such Third Party (the "Sublicensee") that grants the Sublicensee a sublicense of the Licensee's rights pursuant to Section 2.1 with respect to such Products in such countries in the Territory. Each such sublicense agreement shall be under the same terms and conditions as this Agreement.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

5.4 Licensee agrees that it will take no action adverse to or inconsistent with Licensor's ownership of the Marks, including without limitation seeking to register any of the Marks in the Territory, or opposing, disputing, or assisting others in opposing or disputing Licensor's ownership of the Marks in any way.

5.5 Licensee acknowledges that all use of the Marks and all rights and goodwill attached to or arising out of such use, shall accrue to the benefit of Licensor. Licensee shall at any time, whether during or after the Term, execute any documents that shall reasonably be required by Licensor to confirm Licensor's ownership of the Marks.

6. **Governing Law; Venue.**

6.1 This Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of New York, without regard to conflict of law rules.

6.2 Unless otherwise set forth in this Agreement, in the event of any dispute, controversy or claim arising out of, relating to or in connection with any provision of the Agreement, the Parties shall try to settle their differences amicably between themselves first, by referring the disputed matter to the Party's respective Executive Officers. Either Party may initiate such informal dispute resolution by sending written notice of the dispute to the other Party, and, within [*] after such notice, such Executive Officers shall meet for attempted resolution by good faith negotiations. If such Executive Officers are unable to resolve such dispute within [*] of their first meeting for such negotiations, either Party may seek to have such dispute resolved in any U.S. federal or state court of competent jurisdiction and appropriate venue; *provided*, that if such suit includes a Third Party claimant or defendant, and jurisdiction and venue with respect to such Third Party appropriately resides outside the U.S., then in any other jurisdiction or venue permitted by applicable law; and *further provided*, that any dispute, controversy or claim arising out of, relating to or in connection with any Mark shall be submitted to a court of competent jurisdiction in the territory in which such Mark were granted or arose.

7. Miscellaneous.

7.1 Entire Agreement; Amendments. This Agreement sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto with respect to the Marks and supersedes and terminates all prior agreements and understandings between the Parties with respect thereto. For clarity, this Agreement satisfies

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the obligations set forth in Section 6.3 of the Collaboration Agreement to enter into a Trademark License Agreement but does not supersede or terminate any portion of the Collaboration Agreement. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party. Notwithstanding the foregoing, and subject to Section 6.3 (d) of the Collaboration Agreement, Licensor may revise Schedule A upon written notice to Licensee.

7.2 Assignment. Neither Party may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other (such consent to not be unreasonably withheld, delayed or conditioned), except a Party may make such an assignment without the other Party's consent to an Affiliate or to a Third Party successor to all or substantially all of the business of such Party to which this Agreement relates, whether in a merger, sale of stock, sale of assets or other transaction; *provided* that any such permitted successor or assignee of rights and/or obligations hereunder is also the permitted successor or assignee of such Party's rights and obligations pursuant to the Collaboration Agreement and is obligated, by reason of operation of law or pursuant to a written agreement with the other Party, to assume performance of this Agreement or such rights and/or obligations; and *provided, further*, that if assigned to an Affiliate, the assigning Party shall remain jointly and severally responsible for the performance of this Agreement by such Affiliate. Any permitted assignment shall be binding on the successors of the assigning Party. Any assignment or attempted assignment by either Party in violation of the terms of this Section 7.2 shall be null and void and of no legal effect.

7.3 Mutual Authority. Each Party represents and warrants to the other Party as of the Effective Date that: (a) it has the authority and right to enter into and perform this Agreement, (b) this Agreement is a legal and valid obligation binding upon it and is enforceable in accordance with its terms, subject to applicable limitations on such enforcement based on bankruptcy laws and other debtors' rights, and (c) its execution, delivery and performance of this Agreement shall not conflict in any material fashion with the terms of any other agreement or instrument to which it is or becomes a party or by which it is or becomes bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having authority over it.

7.4 Confidentiality. All Information disclosed by one Party to the other Party pursuant to this Agreement shall be "**Confidential Information**" and the Parties shall have the rights and obligations with respect thereto that are set forth in Article 11 of the Collaboration Agreement. The Parties acknowledge that the terms of this Agreement shall be treated as Confidential Information of both Parties pursuant to the

Collaboration Agreement and the Parties shall have the rights and obligations with respect thereto that are set forth in Article 11 of the Collaboration Agreement with respect to the terms of the Collaboration Agreement.

7.5 Notices. Any notices given under this Agreement shall be in writing, addressed to the Parties at the following addresses, and delivered by person, by facsimile (with receipt confirmation), or by FedEx or other reputable courier service. Any such notice shall be deemed to have been given: (a) as of the day of personal delivery; (b) one (1) day after the date sent by facsimile service; or (c) on the day of successful delivery to the other Party confirmed by the courier service. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below.

For Exelixis: Exelixis, Inc.
249 East Grand Avenue
P.O. Box 511
So. San Francisco, CA 94083-0511
Attention: EVP, General Counsel

Fax:

With a copy to: Cooley Godward Kronish LLP
Five Palo Alto Square
3000 El Camino Real
Palo Alto, CA 94306
Attention: Marya Postner, Esq.

For Sanofi-Aventis: Sanofi-Aventis
174 Avenue de France
75013 Paris, France
Attention: EVP, General Counsel

Fax: +33.1.53.77.43.03

7.6 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

7.7 Severability. If any of the provisions of this Agreement are held to be invalid or unenforceable by any court of competent jurisdiction from which no appeal can be or is taken, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

7.8 No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

7.9 Construction of this Agreement. Except where the context otherwise requires, wherever used, the use of any gender shall be applicable to all genders, and the word "**or**" are used in the inclusive sense. When used in this Agreement, "**including**" means "**including without limitation**". References to either Party include the successors and permitted assigns of that Party. The headings of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The Parties have each consulted counsel of their choice regarding this Agreement, and, accordingly, no provisions of this Agreement shall be construed against either Party on the basis that the Party drafted this Agreement or any provision thereof. If the terms of this Agreement conflict with the terms of any Exhibit, then the terms of this Agreement shall govern. The official text of this Agreement and any Exhibits hereto, any notice given or accounts or statements required by this Agreement, any records required by this Agreement, any correspondence between the Parties, and any dispute proceeding related to or arising hereunder, shall be in English. In the event of any dispute concerning the construction or meaning of this Agreement, reference shall be made only to this Agreement as written in English and not to any other translation into any other language.

7.10 Indemnities.

7.10.1 Subject to Section 7.10.2, each Party hereby agrees to indemnify, defend and hold harmless the other Party, its Affiliates, and their respective directors, employees and agents from and against any and all Third Party suits, claims, actions, demands, liabilities, expenses and/or losses, including reasonable legal expenses and reasonable attorneys' fees ("**Losses**") to the extent such Losses result from any: (a) breach of warranty by the indemnifying Party contained in the Agreement; (b) breach of the Agreement or applicable law by such indemnifying Party; (c) negligence or willful misconduct of the indemnifying Party, its Affiliates or (sub)licensees, or their respective directors, employees and agents in the performance of the Agreement; and/or (d) breach of a contractual or fiduciary obligation owed by it to a Third Party (including misappropriation of trade secrets).

7.10.2 As used herein, "**Indemnitee**" shall mean a party entitled to indemnification under the terms of Section 7.10.1. A condition precedent to each Indemnitee's right to seek indemnification under

such Section 7.10.1 is that such Indemnitee shall: (a) inform the indemnifying Party under such applicable Section of a Loss as soon as reasonably practicable after it receives notice of the Loss; (b) if the indemnifying Party acknowledges that such Loss falls within the scope of its indemnification obligations hereunder, permit the indemnifying Party to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the Loss (including the right to settle the claim solely for monetary consideration); provided, that the indemnifying Party shall seek the prior written consent (such consent not to be unreasonably withheld, delayed or conditioned) of any such Indemnitee as to any settlement which would materially diminish or materially adversely affect the scope or duration of any Marks licensed under this Agreement, would require any payment by such Indemnitee, would require an admission of legal wrongdoing in any way on the part of an Indemnitee, or would effect an amendment of this Agreement; and (c) fully cooperate (including providing access to and copies of pertinent records and making available for testimony relevant individuals subject to its control) as reasonably requested by, and at the expense of, the indemnifying Party in the defense of the Loss.

Provided that an Indemnitee has complied with all of the conditions described in subsections 7.10.2(a) - (c), as applicable, the indemnifying Party shall provide attorneys reasonably acceptable to the Indemnitee to defend against any such Loss. Subject to the foregoing, an Indemnitee may participate in any proceedings involving such Loss using attorneys of the Indemnitee's choice and at the Indemnitee's expense. In no event may an Indemnitee settle or compromise any Loss for which the Indemnitee intends to seek indemnification from the indemnifying Party hereunder without the prior written consent of the indemnifying Party, or the indemnification provided under such Section 7.10.1 as to such Loss shall be null and void.

7.11 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original and all of which shall constitute together the same document. Counterparts may be signed and delivered by facsimile, or electronically in PDF format, each of which shall be binding when sent.

Signature page follows.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

In Witness Whereof, the Parties have executed this Agreement in duplicate originals by their proper officers.

For and On Behalf of Licensor

Exelixis, Inc.

By: _____

Print Name: _____

Title: _____

For and On Behalf of Licensee

Sanofi-Aventis

By: _____

Print Name: _____

Title: _____

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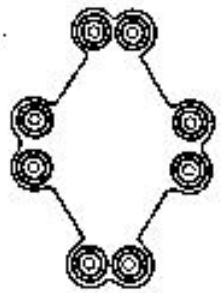
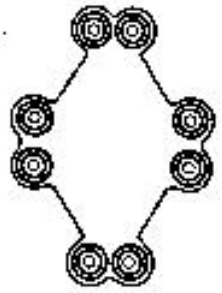
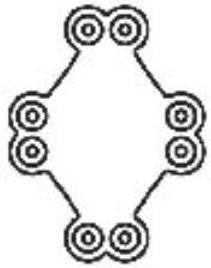
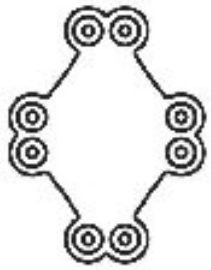
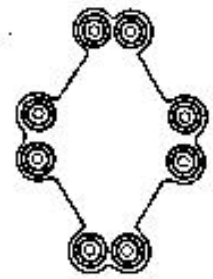
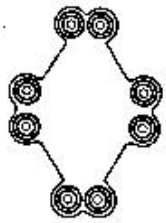
Schedule A to Trademark License Agreement

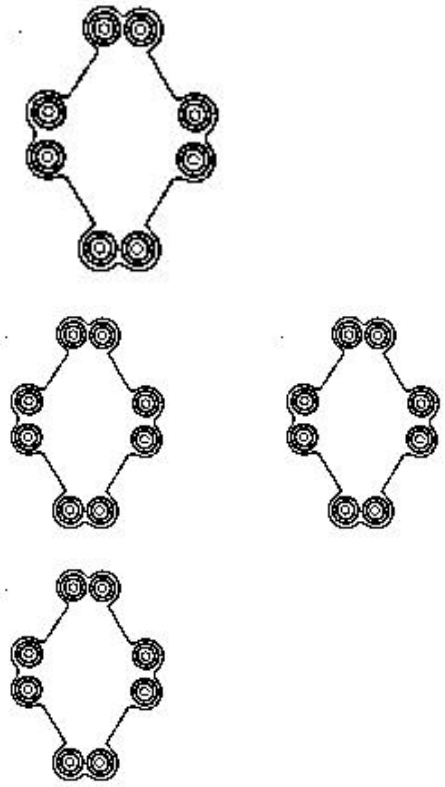
The Marks

Mark	App. No. / Reg. No.	Class
EXELIXIS [United States]	Reg. No. 2,823,801	005
EXELIXIS [United States]	App. No. 77/558,426	042
 Old Exelixis Logo [United States]	Reg. No. 2,824,097	5
 Old Exelixis Logo [United States]	Reg. No. 2,332,528	42

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

 New Exelixis Logo [United States]	App. No. 77/284,507	005
 New Exelixis Logo [United States]	App. No. 77/284,531	042
EXELIXIS [European Union]	Reg. No. 002607802	001 005 042
EXELIXIS [European Union]	Reg. No. 001243831	016 041 042
  Old Exelixis Logo [European Union]	Reg. No. 3006772	001 005 042

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXELIXIS [Japan]	Reg. No. 4599309	005
 Old Exelixis Logo [Japan]	Reg. No. 4693262	005

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 7.2

Quality Responsibilities Relating to Development Candidates

This Quality Letter (the "**Letter**") is made and entered into as of _____ [__], 2009 (the "**Execution Date**") by and between **Exelixis, Inc.,** a Delaware corporation having an address at 170 Harbor Way, P.O. Box 511, South San Francisco, California 94083-0511 ("**Exelixis**"), and **Sanofi-Aventis**, a French company, having an address at 174, Avenue de France, 75013 Paris, France ("**Sanofi-Aventis**"). Exelixis and Sanofi-Aventis are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

The Parties have entered into a Collaboration Agreement (the "**Agreement**") effective as of the Effective Date regarding the Collaboration Compounds. In connection with the Agreement, this Letter is intended to set forth the Parties' mutual understandings with respect to certain quality and Manufacturing responsibilities with respect to: (A) the lots of drug substance for the Exelixis Clinical Trials under Section 7.2 of the Agreement (each hereinafter referred to as a "Drug Substance Lot"); and (B) the lots of finished drug product for the Exelixis Clinical Trials under Section 7.2 of the Agreement (each hereinafter referred to as a "Drug Product Lot"). Specifically, each of the Parties hereby agrees to assume the responsibilities corresponding to such Party as set forth on Schedule A hereto. Any capitalized terms used in this Letter that are not otherwise defined herein shall have the meanings given to them in the Agreement.

In Witness Whereof, the Parties have executed this Letter in duplicate originals by their proper officers. The date that this Letter is signed shall not be construed to imply that the document was made effective on that date.

Sanofi-Aventis	**Exelixis, Inc.**
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

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SCHEDULE A

[

		Party Responsible	
		[*]	**[*]**
	QUALITY RESPONSIBILITIES and REQUIREMENTS for the DRUG PRODUCT LOTS AND DRUG SUBSTANCE LOT		
1	[*] shall ensure that [*] have [*] all of the [*] and [*] in accordance with [*]. [*] shall obtain a [*] from each [*] and [*] that ensures the [*] and [*] have been [*] for [*] and [*].	[*]	
2	[*] shall maintain [*] of any [*] to [*] or [*] the [*] and [*]. [*] shall ensure that [*] have [*] and [*] the [*] and the [*] in compliance with appropriate [*] requirements.		
3	[*] and [*] have [*] the [*] (“[*]”).		
4	[*] shall ensure that the [*] and [*] are [*] in accordance with [*] by maintaining [*] over [*].		
5	[*] shall [*] the [*] and the [*], or have them [*], to [*] in such a manner to ensure [*] and [*] is [*].		
6	For each of the [*], [*] shall provide [*] of [*] and related [*] for the [*] and [*] of the [*] (including [*] and associated [*], if applicable) along with a [*] and a statement from [*] indicating that the [*] have been [*] and [*] in compliance with [*].		
7	For the [*], [*] shall provide [*] with a [*] of the [*] of the [*] and [*], and related [*] for the [*] of the [*] (including [*] and associated [*], if applicable) along with a [*] and a statement from [*] indicating that the [*] has been [*] and [*] in compliance with [*].		
8	[*] shall [*] and [*] the [*] in accordance with the [*].		
9	[*] shall [*] the [*] and related [*], along with the [*], and shall [*] the [*] on [*] the [*] and [*] shall be [*] and [*].		
10	Subject to the [*] of applicable [*], [*] shall have the [*] to [*] (or any [*] by [*]) where the [*] and the [*] were [*], [*] and [*] on any [*] upon [*] to [*], provided that the [*] does not [*] with the [*] at the [*] and is [*] with the [*]. During any such [*], [*] and [*] shall have the [*] to [*] and [*] the [*], [*] and [*].		
11	[*] shall only [*] who have been [*] and [*] by [*].		

In the case where [*] supplies [*] or [*] for the [*], sections [*] and [*] would apply, and the section [*] and [*] would not apply.

In the case where [*] supplies [*] or [*] for the [*] of such [*] or [*], then [*] sections [*] would apply.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 7.3(a)

Information to be included for Transfer of Manufacturing Technology

Copy of [*] (and related [*] of [*]) concluded with [*] ("[*]") that are [*] the [*] for which the [*] is being [*].

With respect to the [*]:

- Chemical [*]
- [*] of [*]
- [*] data
- [*] methods supporting the [*]
- [*] report
- [*] methods & specifications of [*]
- [*] data ([*] and [*])
- [*] of [*] and [*] of [*] with [*]
- [*] and relevant [*] from [*]
- [*] with [*] (if applicable)
- Reports ([*], [*] & [*].)
- [*] ([*].)

With respect to the [*]:

- [*] data
- [*] Data Sheet
- [*] classification / [*]
- [*] with [*] status of [*] / [*] / [*] for [*] supplies and [*]
- [*] methods & specifications including [*] method
- [*] data ([*] and [*])
- [*] and relevant [*]
- [*] /[*] with [*] (if applicable)
- Reports ([*], [*] & [*].)
- [*] ([*], [*].)

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 11.4

Exelixis Press Release

EXELIXIS™
www.exelixis.com

210 East Grand Ave, P.O. Box 511
South San Francisco, CA 94083-0511
650.837.7000 main
650.837.8205 fax

Contact
Charles Butler
Executive Director, Corporate Communications & Investor Relations
Exelixis, Inc, San Francisco
650-837-7277
cbutler@exelixis.com

EXELIXIS AND SANOFI-AVENTIS SIGN GLOBAL LICENSE AGREEMENT FOR XL147 & XL765 AND LAUNCH BROAD COLLABORATION FOR DISCOVERY OF PI3K INHIBITORS

-Exelixis receives $140 million upfront payment and guaranteed research funding-

Paris, France and South San Francisco, CA - May XX, 2009 -- Sanofi-aventis (EURONEXT: SAN and NYSE: SNY) and Exelixis, Inc. (Nasdaq: EXEL) today announced a global license agreement for XL147 and XL765 and a broad collaboration for the discovery of inhibitors of phosphoinositide-3 kinase (PI3K) for the treatment of cancer. Activation of the PI3K pathway is a frequent event in human tumors, promoting cell proliferation, survival, and resistance to chemotherapy and radiotherapy. Under the license, Sanofi-aventis will have a worldwide exclusive license to XL147 and XL765, which are currently in phase 1 and phase 1b/2 clinical trials, and will have sole responsibility for all subsequent clinical, regulatory, commercial and manufacturing activities. Exelixis will participate in conducting ongoing and potential future clinical trials and manufacturing activities.

Under the discovery collaboration, Exelixis and Sanofi-aventis will combine efforts in establishing several pre-clinical PI3K programs and jointly share responsibility for research and preclinical activities related to isoform-selective inhibitors of PI3K. Sanofi-aventis will have sole responsibility for all subsequent clinical, regulatory, commercial and manufacturing activities of any products arising from the collaboration; however, Exelixis may be responsible for conducting certain clinical trials.

Sanofi-aventis will pay Exelixis a combined upfront cash payment of $140 million under the license and collaboration. Exelixis will also receive guaranteed research funding of $21 million over a three year research term under the collaboration. For both the license and the collaboration, Exelixis will be eligible to receive development, regulatory and commercial milestones of over $1 billion in the aggregate, as well as royalties on sales of any products commercialized under the license and collaboration.

“Sanofi-aventis has a track record of success in commercializing innovative cancer therapies and is deeply committed to advancing the care of cancer patients,” said George A. Scangos, Ph.D., president and chief executive officer of Exelixis. “We believe that their expertise and resources will enable us to move aggressively in advancing the development of XL147 and XL765 and other potential PI3K inhibitors. The data generated to date in the XL147 and XL765 clinical programs suggest that these compounds may have utility in treating diverse cancers. Sanofi-aventis

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and Exelixis are committed to realizing the full potential of these compounds and other PI3K inhibitors to provide cancer patients with new treatment options."

The effectiveness of the license agreement is subject to antitrust clearance under the Hart-Scott-Rodino Antitrust Improvements Act and other customary regulatory approvals.

Oral Presentations
Clinical data from the phase 1 trials of XL147 and XL765 will be presented at the American Society of Clinical Oncology Annual Meeting, which will be held from May 29 to June 2, 2009 in Orlando, Florida:

- "Phase 1 dose-escalation study of XL147, a PI3K inhibitor administered orally to patients with solid tumors" will be presented on Monday, June 1, 2009, starting at 1:30 p.m. local time (Abstract #3500)
- "A Phase 1 dose-escalation study of the safety, pharmacokinetics (PK) and pharmacodynamics of XL765, a PI3K/TORC1/TORC2 inhibitor administered orally to patients (pts) with advanced solid tumors" will be presented on Monday, June 1, 2009 starting at 2:00 p.m. local time (Abstract #3502)

XL147 and XL765 target PI3K, which plays an important role in cell proliferation and survival. Activation of the PI3K pathway is a frequent event in human tumors, promoting cell proliferation, survival, and resistance to chemotherapy and radiotherapy. XL765 also inhibits the mammalian target of rapamycin (mTOR), which can be activated via upregulation of PI3K, or via PI3K-independent mechanisms. mTOR is frequently activated in human tumors, and plays a central role in tumor cell proliferation.

About Sanofi-aventis
Sanofi-aventis, a leading global pharmaceutical company, discovers, develops and distributes therapeutic solutions to improve the lives of everyone. Sanofi-aventis is listed in Paris (EURONEXT: SAN) and in New York (NYSE: SNY).

About Exelixis
Exelixis, Inc. is a development-stage biotechnology company dedicated to the discovery and development of novel small molecule therapeutics for the treatment of cancer and other serious diseases. The company is leveraging its fully integrated drug discovery platform to fuel the growth of its development pipeline, which is primarily focused on cancer. Currently, Exelixis' broad product pipeline includes investigational compounds in phase 3, phase 2, and phase 1 clinical development. Exelixis has established strategic corporate alliances with major pharmaceutical and biotechnology companies, including Bristol-Myers Squibb, GlaxoSmithKline, Genentech, Boehringer Ingelheim, Wyeth Pharmaceuticals, and Daiichi-Sankyo. For more information, please visit the company's web site at www.exelixis.com.

[FLS to be inserted by legal]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 11.4

Sanofi-Aventis Press Release

Sanofi-aventis and Biotechnology company Exelixis enter into an Exclusive Global Alliance for Novel Targeted Oncology Therapies

- Alliance includes a Global License Agreement for XL147 & XL765 and an Exclusive Collaboration for discovery of PI3K Inhibitors -

Paris, France - May 28, 2009 - Sanofi-aventis (EURONEXT: SAN and NYSE: SNY) and Exelixis, Inc. (Nasdaq: EXEL) announced today a ***global license agreement*** for ***XL147*** and ***XL765*** and an ***exclusive collaboration for the discovery*** of inhibitors of phosphoinositide-3 kinase (PI3K) for the management of solid malignancies. Activation of the PI3K pathway is a frequent event in human tumors, promoting cell proliferation and cell survival, as well as resistance to chemotherapy and radiotherapy.

Under the license agreement, sanofi-aventis will have an exclusive worldwide license to ***XL147***, an oral PI3K inhibitor, and ***XL765***, an oral dual inhibitor of PI3K and mTOR (mammalian target of rapamycin); both are currently in phase 1 clinical trials. Sanofi-aventis will have sole responsibility for all subsequent clinical, regulatory, manufacturing and commercial activities. Exelixis will participate in ongoing and potential future clinical trials.

Under the exclusive discovery collaboration, sanofi-aventis and Exelixis will combine research efforts to establish several preclinical programs related to isoform-selective inhibitors of PI3K. Sanofi-aventis will have sole responsibility for all subsequent clinical, regulatory, commercial and manufacturing activities of the products that result from the collaboration. However, Exelixis may be responsible for conducting certain clinical trials.

"We are very excited about integrating such novel targeted therapies with high therapeutic potential in our portfolio," said Marc Cluzel, Senior Vice-President R&D, sanofi-aventis. *"We look forward to combining our efforts with Exelixis to develop innovative drugs in the best interest of patients suffering from cancers. This alliance is aligned with our strategy to create value through strategic partnerships that deliver new therapeutic options".*

Under the terms of the agreements, sanofi-aventis will pay Exelixis an upfront cash payment as well as development and regulatory milestone payments that could reach over $1 billion in aggregate for existing and future programmes under both agreements. In addition, Exelixis will be entitled to receive royalties and commercial milestones on sales when products are commercialized.

The license agreement is subject to antitrust clearance under the *Hart-Scott-Rodino Antitrust Improvements Act*.

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About PI3K inhibitors

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

The phosphoinositide-3-kinase (***PI3K***) pathway is triggered in normal cells upon exposure to growth factors. It regulates a cascade of proliferation and survival signals. The PI3K pathway is one of the primary deregulated signaling pathways in human cancer. Activation of the PI3K pathway is a frequent event in human tumors, promoting cell proliferation, survival, and resistance to chemotherapy and radiotherapy. Novel therapeutics impacting the PI3K pathway, alone or in combination, are therefore considered to have a high therapeutic potential.

About XL147 and XL765

XL147 is an orally available small molecule inhibitor of phosphoinositide-3-kinase (PI3K). XL765 is a orally available small molecule, dual inhibitor of PI3K and mTOR (mammalian target of rapamycin). mTOR can be activated via upregulation of PI3K, or via PI3K-independent mechanisms. mTOR is frequently activated in human tumors, and plays a central role in tumor cell proliferation.

About Exelixis

Exelixis, Inc. is a development-stage biotechnology company dedicated to the discovery and development of novel small molecule therapeutics for the treatment of cancer and other serious diseases. The company is leveraging its fully integrated drug discovery platform to fuel the growth of its development pipeline, which is primarily focused on cancer. Currently, Exelixis' broad product pipeline includes investigational compounds in Phase III, Phase II and Phase I clinical development. Exelixis has established strategic corporate alliances with major pharmaceutical and biotechnology companies, including Bristol-Myers Squibb, GlaxoSmithKline, Genentech, Wyeth Pharmaceuticals and Daiichi-Sankyo. For more information, please visit the company's website at http://www.exelixis.com.

About sanofi-aventis

Sanofi-aventis, a leading global pharmaceutical company, discovers, develops and distributes therapeutic solutions to improve the lives of everyone. Sanofi-aventis is listed in Paris (EURONEXT: SAN) and in New York (NYSE: SNY).

Forward Looking Statements

This press release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements are statements that are not historical facts. These statements include product development, product potential projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future events, operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates," "plans" and similar expressions. Although sanofi-aventis' management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of sanofi-aventis, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include among other things, the uncertainties inherent in research and development, future clinical data and analysis, including post marketing, decisions by regulatory authorities, such as the FDA or the EMEA, regarding whether and when to approve any drug, device or biological application that may be filed for any such product candidates as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of such products candidates, the absence of guarantee that the products candidates if approved will be commercially successful, the future approval and commercial success of therapeutic alternatives as well as those discussed or identified in the public filings with the SEC and the AMF made by sanofi-aventis, including those listed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" in sanofi-aventis' annual report on Form 20-F for the year ended December 31, 2008. Other than as required by applicable law, sanofi-aventis does not undertake any obligation to update or revise any forward-looking information or statements.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 12.1

EXELIXIS, INC.
STATEMENT RE COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in thousands)

Our earnings were insufficient to cover fixed charges for the six months ended June 30, 2014 and the years ended December 31, 2013, 2012 and 2010. The following table sets forth our ratio of earnings to fixed charges for the year ended December 31, 2011 and our deficiency of earnings to cover fixed charges for the six months ended June 30, 2014 and the years ended December 31, 2013, 2012 and 2010.

	Six Months Ended June 30,	Year Ended December 31,			
	2014	2013	2012	2011	2010
Fixed charges:					
Interest expense	$ 23,843	$ 45,347	$ 27,088	$ 16,259	$ 9,340
Interest portion of rental expense	418	935	2,948	606	570
Total fixed charges	$ 24,261	$ 46,282	$ 30,036	$ 16,865	$ 9,910
Earnings:					
Net income (loss) before income taxes	$ (148,029)	$ (244,856)	$ (147,538)	$ 76,992	$ (92,402)
Fixed charges per above	24,261	46,282	30,036	16,865	9,910
Earnings	$ (123,768)	$ (198,574)	$ (117,502)	$ 93,857	$ (82,492)
Ratio of earnings to fixed charges				5.57	
Deficiency of earnings available to cover fixed charges	$ (148,029)	$ (244,856)	$ (147,538)		$ (92,402)

Exhibit 31.1

CERTIFICATION

I, Michael M. Morrissey, Ph.D., Chief Executive Officer of Exelixis, Inc., certify that:

1. I have reviewed this Form 10-Q of Exelixis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL M. MORRISSEY

Michael M. Morrissey, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2014

Exhibit 31.2

CERTIFICATION

I, Deborah Burke, Interim Chief Financial Officer of Exelixis, Inc., certify that:

1. I have reviewed this Form 10-Q of Exelixis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DEBORAH BURKE

Deborah Burke
Vice President and Interim Chief Financial Officer
(Principal Financial Officer)

Date: July 31, 2014

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code, Michael M. Morrissey, Ph.D., the Chief Executive Officer of Exelixis, Inc. (the "Company"), and Deborah Burke, the Interim Chief Financial Officer of the Company, each hereby certifies that, to the best of his/her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 27, 2014, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 31st day of July 2014.

/s/ MICHAEL M. MORRISSEY

Michael M. Morrissey, Ph.D.

Chief Executive Officer
(Principal Executive Officer)

/s/ DEBORAH BURKE

Deborah Burke

Interim Chief Financial Officer
(Principal Financial Officer)