

During a webcast presentation held on December 12, 2008, Exelixis presented the non-GAAP financial measure "Burn, net of equity proceeds" which Exelixis defines as the difference between beginning and ending balances for the applicable period of the sum of cash and cash equivalents, short-term and long-term marketable securities, investments held by Symphony Evolution, Inc. and restricted cash and investments, all determined in accordance with GAAP, excluding net proceeds received from the issuance of common stock as determined in accordance with GAAP. Burn, net of equity proceeds should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Below is a reconciliation of the difference between Burn, net of equity proceeds and the most directly comparable financial measure calculated and presented in accordance with GAAP for each of the fiscal years ended December 31, 2005, 2006, 2007, and the fiscal year ending December 31, 2008:

**Reconciliation of GAAP Net Cash Used in Operating Activities to
Non-GAAP Burn, Net of Equity Proceeds**
(amounts in millions)

	HISTORICAL			FORECAST ⁽¹⁾
	2005	2006	2007	2008 Proforma ⁽²⁾
Net cash used in operating activities	\$ (46)	\$ (45)	\$ (69)	\$ (17)
Add:				
Changes in investments ⁽³⁾	(1)	1	3	-
Purchases of property and equipment	(14)	(12)	(17)	(15)
Proceeds from the sale of businesses and other assets	-	-	35	9
Proceeds from equity offering, net	58	90	72	-
Proceeds from Symphony Evolution, Inc., net	37	40	-	-
Other ⁽⁴⁾	5	(21)	12	3
Subtotal	39	53	36	(20)
Less: Proceeds from equity offering, net	(58)	(91)	(72)	-
Burn, net of equity proceeds (Non-GAAP)	\$ (19)	\$ (38)	\$ (36)	\$ (20)

⁽¹⁾ Forecast includes all information that is reasonably available to Exelixis as of December 12, 2008. Events that could cause the amounts in the reconciliation to change include, but are not limited to: (1) employee option exercises and (2) the level of capital expenditures.

⁽²⁾ Calculated on a Proforma basis assuming the receipt in 2008 of \$195 million in connection with the collaboration between Exelixis and Bristol-Myers Squibb Company. However, these funds are not anticipated to be received until the first quarter of 2009, and the receipt of such funds is subject to regulatory approval.

⁽³⁾ Changes in investments include the amortization of premiums and discounts on purchases of marketable securities, gains or losses on the sale of marketable securities and FAS 115 impairments.

⁽⁴⁾ Other reflects the net proceeds from option and warrant exercises, the employee stock purchase plan, notes payable and bank obligations.

Beginning and Ending Balance Calculations
(amounts in millions)

	As of December 31,				
	HISTORICAL				FORECAST ⁽¹⁾
	2004	2005	2006	2007	2008 Proforma ⁽²⁾
Cash and cash equivalents	\$ 78	\$ 81	\$ 123	\$ 135	\$ 238
Marketable securities	77	101	111	136	16
Restricted cash and investments	16	13	10	7	4
Long-term marketable securities	-	15	20	21	21
Total	\$ 171	\$ 210	\$ 263	\$ 300	\$ 280

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