

Corporate Governance

Corporate Governance Guidelines (November 30, 2011)

The following Corporate Governance Guidelines (the "Guidelines") were adopted by the Board of Directors (the "Board") of Exelixis, Inc. ("Exelixis" or the "Company"). These Guidelines, together with Exelixis' amended and restated Certificate of Incorporation, the Bylaws and the charters of certain Board committees, provide the framework for the governance of Exelixis. The Board believes that these Guidelines will enhance our ability to achieve Exelixis' goals, govern Exelixis with high standards of integrity and increase stockholder value..

Role and Composition of the Board

- 1. General.** The Board, which is elected by the stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the conduct of Exelixis' business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.
- 2. Separation of Chairman and CEO.** The Board selects its chairman (the "Chairman") and the Company's chief executive officer (the "CEO") in the manner that it considers to be in the best interests of the Company. Therefore, the Board does not have a policy on whether the role of Chairman and CEO should be separated or combined. The offices of the Chairman and CEO are currently separated. In the event that offices of the Chairman and the CEO are combined, the independent directors of the Board shall meet and appoint from among their ranks a lead independent director. The lead independent director shall (a) preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, (b) have the authority to call meetings of the independent directors, (c) serve as the principal liaison on Board-wide issues between the independent directors and the Chairman and (d) have such other authority and duties as the Board may from time to time determine.
- 3. Director Independence.** It is the policy of the Company that the Board consist of a majority of independent directors. In determining independence, the Board will consider the independence criteria of the Nasdaq Stock Market as well as other factors that will contribute to effective oversight by the Board.
- 4. Board Size.** It is the policy of the Company that the number of directors not exceed a number that can function efficiently as a body. The Nominating and Corporate Governance Committee considers and makes recommendations to the Board concerning the appropriate size and needs of the Board. The Nominating and Corporate Governance Committee considers candidates for election or reelection to the Board as well as candidates to fill new positions created by expansion or vacancies that occur due to resignation, retirement or for any other reason.

5. **Selection Criteria.** Each candidate is selected for, among other things, the candidate's applicable expertise and demonstrated excellence in his or her field, the usefulness of such expertise to the Company, the availability of the candidate to devote sufficient time and attention to the affairs of the Company, the existence of any relationship that would interfere with the exercise of the candidate's independent judgment and the candidate's demonstrated character and judgment. Candidates for directorship will be reviewed in the context of the existing membership of the Board (including the qualities and skills of the existing directors), the operating requirements of the Company and the long-term interests of its stockholders.

6. **Majority Voting in Uncontested Director Elections.** The Board (or any committee thereof) shall nominate for re-election as a director in an uncontested election of directors (i.e. an election in which the number of nominees at such meeting, determined as of a date that is fourteen (14) days in advance of the date the Company files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission is not more than the number of directors to be elected) only those candidates who have tendered an irrevocable resignation as a director, which resignation shall be conditioned upon both (A) such director failing to have received more "for" votes than "against" votes in an election and (B) acceptance by the Board of such resignation.

If, in an election, an incumbent director fails to receive the required vote for re-election as set forth in the Company's Bylaws, then the Nominating and Corporate Governance Committee will act to determine whether to accept the director's conditional resignation and will submit such recommendation for prompt consideration by the Board, and the Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following certification of the stockholder vote. In making their decision, the Nominating and Corporate Governance Committee and the Board will evaluate the best interests of the Company and its stockholders and shall consider all factors and information deemed relevant.

A director shall not participate in the Nominating and Corporate Governance Committee recommendation or Board action regarding whether to accept the conditional resignation of such director. If directors constituting a majority of the members of the Nominating and Corporate Governance Committee fail to receive the required vote in favor of his or her election in the same election, then the independent directors, excluding the directors who failed to receive the required vote, shall appoint a committee amongst themselves to consider the conditional resignations and recommend to the Board whether to accept them. If the directors, excluding the directors who failed to receive the required vote, shall be of an insufficient number to comprise a quorum of the Board, then all directors may participate in the action regarding whether to accept the conditional resignations. If the Board shall determine not to accept the resignation of a director, the Board will promptly disclose its decision-making process and decision to reject the conditional resignation in a Form 8-K furnished to the Securities and Exchange Commission.

7. **Director Service on Other Public Boards.** Directors who also serve as CEOs should not serve on more than two boards of public companies in addition to the Board. Non-CEO directors should not serve on more than four boards of public companies in addition to the Board. Directors should notify the chairperson of the

Nominating and Corporate Governance Committee prior to accepting an invitation to serve on a public company board to permit the Nominating and Corporate Governance Committee to evaluate the relationship for a potential conflict of interest and to confirm that the director continues to have time available to perform his or her duties to the Company.

8. **Change in Principal Occupation.** When a director's principal occupation or business association changes substantially during his or her tenure as a director, that director will tender his or her resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation. If, prior to a substantial change in a director's principal occupation or business association, such director notifies the Nominating and Corporate Governance Committee of the prospective change, the Nominating and Corporate Governance Committee shall have the authority, but not the obligation, to instruct such director to not tender his or her resignation if the Nominating and Corporate Governance Committee determines that the change in such director's principal occupation or business association would not likely result in or otherwise have an adverse impact on the Board, the Company or such director's service to the Company.

9. **Director Compensation.** The Nominating and Corporate Governance Committee annually reviews the compensation of directors.

10. **Retirement Age, Term Limits.** The Board does not believe it should establish mandatory retirement ages and term limits for directors. While term limits and mandatory retirement ages could help to ensure that there are fresh ideas and viewpoints available to the Board, they present the disadvantage of losing directors who have been able to develop, over a period of time, increasing insight into Exelixis and its operations and who, therefore, provide a valuable contribution to the Board as a whole. The Board believes that, as an alternative to mandatory retirement ages and term limits, it can ensure that the Board continues to evolve and adopt new ideas and viewpoints through the director nomination process described in these Guidelines.

11. **Director Education.** The Company will provide for the continuing education of all directors and will periodically provide materials or educational seminars on matters relevant to the discharge of their duties. The Company will also provide new directors with an orientation program to familiarize such directors with the Company's business.

12. **Communication with Stakeholders.** The CEO is responsible for establishing effective communications with the Company's stakeholder groups, i.e., stockholders, communities, suppliers, creditors, government agencies and corporate partners. It is the policy of the Company that management speaks for the Company. This policy does not preclude outside directors from meeting with stockholders, but it is suggested that in the majority of circumstances any such meetings be held with management present.

Board Function

13. **Frequency of Board Meetings.** A minimum of four regular meetings of the Board are currently held each year. The CEO, in consultation with the Chairman, determines the frequency and length of Board meetings. At least one meeting per year may be an extended meeting focusing on the Company's research and development programs as well as its long-term strategic plan. The Board reviews reports by management on the Company's performance and its plans and prospects during the regularly scheduled meetings and any special meetings. Directors are expected to prepare for, attend and participate in all scheduled Board and applicable committee meetings.

14. **Agendas and Materials for Board Meetings.** The CEO, in consultation with the Chairman, sets the agenda for each Board meeting. Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the directors to prepare for discussion of items at the meeting. Any member of the Board may request that an item be included on the agenda.

15. **Board Presentations and Access to Information.** The Board encourages senior management to arrange presentations at Board meetings by managers and to provide other reports that will enhance the flow of meaningful business, financial, scientific, medical, regulatory and other relevant information to the Board. The Board encourages the presentation at meetings by members of management who can provide additional insight into matters being discussed or who have senior management potential that the CEO believes should be given exposure to the Board. Each Board member also has free access to Exelixis' management and other employees at, and outside of, Board meetings.

16. **Independent Director Meetings.** The independent directors of the Board meet periodically, but no less than two times per year, in executive sessions. Independent director session discussions may include such topics as the independent directors determine. The independent directors generally do not take formal action at these sessions but make recommendations for consideration by the full Board. In addition, director meetings are held with the CEO, but not other members of management, for a general discussion of relevant subject matters.

17. **CEO Performance Goals and Annual Evaluation.** The Compensation Committee establishes the evaluation process for the CEO's performance and determines the specific criteria or goals on which the performance of the CEO is evaluated. The committee meets annually with the CEO to receive his or her recommendations concerning such goals. The Compensation Committee reviews the CEO's performance on an annual basis and communicates the results of its review to the full Board. The Board then meets with the CEO to evaluate his or her performance against such goals.

18. **CEO Succession Plan.** The Board has established a CEO succession plan. If a new CEO must be appointed, the Nominating and Corporate Governance Committee will convene a special meeting to select an interim CEO while conducting a search to locate a qualified candidate for CEO. The CEO succession plan will be approved by the Board periodically.

19. **Access to Independent Advisors/Experts.** The Board and each of its committees have the right at any time to retain and direct independent financial, legal or other advisors or experts, with funding provided by Exelixis.

20. **Board and Committee Evaluations.** Board members perform on an annual basis a self-evaluation of the performance and effectiveness of the Board as a whole, as well as its committees. Their assessments are organized and summarized for discussion at the Board meeting following the evaluation.

Committee Function

21. **Committees.** It is the general policy of Exelixis that all major decisions be considered by the Board as a whole. The committee structure of the Board reflects this and is limited to those committees considered to be basic to or required for the operation of a public company. The current four committees of the Board are the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Research and Development Committee. From time to time, the Board may establish a new committee or disband a current committee depending upon internal circumstances or external requirements.

22. **Committee Charters.** The Board has adopted written charters for each committee, which set forth the full authority and responsibilities of each committee.

23. **Committee Member Selection.** The Board, upon recommendation of the Nominating and Corporate Governance Committee, designates the members and chairpersons of each committee. All of the members of the Audit, Compensation and Nominating and Corporate Governance Committees will meet the criteria for independence established by applicable law, including the rules and regulations of the Securities and Exchange Commission and the Nasdaq Stock Market.

24. **Committee Meetings.** Each committee has the number of meetings annually provided for in its charter, with additional meetings occurring (or action to be taken by unanimous consent) when deemed necessary or

desirable by the committee or its chairperson. The CEO, in consultation with the chairperson of the committee, sets the agenda for each committee meeting. Members of a committee are free to make suggestions for additions to the agenda or to request that an item from a committee agenda be considered by the full Board. The agenda, materials and minutes for each committee meeting are available to all directors, and all directors are free to attend any committee meeting. Exelixis provides to each committee access to employees and other resources to enable committee members to carry out their responsibilities.

Periodic Review of Guidelines

25. **Periodic Review.** These Guidelines will be subject to periodic review and update by the Nominating and Corporate Governance Committee and the Board.