



The Exelixis, Inc. 401k Plan (the “401(k) Plan”) provides employees with an opportunity to save and invest for their retirement through pre-tax and after-tax payroll deductions. All eligible Exelixis employees who are at least 21 years old can enroll in the 401(k) Plan and contribute up to the maximum limits under the 401(k) Plan. Fidelity Investments (“Fidelity”) is the provider of recordkeeping and trustee services and investment options for the 401(K) Plan.

Under the 401(k) Plan, there are three different types of employee contributions available to you so that you can save more for your retirement – and to manage current and future tax liabilities.

401(k) Plan Employee Contribution Types

Standard Plan		Additional Option
<p style="text-align: center;"><u>Pre-Tax</u></p> <ul style="list-style-type: none"> • Dollar contributed before tax • Earnings grow tax deferred • Contribution + earnings taxed when distributed* • When aggregated with Roth 401(k) contributions, limited to \$23,00 for 2024 (\$30,500 if age 50 and over) • Eligible for Exelixis match 	<p style="text-align: center;"><u>Roth 401(k)</u></p> <ul style="list-style-type: none"> • Dollar contributed after tax • Earnings grow tax free** • Contribution + earnings not taxed when distributed** • When aggregated with Pre-Tax contributions, limited to \$23,000 for 2024 (\$30,500 if age 50 and over) • Eligible for Exelixis match 	<p style="text-align: center;"><u>After-Tax</u></p> <ul style="list-style-type: none"> • Dollar contributed after tax • Earnings grow tax deferred • Earnings taxed when distributed* • Contributions not to exceed \$30,000 in a year • Not eligible for Exelixis match

*Subject to IRS guidance

**If part of a qualified Roth distribution

Pre-Tax

You may designate a percentage of your paycheck to be contributed to the 401(k) Plan as Pre-Tax contributions. That means you get the tax break now—your contributions come out of your paycheck on a pre-tax basis, which reduces your taxable income. You pay taxes on the Pre-Tax contributions and any accumulated earnings when you withdraw those amounts from your account under the 401(k) Plan.

Roth 401(k)

You may designate a percentage of your paycheck to be contributed to the 401(k) Plan as Roth 401(k) contributions. Roth 401(k) contributions are made on an **after-tax basis**. Roth 401(k) accounts were designed to combine the benefits of saving in your tax-deferred workplace retirement plan with the advantage of avoiding taxes on your money when you withdraw it at retirement.

When you retire or leave Exelixis, your Roth 401(k) contributions can be **withdrawn tax-free**. Earnings on your Roth 401(k) contributions can also be **withdrawn tax-free** if:

- it has been **five tax years** since your first Roth 401(k) contribution and
- you are at least **59½ years old**.

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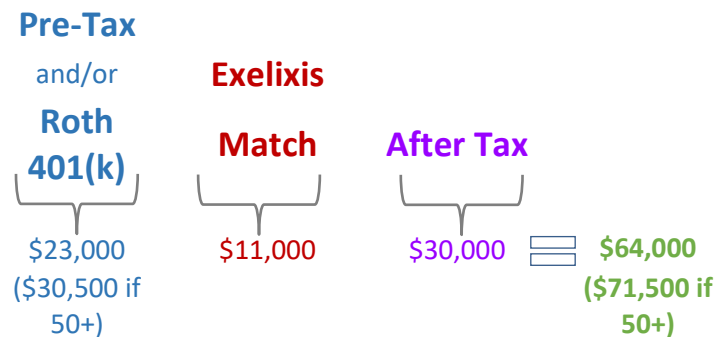
In the event of your death, beneficiaries may be able to receive a distribution of your Roth 401(k) contributions plus earnings on a tax-free basis if you began making Roth contributions more than five tax years prior to the distribution. In the event of your qualified disability, your Roth 401(k) contributions plus earnings can be withdrawn on a tax-free basis if it has been five tax years from your first Roth 401(k) contribution. Your Roth 401(k) contributions must be aggregated with your Pre-Tax contributions for purposes of the IRS annual contribution limit. This means that each dollar of a Roth 401(k) contribution reduces the amount that can be contributed as a Pre-Tax contribution (and vice versa).

- In 2024, the total combined IRS annual contribution limit for Pre-Tax and/or Roth 401(k) contributions is \$23,000.
- If you are age 50 or older in the calendar year, you may make an additional **catch-up contribution** of \$7,500 in 2024, bringing your total Pre-Tax and/or Roth 401(k) contributions to \$30,500 for the year.

After-Tax

You can make After-Tax contributions of up to \$30,000/year in addition to your Pre-Tax and/or Roth 401(k) contributions for the year. Remember, After-Tax is not eligible for the employer matching contribution so you may want to maximize savings through the Pre-Tax and/or Roth 401(k) contribution options first.

Total annual contributions to the 401(k) Plan, including the Exelixis matching contribution, could equal \$59,000 for 2024. If you're age 50 or older in 2024, total contributions could equal \$66,500 for 2024.



How do Roth 401(k) contributions compare to Pre-Tax contributions?

Roth 401(k) contributions are similar to Pre-Tax contributions in that:

- You elect how much of your salary you wish to contribute.
- Your Roth 401(k) contributions when aggregated with your Pre-Tax contributions cannot exceed an IRS annual limit.
- Your contribution is based on your eligible compensation.

Unlike Pre-Tax contributions, Roth 401(k) contributions (and perhaps earnings thereon) can be withdrawn tax free.¹ However, unlike Pre-Tax contributions, Roth 401(k) contributions are made on an after-tax basis, so your take-home pay may be less than it would be if you made an equal amount of Pre-Tax contributions. This is because income taxes must be withheld on the Roth 401(k) contributions when they are contributed to the 401(k) Plan.

¹ A distribution from a Roth 401(k) is tax-free and penalty-free if it is a qualified Roth distribution (i.e., the five-year requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death).

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How are Roth 401(k) contributions different from After-Tax contributions?

After-Tax contributions are similar to Roth 401(k) contributions in that both are made on an *after-tax basis*.

However, there are two key differences:

- Earnings on After-Tax contributions **are taxable** when distributed.
- After-Tax contributions are not subject to the \$23,000(or \$30,500) annual contribution limitation.

The table below summarizes the different types of 401(k) contributions and the tax implications of each.

	Pre-Tax Contributions	Roth 401(k) Contributions	After-Tax Contributions	Employer Match Contributions
Are contributions taxed when made?	No	Yes	Yes	No
Are contributions taxed when distributed?	Yes	No*	No**	Yes
Are earnings taxed when distributed?	Yes	No*	Yes**	Yes
What are the Annual limits?	\$23,000 for 2024, aggregated for Pre-Tax & Roth 401(k) contributions		up to \$30,000	\$11,000
What is the Catch-up contribution for age 50and older?	\$7,500 for 2024			-

* A distribution from a Roth 401(k) is tax-free and penalty free if it is a qualified Roth distribution (i.e., the five-year requirement has been satisfied and one of the following conditions is met: age 59 ½, disability, or death.)

**A partial distribution from a qualified plan must include a proportional share of the pretax and after-tax amounts in the account. Therefore, while the portion of your distribution associated with your after-tax contribution is not taxable, the portion of your distribution associated with any pretax contributions or earnings on pretax or after-tax contributions is taxable.

What is a Roth In-plan Conversion (RIPC)?

A Roth 401(k) In-plan conversion allows you to move certain types of contributions in your account under the 401(k) Plan into a designated Roth account under the 401(k) Plan. The following are two types of Roth In-plan conversions, provided certain conditions are met:

- A Roth In-plan Conversion involves taking an available, rollover-eligible distribution from your account in the 401(k) Plan and directly rolling it over to a designated Roth account within the 401(k) Plan. Examples of eligible contribution types may include your own Pre-Tax contributions, matching contributions or rollover contributions.
- An Expanded Roth In-plan Conversion allows eligible vested contribution types to be rolled over to a designated Roth account within the 401(k) Plan, even if those contributions are not currently available for withdrawal.

When are the converted assets in the designated Roth 401(k) account eligible for withdrawal?

It depends. If you convert contributions that were available for withdrawal at the time of the conversion, those contributions are still available for withdrawal. However, if you convert contributions that were not available for withdrawal at the time of the conversion, those contributions are not available for withdrawal, just as before the conversion. For example, if it has been **five tax years** since your first Roth 401(k) contribution or conversion and you are at least **59½ years old**, then those contributions would be available for withdrawal.



Even if you are eligible for a withdrawal, please note that certain criteria must be met to receive tax-free Roth withdrawals.

How can I request a Roth In-plan Conversion (RIPC) under the 401(k) Plan?

Because the conversion of non-Roth money to a designated Roth 401(k) account under the 401(k) Plan is a complex decision, the conversion is handled by highly-trained telephone representatives at Fidelity. If you wish to request a conversion or simply speak with someone about your options, please call 1-866-956-3193 to speak with a Fidelity Representative. The representative will review your account with you and provide you with available options for completing a Roth in-plan conversion. You must call Fidelity each time you want to request a Roth in-plan conversion.

Automated Roth In-Plan Conversion (RIPC) service

Effective January 1, 2021, you have the option to enroll in Fidelity's Automated Roth In-Plan Conversion service. The Automated Roth In-Plan Conversion service allows you to automatically convert your after-tax contribution, if enrolled, to your Roth In-plan conversion account at regular intervals, once you sign up. If you are currently enrolled in the After-Tax contribution option, and you would like to sign up for the Automated Roth In-Plan Conversion feature, you will need to contact Fidelity directly at 1-866-956-3193.

Please note that that Automated Roth In-Plan Conversion service only moves the After-Tax contributions to the Roth In-plan conversion account within the Exelixis 401(k) plan. If you prefer to move the monies to an external Roth IRA you will have to initiate that request separately.

Does Fidelity charge a fee for a Roth In-plan Conversion?

No. Fidelity does not charge a fee to convert eligible contributions to a designated Roth 401(k) account.

Do I pay taxes on After-Tax contributions that I convert to a designated Roth 401(k) Account?

The answer is two-fold:

- You do not have to pay taxes on the **After-Tax contributions** which were deducted from your paycheck **after** taxes were withheld.
- You do have to pay taxes on any **earnings that accrued** on the After-Tax contributions between when those contributions were made to the 401(k) Plan and when you convert those contributions and associated earnings to a designated Roth 401(k) Account.

Do I pay taxes on Pre-Tax contributions that I convert to a Roth 401(k)?

Yes. You have to pay taxes on both the Pre-Tax contributions and any associated earnings when you convert those contributions and associated earnings to a designated Roth 401(k) account.

When am I responsible for paying applicable taxes incurred as a result of a Roth In-plan conversion?

You must pay all applicable taxes incurred as a result of a Roth In-plan conversion for the income tax year in which the conversion occurs. Taxes incurred as a result of a Roth In-plan conversion are not withheld from your payroll or conversion amount. You are responsible for reporting the conversion on your personal income tax return and paying the associated tax liability.

Will I receive a tax form for a Roth In-plan Conversion?

Yes. You will receive an IRS Form 1099-R at the end of the calendar year which will include consolidated tax information on all of your Roth In-plan conversions occurring in that calendar year.

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What should I consider before making my decision to request a Roth In-plan conversion?

The decision to request a Roth In-plan conversion should be made carefully after consultation with your tax advisor. Some items to consider before requesting a Roth In-plan conversion include:

- Do you expect to pay higher income taxes in the future? If you think that you will be in a higher tax bracket after you retire, or if you plan to leave a substantial amount of your retirement assets to your heirs, you may want to consider a Roth In-plan conversion. This is because the taxes you pay now on the conversion may be lower than if you wait until retirement to begin taking taxable withdrawals.
- Do you have a long investment timeframe? The relative benefits of a Roth In-plan conversion will increase the longer your money remains in the account. For instance, if your time horizon is less than five years, amounts withdrawn may be subject to a 10% penalty.
- Do I have to pay income tax on the Roth In-plan conversion money? Yes, you will be responsible for taxes owed on the conversion, and you will need to provide for the payment of taxes outside of the plan.

Am I required to convert to a designated Roth account?

No. The decision to convert non-Roth contributions into a designated Roth account under the 401(k) Plan is completely optional. It is also your option as to how much of your non-Roth contributions you wish to convert. For instance, you could choose to convert only your After-Tax contributions and not your Pre-Tax contributions.

In addition, you could choose to convert After-Tax contributions to an IRA. You could roll the After-Tax contributions directly into a Roth IRA without paying taxes on the After-Tax contributions, as long as the associated earnings—which are pre-tax—are also distributed at the same time. The associated earnings can be either rolled into the Roth IRA along with the After-Tax contributions, in which case they will generate taxable income; or they can be rolled into a traditional IRA, in which case no taxable income will be generated.

You should carefully consider your decision to convert after consultation with your tax advisor.

Choosing Contribution Options for Your Savings

Deciding how much to contribute to the 401(k) Plan depends on many factors, including your personal circumstances, overall retirement goals and tax situation. The graphic below lists some things to consider when deciding how to contribute and what type of contributions to make to the 401(k) Plan.

Remember, you don't have to choose just one contribution type for your 401(k) savings. Consider how much you want to save each year and how to best mix and match your savings among the various contribution types.

Note that After-Tax contributions are not eligible for the matching contribution so you may want to elect After-Tax contributions after you have made sufficient Pre-Tax and/or Roth 401(k) contributions to maximize your annual employer match. If you elect to make After-Tax contributions at the same time as you are making Pre-Tax and/or Roth 401(k) contributions, your contributions for each option will be deducted from your paycheck at the same time but only some of the contributions will be eligible for the matching contribution.

Pre-Tax

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- Want to earn the Exelixis matching contribution
- Want to reduce taxable income today
- Expect to be in a lower tax bracket in retirement
- Are closer to retirement and have less time to accumulate tax-free earnings

Roth 401(k)

- Want to earn the Exelixis matching contribution
- Want tax-free retirement income
- Expect to be in a higher tax bracket in retirement
- Are early in your career and have more time to accumulate tax-free earnings
- Build tax flexibility in retirement when used in combination with Pre-Tax

After-Tax

- Plan to maximize savings through the Pre-Tax and/or Roth 401(k) contribution options – and you want to save more
- Want to build more tax-free retirement income by making additional After-Tax contributions and executing Roth In-plan Conversions



Roth In-Plan Conversion

- Are comfortable paying income tax on any earnings generated by After-Tax contributions prior to Roth In-plan Conversion
- Understand rules for qualified distributions of Roth In-Plan Conversion money

HANDY TIPS FOR MANAGING YOUR ACCOUNT UNDER THE 401(K) PLAN

If you'd like to enroll in any of the contribution options, you must make your election in Fidelity NetBenefits[®] at www.netbenefits.com or by calling 1-800-294-4015. Contribute between 1% and 50% of your 401(k) eligible compensation, up to the IRS annual contribution limit. If you elect to save in one or more contribution options at once, these deductions will be taken from your paycheck at the same time.

Change 401(k) contribution options elections at any time. You can make changes on www.netbenefits.com or by calling 1-800-294-4015.

Use the Roth 401(k) Contribution Modeler to view hypothetical scenarios showing some differences between Roth 401(k) contributions and Pre-Tax contributions. Access the modeler from the Calculator & Tools page on www.netbenefits.com.

Keep your beneficiary information up to date. Log on to www.netbenefits.com and click on Beneficiaries under the Menu section.

Need Help Creating your Savings Strategy?

Contact your current financial advisor to review your personal financial situation and how best to save and invest in the Plan OR call 1-800-294-4015 to speak with a registered Fidelity guidance representative.

Questions?

Contact benefitshelpdesk@exelixis.com or Fidelity Investments at www.netbenefits.com or 1-800-294-4015.

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