

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

**Form 8-K**

**Current Report  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 20, 2006

**EXELIXIS, INC.**

(Exact Name of Registrant as Specified in its Charter)

Commission File Number: 0-30235

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**04-3257395**  
(I.R.S. Employer  
Identification No.)

**170 Harbor Way  
P.O. Box 511  
South San Francisco, California 94083-0511**  
(Address of Principal Executive Offices, Including Zip Code)

**(650) 837-7000**  
(Registrant's Telephone Number, Including Area Code)

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On June 20, 2006, Gisela M. Schwab, M.D. accepted an employment offer from Exelixis, Inc. (the "Company") to serve as the Company's Senior Vice President, Chief Medical Officer. Dr. Schwab will report to Dr. Jeffrey Latts, Executive Vice President, Development. Pursuant to an offer letter agreement, Dr. Schwab is entitled to receive an annual base salary of \$350,000 and is eligible for an annual target bonus of up to 35% of her base salary based on performance and achievement of key milestones. The offer letter also provides for a sign-on bonus in the amount of \$50,000 and a grant of stock options to purchase 175,000 shares of the Company's common stock. 25% of the shares subject to this stock option grant will vest upon the one-year anniversary of Dr. Schwab's employment start date, with the remaining shares vesting in equal monthly installments over the next three years. In addition, Dr. Schwab will be an executive participant in the Company's Change in Control and Severance Plan (the "Plan"), which provides for, among other things, certain cash severance and stock option vesting acceleration benefits. A description of the material terms of the Plan is contained in the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 15, 2005.

The above summary of the offer letter agreement does not purport to be complete and is qualified in its entirety by reference to Dr. Schwab's offer letter agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated in this Item 1.01 by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Offer Letter between Exelixis, Inc. and Gisela M. Schwab, M.D., dated June 20, 2006

**Signature(s)**

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 hereunto duly authorized.

Date: June 26, 2006

EXELIXIS, INC.

By: /s/ Christoph Pereira

Christoph Pereira  
Vice President, Legal Affairs and  
Secretary

**EXHIBIT INDEX**

**Exhibit Number**

**Description**

10.1

Offer Letter between Exelixis, Inc. and Gisela M. Schwab, M.D., dated June 20, 2006.

June 19, 2006

Gisela M. Schwab, M.D.  
25530 Dario Terrace  
Hayward, CA 94541

Dear Dr. Schwab:

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 Vice President, Chief Medical Officer, in our Development Administration department, reporting to Jeff Latts, Executive Vice President and Chief Medical Officer. Other terms of employment include:

**Compensation:** Your base salary will be thirteen thousand four hundred and sixty one dollars and fifty four cents (\$13,461.54) per pay period. We are on a bi-weekly pay schedule. This equates to base compensation of three hundred and fifty thousand dollars (\$350,000.00) on an annual basis. This is an exempt position. You will receive a sign-on bonus of fifty thousand dollars (\$50,000.00), minus all applicable taxes, 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 one hundred and seventy five thousand (175,000) 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 1/4<sup>th</sup> after one year and 1/48<sup>th</sup> 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 thirty five percent (35%) of your annual salary based on performance and achievement of key milestones.

**Start Date:** To be determined.

**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.

**Background Check:** This offer is contingent upon successfully passing your background check.

**Other:** This offer expires on Monday, June 26, 2006, 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.

**Employment Authorization:** Our offer of employment is at will and contingent upon your ability to document your employment authorization in the United States. If you are unable to document your right to work within the United States within three days of your date of hire, your employment will be terminated.

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 Romeo Malabanan, Recruiter, 220 East Grand Avenue, South San Francisco, CA 94080.

Dr. Schwab, we look forward to your coming on board.

Sincerely,

/s/ Lupe Rivera

Lupe Rivera  
Vice President, Human Resources

ACCEPTED BY:

/s/ Gisela Schwab  
Gisela M. Schwab

June 20, 2006  
Date