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 September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-37587

CytomX Therapeutics, Inc.

(Exact name of Registrant as Specified in its Charter)

Delaware	**27-3521219**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

151 Oyster Point Blvd., Suite 400
South San Francisco, CA 94080
(Address of principal executive offices, including zip code)
(650) 515-3185
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.00001 par value per share	CTMX	Nasdaq Global Select Market

Indicate by check mark whether the issuer (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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 31, 2020, the registrant had 46,224,402 shares of common stock, $0.00001 par value per share, outstanding.

CYTOMX THERAPEUTICS, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2020
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PART II – OTHER INFORMATION

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “might,” “should,” “could,” “predict,” “potential,” “believe,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would,” “annualized” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, including those factors identified in “Risk Factors” or “Management’s Discussion and Analysis of Financial Condition and Results of Operations” or the following:

- the extent to which the COVID-19 coronavirus and related governmental regulations and restrictions may impact our business, including our research, clinical trials, manufacturing and financial condition;
- our expectations regarding the potential benefits, activity, effectiveness and safety of our product candidates and therapeutics developed utilizing our Probody® platform technology;
- the initiation, timing, progress and results of our ongoing clinical trials, research and development programs, preclinical studies, and regulatory submissions, including Investigational New Drug (“IND”) applications, Clinical Trial Applications, New Drug Applications (“NDA”) and, Biologics License Applications (“BLA”);
- the timing of the completion of our ongoing clinical trials and the timing and availability of clinical data from such clinical trials;
- our ability to identify and develop additional product candidates;
- our dependence on collaborators for developing, obtaining regulatory approval for and commercializing product candidates in the collaboration;
- our or a collaborator’s ability to obtain and maintain regulatory approval of any of our product candidates;
- our receipt and timing of any milestone payments or royalties under any research collaboration and license agreements or arrangements;
- our expectations and beliefs regarding the evolution of the market for cancer therapies and development of the oncology industry;
- the rate and degree of market acceptance of any approved product candidates;
- the commercialization of any approved product candidates;
- our ability to establish and maintain collaborations and retain commercial rights for our product candidates in such collaborations;
- the implementation of our business model and strategic plans for our business, technologies and product candidates;
- our estimates of our expenses, ongoing losses, future revenue and capital requirements;
- our ability to obtain additional funds for our operations;
- our or any collaborator’s ability to obtain and maintain intellectual property protection for our technologies and product candidates and our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights of others;
- our reliance on third parties to conduct our preclinical studies or any future clinical trials;
- our reliance on third-party supply and manufacturing partners to supply the materials and components for, and manufacture, our research and development, preclinical and clinical trial product supplies;

- our ability to attract and retain qualified key management and technical personnel;
- our ability to secure and maintain licenses of intellectual property to protect our technologies and product candidates;
- our financial performance; and
- developments relating to our competitors or our industry.

Any forward-looking statements in this Quarterly Report on Form 10-Q reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Part II, Item 1A. Risk Factors and discussed elsewhere in this Quarterly Report on Form 10-Q. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Quarterly Report on Form 10-Q also contains estimates, projections and other information concerning our industry, our business and the markets for certain drugs and therapeutic biologics, including data regarding the estimated size of those markets, their projected growth rates and the incidence of certain medical conditions. Information that is based on estimates, forecasts, projections or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained these industry, business, market and other data from reports, research surveys, studies and similar data prepared by third parties, industry, medical and general publications, government data and similar sources. In some cases, we do not expressly refer to the sources from which these data are derived.

Except where the context otherwise requires, in this Quarterly Report on Form 10-Q, “we,” “us,” “our” and the “Company” refer to CytomX Therapeutics, Inc.

Trademarks

This Quarterly Report on Form 10-Q includes trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included in this Quarterly Report on Form 10-Q are the property of their respective owners.

PART I – FINANCIAL INFORMATION

Item 1. Condensed Financial Statements (Unaudited)

CYTOMX THERAPEUTICS, INC.
CONDENSED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2020 (Unaudited)	December 31, 2019 (1)
Assets		
Current assets:		
Cash and cash equivalents	$ 176,810	$ 188,425
Short-term investments	144,266	107,720
Accounts receivable	543	13
Income tax receivable	13,061	—
Prepaid expenses and other current assets	5,625	7,177
Total current assets	340,305	303,335
Property and equipment, net	7,190	7,372
Intangible assets, net	1,203	1,312
Goodwill	949	949
Restricted cash	917	917
Operating lease right-of-use asset	23,239	25,382
Other assets	1,379	2,015
Total assets	$ 375,182	$ 341,282
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 3,643	$ 4,158
Accrued liabilities	23,945	30,051
Deferred revenue, current portion	74,445	51,381
Total current liabilities	102,033	85,590
Deferred revenue, net of current portion	202,560	178,858
Operating lease liabilities - long term	22,525	24,871
Other long-term liabilities	—	850
Total liabilities	327,118	290,169
Commitments and contingencies (Note 11)		
Stockholders' equity:	—	—
Convertible preferred stock, $0.00001 par value; 10,000,000 shares authorized and no shares issued and outstanding at September 30, 2020 and December 31, 2019.	—	—
Common stock, $0.00001 par value; 150,000,000 and 75,000,000 shares authorized at September 30, 2020 and December 31, 2019, respectively; 46,223,402 and 45,523,088 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	1	1
Additional paid-in capital	483,524	468,285
Accumulated other comprehensive (loss) income	(47)	57
Accumulated deficit	(435,414)	(417,230)
Total stockholders' equity	48,064	51,113
Total liabilities and stockholders' equity	$ 375,182	$ 341,282

(1) The condensed balance sheet as of December 31, 2019 was derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

See accompanying notes to condensed financial statements.

CYTOMX THERAPEUTICS, INC.
CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	$ 17,788	$ 10,712	$ 83,989	$ 49,210
Operating expenses:				
Research and development	24,049	27,967	90,929	95,178
General and administrative	8,634	8,463	26,886	27,548
Total operating expenses	32,683	36,430	117,815	122,726
Loss from operations	(14,895)	(25,718)	(33,826)	(73,516)
Interest income	200	1,997	1,730	6,854
Other income (expense), net	(15)	22	1	(126)
Loss before income taxes	(14,710)	(23,699)	(32,095)	(66,788)
Benefit from income taxes	—	—	(13,911)	(6)
Net loss	$ (14,710)	$ (23,699)	$ (18,184)	$ (66,782)
Net loss per share, basic and diluted	$ (0.32)	$ (0.52)	$ (0.40)	$ (1.47)
Shares used to compute net loss per share, basic and diluted	46,195,121	45,418,053	45,992,786	45,294,593
Other comprehensive income (loss):				
Unrealized gain (loss) on short-term investments, net of tax	(63)	(99)	(104)	192
Impact of adoption of new accounting pronouncement	—	—	—	11
Comprehensive loss	$ (14,773)	$ (23,798)	$ (18,288)	$ (66,579)

See accompanying notes to condensed financial statements.

CYTOMX THERAPEUTICS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2019	45,523,088	$ 1	$ 468,285	$ 57	$ (417,230)	$ 51,113
Exercise of stock options	395,528	-	2,157	-	-	2,157
Stock-based compensation	-	-	4,013	-	-	4,013
Other comprehensive income	-	-	-	279	-	279
Net income	-	-	-	-	12,205	12,205
Balance at March 31, 2020	45,918,616	$ 1	$ 474,455	$ 336	$ (405,025)	$ 69,767
Exercise of stock options	199,139	-	1,179	-	-	1,179
Issuance of common stock under the ESPP	72,315	-	369	-	-	369
Stock-based compensation	-	-	3,513	-	-	3,513
Other comprehensive loss	-	-	-	(320)	-	(320)
Net loss	-	-	-	-	(15,679)	(15,679)
Balance at June 30, 2020	46,190,070	$ 1	$ 479,516	$ 16	$ (420,704)	$ 58,829
Exercise of stock options	33,332	-	167	-	-	167
Stock-based compensation	-	-	3,841	-	-	3,841
Other comprehensive loss	-	-	-	(63)	-	(63)
Net loss	-	-	-	-	(14,710)	(14,710)
Balance at September 30, 2020	46,223,402	$ 1	$ 483,524	$ (47)	$ (435,414)	$ 48,064

See accompanying notes to condensed financial statements.

CYTOMX THERAPEUTICS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2018	45,083,209	$ 1	$ 445,956	$ (93)	$ (314,981)	$ 130,883
Impact of adoption of new accounting pronouncement - ASC 606	-	-	-	11	(11)	-
Exercise of stock options	74,443	-	465	-	-	465
Stock-based compensation	-	-	5,192	-	-	5,192
Other comprehensive income	-	-	-	155	-	155
Net loss	-	-	-	-	(14,124)	(14,124)
Balance at March 31, 2019	45,157,652	$ 1	$ 451,613	$ 73	$ (329,116)	$ 122,571
Exercise of stock options	15,124	-	33	-	-	33
Issuance of common stock under the ESPP	81,062	-	665	-	-	665
Issuance of common stock pursuant to license agreement	150,000	-	1,602	-	-	1,602
Stock-based compensation	-	-	5,454	-	-	5,454
Other comprehensive income	-	-	-	136	-	136
Net loss	-	-	-	-	(28,960)	(28,960)
Balance at June 30, 2019	45,403,838	$ 1	$ 459,367	$ 209	$ (358,076)	$ 101,501
Exercise of stock options	22,630	-	63	-	-	63
Stock-based compensation	-	-	4,343	-	-	4,343
Other comprehensive loss	-	-	-	(99)	-	(99)
Net loss	-	-	-	-	(23,699)	(23,699)
Balance at September 30, 2019	45,426,468	$ 1	$ 463,773	$ 110	$ (381,775)	$ 82,109

See accompanying notes to condensed financial statements.

CYTOMX THERAPEUTICS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2020	**2019**
Cash flows from operating activities:		
Net loss	$ (18,184)	$ (66,782)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of intangible assets	109	109
Depreciation and amortization	1,802	1,888
Accretion of discounts on investments	(341)	(1,963)
Stock-based compensation expense	11,367	14,989
Issuance of stock in connection with UCSB sublicense fee	—	1,602
Changes in operating assets and liabilities		
Accounts receivable	(530)	90
Prepaid expenses, income tax receivable and other current assets	(11,509)	193
Other assets	636	—
Accounts payable	(270)	152
Accrued liabilities, income tax payable and other long-term liabilities	(7,160)	(22,104)
Deferred revenue	46,766	(39,175)
Net cash provided by (used in) operating activities	22,686	(111,001)
Cash flows from investing activities:		
Purchases of property and equipment	(1,864)	(2,794)
Purchases of short-term investments	(189,005)	(149,532)
Maturities of short-term investments	152,696	179,170
Net cash (used in) provided by investing activities	(38,173)	26,844
Cash flows from financing activities:		
Proceeds from employee stock purchase plan and exercise of stock options	3,872	1,226
Net cash provided by financing activities	3,872	1,226
Net decrease in cash, cash equivalents and restricted cash	(11,615)	(82,931)
Cash, cash equivalents and restricted cash, beginning of period	189,342	248,494
Cash, cash equivalents and restricted cash, end of period	$ 177,727	$ 165,563
Supplemental disclosures of noncash investing items:		
Purchases of property and equipment in accounts payable and accrued liabilities	$ 183	$ 293
Right of use assets obtained in exchange for operating lease obligations	$ -	$ 28,054

See accompanying notes to condensed financial statements.

1. Description of the Business

CytomX Therapeutics, Inc. (the "Company") is a clinical-stage, oncology-focused biopharmaceutical company with a vision of transforming lives with safer, more effective therapeutics. The Company is pioneering a novel class of investigational antibody therapeutics, based on its Probody® therapeutic technology platform, for the treatment of cancer. The Probody therapeutic approach is designed to more specifically target antibody therapeutics to the tumor microenvironment and minimize drug activity in healthy tissue and in circulation. The Company is located in South San Francisco, California and was incorporated in the state of Delaware in September 2010.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting.

Unaudited Interim Financial Information

The accompanying interim condensed financial statements and related disclosures are unaudited, have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the results of operations for the periods presented.

The condensed balance sheet data as of December 31, 2019 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The condensed results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the full year or for any other future year or interim period. The accompanying condensed financial statements should be read in conjunction with the audited financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less at the date of purchase to be cash equivalents.

Restricted Cash

Restricted cash represents a standby letter of credit issued pursuant to an office lease entered in December 2015.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed balance sheets that sum to the total of the amounts shown in the condensed statements of cash flows.

	September 30, 2020	December 31, 2019	September 30, 2019	December 31, 2018
	(in thousands)			
Cash and cash equivalents	$ 176,810	$ 188,425	$ 164,646	$ 247,577
Restricted cash - non-current assets	917	917	917	917
Total	$ 177,727	$ 189,342	$ 165,563	$ 248,494

Short-term Investments

All investments have been classified as available-for-sale ("AFS") and are carried at fair value as determined based upon quoted market prices or pricing models for similar securities at period end. Generally, those investments with contractual maturities less than 12 months are considered short-term investments. The amortized cost of securities is adjusted for amortization of premiums and accretion of discounts to maturity. Dividend and interest income are recognized when earned. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

The Company assesses impairment of its AFS debt securities investments at each reporting period. Unrealized gains resulting from the excess of the fair value over the amortized cost basis of an investment are reported as a component of accumulated other comprehensive income (loss), net of tax. Unrealized losses or impairments resulting from the fair value of the AFS debt security being below the amortized cost basis are evaluated, using the discounted cash flow model, for identification of credit losses and non-credit related losses. Any credit losses are charged to earnings against the allowance for credit losses of the security, limited to the difference between the fair value and the amortized cost basis of the security. Any difference between the fair value of the security and the amortized cost basis, less the allowance for credit losses, are reported in other comprehensive income (loss). Expected cash inflows due to improvements in credit are recognized through a reversal of the allowance for credit losses subject to the total allowance previously recognized.

In the event of impairment of any security, if management (i) has the intent to sell such security or (ii) will more-likely-than-not be required to sell such security before recovery of its amortized cost basis, such AFS debt security's amortized cost basis will be written down to its fair value through earnings along with any existing allowance for credit losses.

Comprehensive Loss

Comprehensive loss represents all changes in stockholders' equity except those resulting from distributions to stockholders. The Company's non-credit related unrealized gains and losses on short-term investments and impact of adoption of new accounting pronouncements during the period represent the components of other comprehensive income (loss) that are excluded from the reported net loss.

Revenue Recognition

The Company's revenues are primarily derived through its license, research, development and commercialization agreements. The terms of these types of agreements may include (i) licenses for the Company's technology or programs, (ii) research and development services, and (iii) services or obligations in connection with participation in research or steering committees. Payments to the Company under these arrangements typically include one or more of the following: nonrefundable upfront and license fees, research funding, milestone and other contingent payments to the Company for the achievement of defined collaboration objectives and certain preclinical, clinical, regulatory and sales-based events, as well as royalties on sales of any commercialized products. The Company assesses whether the promises in its arrangements with customers are considered as distinct performance obligations that should be accounted for separately. Judgment is required to determine whether the license to the Company's intellectual property is distinct from the research and development services or participation on steering committees.

The Company's collaboration and license agreements may include contingent payments related to specified research, development and regulatory milestones. Such milestone payments are typically payable under the collaborations when the collaboration partner claims or selects a target, or initiates or advances a covered product candidate in preclinical or clinical development; upon submission for marketing approval of a covered product with regulatory authorities; or upon receipt of actual marketing approvals of a covered product or for additional indications. Milestone payments that are not within the control of the Company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. At each reporting date, the Company re-evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price by using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price in such period of determination.

The Company's collaboration and license agreements may also include contingent payments related to sales-based milestones. Sales-based milestones are typically payable when annual sales of a covered product reach specified levels. Sales-based milestones are recognized at the later of when the associated performance obligation has been satisfied or when the sales occur. Unlike other contingency payments, such as regulatory milestones, sales-based milestones are not included in the transaction price based on estimates at the inception of the contract, but rather, are included when the sales or usage occur.

The transaction price in each arrangement is allocated to the identified performance obligations based on the relative standalone selling price ("SSP") of each distinct performance obligation, which requires judgment. In instances where SSP is not directly observable, such as when a license or service is not sold separately, SSP is determined using information that may include market conditions and other observable inputs. Due to the early stage of the Company's licensed technology, the license of such technology is typically combined with research and development services and steering committee participation as one performance obligation. In the event that the Company receives non-cash consideration such as consideration in the form of a research license and research support services from the counterparty, the transaction price of a non-monetary exchange that has commercial substance is estimated based on the fair value of the non-cash consideration received, which may be determined through a valuation analysis.

In certain cases, the Company's performance creates an asset that does not have an alternative use to the customer and the Company has an enforceable right to payment at all times for performance completed to date. In these cases, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

AbbVie Ireland Unlimited Company ("AbbVie"), one of the Company's collaboration partners, entered into a license agreement with Seattle Genetics, Inc. ("SGEN") to license certain intellectual property rights. As part of the Company's collaboration agreement with AbbVie, the Company was required to pay SGEN sublicense fees for certain milestone achievements. These sublicense fees are treated as reductions to the transaction price and combined with the performance obligation to which they relate.

Contract Balances

Customer payments are recorded as deferred revenue upon receipt or when due and may require deferral of revenue recognition to a future period until the Company satisfies its performance obligations under these arrangements. Amounts payable to the Company are recorded as accounts receivable when the Company's right to consideration is unconditional.

Research and Development Expenses

The Company records accrued liabilities for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical and clinical studies, and contract manufacturing activities. The Company records the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced, and includes these costs in accrued liabilities in the balance sheets and within research and development expense in the statements of operations. These costs are a significant component of the Company's research and development expenses. The Company accrues for these costs based on factors such as estimates of the work completed and in accordance with agreements established with its third-party service providers under the service agreements. The Company makes significant judgments and estimates in determining the accrued liabilities balance in each reporting period. As actual costs become known, the Company adjusts its accrued liabilities. The Company has not experienced any material differences between accrued costs and actual costs incurred. However, the status and timing of actual services performed may vary from the Company's estimates, resulting in adjustments to expense in future periods. Changes in these estimates that result in material changes to the Company's accruals could materially affect the Company's results of operations.

Research and development expenses include costs directly attributable to the conduct of research and development programs, including the cost of salaries, payroll taxes, employee benefits, materials, supplies, depreciation on and maintenance of research equipment, the cost of services provided by outside contractors, and the allocated portions of facility costs, such as rent, utilities, insurance, repairs and maintenance, depreciation, and general support services. All costs associated with research and development are expensed as incurred.

In January 2019, the Company acquired certain technology know-how that is complementary to the Company's proprietary Probody technology from a third party for $5.0 million. The Company plans to use this technology in certain of the Company's discovery stage projects, and has concluded that the technology acquired does not have an alternative future use. Accordingly, the $5.0 million has been recorded as research and development expense for the nine months ended September 30, 2019.

Stock-based Compensation

The Company recognizes compensation costs related to stock options granted to employees based on the estimated fair value of the awards on the date of grant. The Company records forfeitures as they are incurred. The Company estimates the grant date fair value, and the resulting stock-based compensation expense, using the Black-Scholes option-pricing model. The grant date fair value of stock-based awards is expensed on a straight-line basis over the period during which the employee is required to provide service in exchange for the award (generally the vesting period).

The Company estimates the fair value of its stock-based awards using the Black-Scholes option-pricing model, which requires the input of assumptions. The assumptions are as follows:

- *Expected term.* The expected term of stock options represents the period that the stock options are expected to remain outstanding and is based on vesting terms, exercise term and contractual lives of the options. The expected term of the ESPP shares is equal to the six-month look-back period.
- *Expected volatility.* The expected stock price volatility for the Company's stock options was derived from the average historical volatilities of the Company's stock price and the stock price of several comparable publicly traded companies within the biotechnology and pharmaceutical industry. The Company will continue to apply this process until a sufficient amount of historical information on the Company's own stock price becomes available. Volatility for ESPP shares is equal to the Company's historical volatility over the six-month offering period.
- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield with a maturity equal to the expected term of the stock options in effect at the time of grant.
- *Dividend yield.* The expected dividend is assumed to be zero as the Company has never paid dividends and has no current plan to pay any dividends on its common stock.

Leases

The Company determines if an arrangement is or contains a lease at inception. Operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities in the Company's balance sheet. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses an implicit rate when readily available, or its incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease prepayments made and reduced by lease incentives. The Company's lease terms may include options to extend the lease when it is reasonably certain that such option will be exercised. Lease expenses are recognized on a straight-line basis over the lease term. The Company elected the short-term lease recognition exemption. The Company's operating lease arrangement includes lease and non-lease components which are generally accounted for separately.

Adopted Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard changes the impairment model for most financial assets and certain other instruments. Under the new standard, entities holding financial assets and net investment in leases that are not accounted for at fair value through net income are to be presented at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. This new standard also requires that credit losses related to available-for-sale debt securities be recorded as an allowance through net income rather than reducing the carrying amount under the previous other-than-temporary-impairment model. The Company adopted this standard on January 1, 2020 using a modified retrospective approach and there was no transition adjustment recorded to the Company's beginning accumulated deficit as of January 1, 2020 as there was no incremental impairment loss needed to be recognized upon the adoption of this ASU.

Simplification of the Test for Goodwill Impairment

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The new standard simplifies the measurement of goodwill by eliminating the Step 2 impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The new guidance requires an entity to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The Company adopted this standard on January 1, 2020 and there was no material impact on its financial statement.

Fair Value Measurement Disclosure Requirements Modification

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. The amendments in this ASU modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. Various disclosure requirements have been removed, including the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, the valuation processes for Level 3 fair value measurements held at the end of the reporting period. The ASU also modified various disclosure requirements and added some disclosure requirements for Level 3 fair value measurements. The amendments in this ASU were effective for the Company on January 1, 2020 and there was no material impact on its financial statements upon adoption of this ASU.

Internal Use Software Guidance for Cloud Computing Arrangement

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other- Internal-Use Software (Subtopic 350-40)*. The amendments in this ASU on the accounting for implementation, setup and other upfront costs (collectively “implementation costs”) apply to entities that are a customer in a hosting arrangement. The amendments under this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Accordingly, the amendments in this ASU require an entity in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to expense. They also require an entity to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. The Company adopted this standard on January 1, 2020 and there was no material impact on its financial statement upon adoption of this ASU.

Collaborative Arrangements and Revenue Recognition

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the interaction between Topic 808 and Topic 606*. The amendments in this ASU targeted improvements to generally accepted accounting principles for collaborative arrangements by clarifying that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 when the collaborative arrangement participant is a customer in the context of a unit of account. In addition, unit-of-account guidance in Topic 808 was aligned with the guidance in Topic 606 (that is, a distinct good or service) when an entity is assessing whether the collaborative arrangement or a part of the arrangement is within the scope of Topic 606. The ASU was effective for the Company on January 1, 2020, and there was no material impact on its financial statements upon adoption of this ASU.

Share-Based Payment to Customer

In November 2019, the FASB issued ASU 2019-08, *Compensation - Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements – Share-Based Consideration Payable to a Customer.* The amendments in this ASU require that an entity measure and classify share-based payment awards granted to a customer by applying the guidance in Topic 718. Under ASC 606, these awards are considered a reduction of the transaction price, unless the awards are payment for a distinct good or service received from the customer and should be recorded as a reduction of the transaction price. However, the ASU requires these awards to be measured on the basis of the grant-date fair value of the share-based payment award in accordance with Topic 718 and should be recognized at the later of when the award is promised and when the entity recognizes revenue for the transfer of the related goods or services in accordance with ASC 606. The ASU is effective for the Company on January 1, 2020, and there was no material impact on its financial statements upon adoption of this ASU.

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles of ASC 740 in order to reduce cost and complexity of its application. The ASU removes the exception related to the incremental approach for intraperiod tax allocation as well as two exceptions related to accounting for outside basis differences of equity method investments and foreign subsidiaries. The ASU also amends the scope of ASC 740 related to a franchise tax (or similar tax) that is partially based on income; clarifies when a step-up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered a separate transaction; specifies that an entity is not required to allocate income tax expense to a legal entity that is both not subject to tax and disregarded by the taxing authority; and clarifies that all tax effects, both deferred and current, should be accounted for in the interim period that includes the enactment date. The ASU is effective for the Company on January 1, 2021, and interim periods within those fiscal years. The Company does not expect the adoption of this ASU will have a material impact on its financial statements.

3. Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period. Diluted net loss per share is calculated using the weighted-average number of common shares outstanding, plus potential dilutive common stock during the period. Diluted net loss per share was the same as basic net loss per share since the effect of the potentially dilutive securities is anti-dilutive.

The following weighted-average outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share for the periods presented, because including them would have been anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Options and ESPP to purchase common stock	11,561,435	9,841,889	11,414,085	9,562,876

4. Fair Value Measurements and Short-Term Investments

In accordance with Accounting Standards Codification (“ASC”) 820-10, Fair Value Measurements and Disclosures, the Company determines the fair value of financial and non-financial assets and liabilities using the fair value hierarchy, which establishes three levels of inputs that may be used to measure fair value, as follows:

- Level I: Inputs which include quoted prices in active markets for identical assets and liabilities.
- Level II: Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level III: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts of the Company’s financial instruments, including restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. The Company’s financial instruments consist of Level I assets which consist primarily of highly liquid money market funds, some of which are included in restricted cash, and U.S. government bonds that are included in short-term investments.

The following tables set forth the fair value of the Company's short-term investments subject to fair value measurements on a recurring basis and the level of inputs used in such measurements:

	Valuation Hierarchy	September 30, 2020				
		Amortized Cost	Allowance for Credit Losses	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
		(in thousands)				
Assets						
Money market funds	Level I	$ 150,950	$ —	$ —	$ —	$ 150,950
Restricted cash (money market funds)	Level I	917	—	—	—	917
U.S. Government bonds	Level I	144,260	—	6	—	144,266
Total		$ 296,127	$ —	$ 6	$ —	$ 296,133

	Valuation Hierarchy	December 31, 2019				
		Amortized Cost	Allowance for Credit Losses	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
		(in thousands)				
Assets						
Money market funds	Level I	$ 170,757	$ —	$ —	$ —	$ 170,757
Restricted cash (money market funds)	Level I	917	—	—	—	917
U.S. Government bonds	Level I	107,610	—	110	—	107,720
Total		$ 279,284	$ —	$ 110	$ —	$ 279,394

As of September 30, 2020, no securities have contractual maturities of greater than 12 months.

The unrealized gains on the Company's investment in US Government bonds were caused by interest rate decreases. The contractual terms of those investments are less than a year and do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments if held to maturity. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases.

5. Accrued Liabilities

Accrued liabilities consisted of the following:

	September 30, 2020	December 31, 2019
	(in thousands)	
Research and clinical expenses	$ 12,780	$ 19,006
Payroll and related expenses	6,555	6,721
Legal and professional expenses	1,217	1,062
Operating lease liabilities - short term	3,096	2,810
Other accrued expenses	297	452
Total	$ 23,945	$ 30,051

6. Research and Collaboration Agreements

The following table summarizes the revenue by collaboration partners:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)		(in thousands)	
AbbVie	$ 4,209	$ 1,652	$ 35,624	$ 5,983
Amgen	1,633	1,648	7,007	2,905
Astellas	4,543	-	9,133	-
Bristol Myers Squibb	7,403	7,412	32,225	40,322
Total revenue	$ 17,788	$ 10,712	$ 83,989	$ 49,210

AbbVie Ireland Unlimited Company

In April 2016, the Company and AbbVie entered into two agreements, a CD71 Co-Development and Licensing Agreement (the "CD71 Agreement") and a Discovery Collaboration and Licensing Agreement (as amended and restated in June 2019, the "Discovery Agreement" and together with the CD71 Agreement the "AbbVie Agreements"). Under the terms of the CD71 Agreement, the Company and AbbVie will co-develop a Probody Drug Conjugate ("PDC") against CD71, with the Company responsible for pre-clinical and early clinical development. AbbVie will be responsible for later development and commercialization, with global late-stage development costs shared between the two companies. The Company will assume 35% of the net profits or net losses related to later development unless it opts-out. If the Company opts-out from participation of co-development of the CD71 PDC, which includes CX-2029, AbbVie will have sole right and responsibility for the further development, manufacturing and commercialization of such CD71 PDC.

Under the CD71 Agreement, the Company received an upfront payment of $20.0 million in April 2016, and is eligible to receive up to $470.0 million in development, regulatory and commercial milestone payments, a 35% profit split on U.S. sales, and royalties on ex-U.S. sales in the high teens to low twenties percentage if the Company participates in the co-development of the CD71 PDC subject to a reversion to a royalty on U.S. sales, and reduction in royalties on ex-U.S. sales, if the Company opts-out from the co-development of the CD71 PDC. The Company's share of later stage co-development costs for each CD71 PDC are capped, provided that AbbVie may offset the Company's co-development cost above the capped amounts from future payments such as milestone payments and royalties. In July 2017, the Company received a milestone payment of $14.0 million (net of payment of an associated sublicense fee of $1.0 million to SGEN under the Seattle Genetics Agreement) from AbbVie for achieving certain milestones required to be met to begin GLP toxicology studies under the CD71 Agreement. In May 2018, the United States Food and Drug Administration ("FDA") cleared the IND application for CX-2029. As a result, the Company achieved the IND success criteria under the CD71 Agreement and received a $21.0 million milestone payment (net of the payment of an associated sublicense fee of $4.0 million to SGEN). In March 2020, the Company earned a $40.0 million milestone payment for satisfying the CD71 dose escalation success criteria under the CD71 Agreement.

Under the terms of the Discovery Agreement, AbbVie receives exclusive worldwide rights to develop and commercialize PDCs against up to two targets, one of which was selected in March 2017. The Company shall perform research services to discover the Probody therapeutics and create PDCs for the nominated collaboration targets. From that point, AbbVie shall have sole right and responsibility for development and commercialization of products comprising or containing such PDCs ("Discovery Licensed Products").

Under the Discovery Agreement, the Company received an upfront payment of $10.0 million in April 2016 and subsequently earned an additional $10.0 million milestone payment triggered by selection of the second target by AbbVie in June 2019. The Company is also eligible to receive up to $275.0 million in development, regulatory and commercial milestone payments and royalties in the high single to low teens percentage from commercial sales of any resulting PDCs. The second target was selected under the Discovery Agreement that allows AbbVie to select a target for developing a PDC or a Probody.

The Company has determined that the AbbVie Agreements should be combined and evaluated as a single arrangement in determining revenue recognition, because both agreements were concurrently negotiated and executed.

The Company identified the following performance obligations at the inception of the AbbVie Agreements:

(1) the research, development and commercialization license for CD71 Probody therapeutic,

(2) the research services related to CD71 Probody therapeutic,

(3) the obligation to participate in the CD71 Agreement joint research committee,

(4) the research services related to the first discovery target

(5) the research, development and commercialization license for the first discovery target, and

(6) the obligation to participate in the Discovery Agreement joint research committee.

The Company concluded that AbbVie's option for the second discovery target was not a material right and was therefore not a performance obligation at the inception of the AbbVie Agreements. However, it was subsequently included in the total transaction price in June 2019 as a performance obligation upon AbbVie's selection of such second target as further discussed below.

The Company determined that the research, development and commercialization licenses for CD71 and discovery targets are not distinct from the Company's respective research services and expertise. The Company considered factors such as novelty of the Probody therapeutic and PDC technology and lack of other parties' expertise in this space, the Company's rights to technology relating to a proprietary platform to enable the Probody therapeutic development and AbbVie's contractual obligation to use the Company's research services. The Company determined that the CD71 Agreement research, development and commercialization license, related research service and participation in the joint research committee were a combined performance obligation and were distinct from the Discovery Agreement research, development and commercialization license, related research service and participation in the joint research committee. Therefore, the Company concluded that there are two distinct performance obligations:

(1) the CD71 Agreement performance obligation consisting of the CD71 Agreement research, development and commercialization license, related research service and participation in the joint research committee, and

(2) the Discovery Agreement performance obligation consisting of the Discovery Agreement research, development and commercialization license, related research service and participation in the joint research committee.

The total transaction price for the Discovery Agreement and CD71 Agreement, collectively, upon adoption of ASC 606 on January 1, 2018 of $39.8 million consists of $30.0 million in upfront payments, and a $14.0 million milestone payment received under the CD71 Agreement (net of the payment of an associated sublicense fee of $1.0 million to SGEN), less $4.2 million of estimated sublicense fees. The upfront payments under the AbbVie Agreements are allocated between the two performance obligations based on the estimated relative standalone selling prices. The $30.0 million of upfront payments is allocated $20.0 million to the CD71 Agreement, with the remaining $10.0 million allocated to the Discovery Agreement. The $14.0 million milestone payment received (net of the payment of an associated sublicense fee of $1.0 million to SGEN) and the estimated sublicense fees of $4.2 million are allocated to the CD71 Agreement performance obligation as they are directly related to the development of the CX-2029.

Therefore, of the $39.8 million total initial transaction price discussed above, the Company allocated $29.8 million to the CD71 Agreement performance obligation and recognized revenue using a cost-based input measure, the common measure of progress for the performance obligation. In applying the cost-based input method, revenue is recognized based on actual full-time employee ("FTE") hours incurred as a percentage of total estimated FTE hours for completing its combined performance obligation over the estimated service period. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition. During 2019, as a result of ongoing dose escalation in the continued development program, there has been a change in estimates of the research service period as well as an increase in the projected FTE hours-to-completion. The research service period for the CD71 Agreement performance obligation was extended from April 2021 to March 2022 in 2019. During the second quarter of 2020, the Company further increased the projected FTE hours-to-completion and extended the research service period for the CD71 Agreement performance obligation from March 2022 to September 2022 in response to the reduced rate of operation as impacted by the COVID-19 pandemic.

The remaining $10.0 million of the total initial transaction price of $39.8 million allocated to the Discovery Agreement performance obligation represents an obligation to continuously make the Company's Probody therapeutic technology platform available to AbbVie. The $10.0 million is recognized on a straight-line basis over a five-year estimated research service period through April 2021 using the time-elapsed input method as the common measure of progress over the entire performance obligation.

In May 2018, the Company earned a $21.0 million milestone payment (net of the payment of an associated sublicense fee of $4.0 million to SGEN) under the CD71 Agreement. The $21.0 million milestone payment was included as part of the transaction price in May 2018 and a revenue adjustment of $9.9 million was recognized in the second quarter of 2018 reflecting the percentage completed to-date on the project related to this milestone.

In June 2019, the Company earned a $10.0 million milestone payment for the second target selected by AbbVie under the Discovery Agreement. It is recognized also using the time-elapse measure of progress of the related obligation and straight line over the estimated research service period of five years through June 2024.

The $40.0 million milestone payment earned in March 2020 for satisfying the CD71 dose escalation success criteria under the CD71 Agreement was included as part of the transaction price as it was unconstrained during the first quarter of 2020 and $26.6 million was recognized as revenue related to this milestone, which reflected the percentage completed to-date on the project in March 2020. The remaining $13.4 million will be recognized over the remaining research service period through September 2022.

The Company is obligated to make sublicense payments under the license agreement with the Regents of the University of California, acting through its Santa Barbara campus ("UCSB"), as amended, equal to up to 7.5% of certain upfront and milestone payments owed to or received by the Company. As of both September 30, 2020 and December 31, 2019, there was no sublicense fee payable to UCSB.

The Company determined that the remaining potential milestone payments of both agreements are probable of significant revenue reversal as their achievement is highly dependent on factors outside the Company's control. Therefore, these payments continued to be fully constrained and were not included in the transaction price as of September 30, 2020.

The Company recognized revenue of $4.2 million and $1.7 million for the three months ended September 30, 2020 and 2019, respectively, and $35.6 million and $6.0 million for the nine months ended September 30, 2020 and 2019, respectively, related to the AbbVie Agreements. As of September 30, 2020 and December 31, 2019, deferred revenue related to the CD71 Agreement performance obligation was $27.4 million and $20.0 million, respectively, and deferred revenue related to the Discovery Agreement performance obligation was $8.7 million and $11.6 million, respectively. As of both September 30, 2020 and December 31, 2019, no amount was due from AbbVie under the AbbVie Agreements.

Amgen, Inc.

On September 29, 2017, the Company and Amgen, Inc. ("Amgen") entered into a Collaboration and License Agreement (the "Amgen Agreement"). Pursuant to the Amgen Agreement, the Company received an upfront payment of $40.0 million in October 2017. Concurrent with the entry into the Amgen Agreement, the Company and Amgen entered into a Share Purchase Agreement (the "Purchase Agreement") pursuant to which Amgen purchased 1,156,069 shares of the Company's common stock at a price of $17.30 per share (calculated based on a 20-day volume-weighted average price), for total proceeds of $20.0 million, which the Company received on October 6, 2017, the closing date of the transaction. The Company estimated a premium on the stock sold to Amgen of $0.5 million, which takes into account a discount due to the lack of marketability resulting from the six-month lockup period.

Under the terms of the Amgen Agreement, the Company and Amgen will co-develop a Probody T-cell engaging bi-specific therapeutic targeting epidermal growth factor receptor (the "EGFR Products"). The Company is responsible for early-stage development of EGFR Products and all related costs up to certain pre-set costs and certain limits based on clinical trial size. Amgen will be responsible for late-stage development, commercialization, and all related costs of EGFR Products. Following early-stage development, the Company will have the right to elect to participate financially in the global co-development of EGFR Products with Amgen, during which the Company would bear certain of the worldwide development costs for EGFR Products and Amgen would bear the rest of such costs (the "EGFR Co-Development Option"). If the Company exercises its EGFR Co-Development Option, the Company will share in somewhat less than 50% of the profit and losses from sales of such EGFR Products in the U.S., subject to certain caps, offsets, and deferrals. If the Company chooses not to exercise its EGFR Co-Development Option, the Company will not bear any costs of later stage development. The Company is eligible to receive up to $455.0 million in development, regulatory, and commercial milestone payments for EGFR Products, and royalties in the low-double-digit to mid-teen percentage of worldwide commercial sales, provided that if the Company exercises its EGFR Co-Development option, it shall receive a profit and loss split of sales in the United States and royalties in the low-double-digit to mid-teen percentage of commercial sales outside of the United States.

Amgen also has the right to select a total of up to three targets, including the two additional targets discussed below. The Company and Amgen collaborate in the research and development of Probody T-cell engaging bi-specifics products directed against such targets. Amgen has selected one such target (the "Amgen Other Product"). If Amgen exercises its option within the specified period of time, it can select two such additional targets (the "Amgen Option Products" and, together with the Amgen Other Product, the "Amgen Products"). Except with respect to preclinical activities to be conducted by CytomX, Amgen will be responsible, at its expense, for the development, manufacture, and commercialization of all Amgen Products. If Amgen exercises all of its options and advances all three of the Amgen Products, CytomX is eligible to receive up to $950.0 million in upfront, development, regulatory, and commercial milestones and tiered high single-digit to low-teen percentage royalties. The Company concluded that, at the inception of the agreement, Amgen's option to select the two additional targets is not a material right and does not represent a performance obligation of the agreement.

At the initiation of the collaboration, CytomX had the option to select, from programs specified in the Amgen Agreement, an existing pre-clinical stage T-cell engaging bispecific product from the Amgen pre-clinical pipeline. In March 2018, CytomX selected the program. CytomX is responsible, at its expense, for converting this program to a Probody T-cell engaging bispecific product, and thereafter, will be responsible for development, manufacturing, and commercialization of the product ("CytomX Product"). Amgen is eligible to receive up to $203.0 million in development, regulatory, and commercial milestone payments for the CytomX Product, and tiered mid-single digit to low double-digit percentage royalties.

The Company considered the criteria for combining contracts in ASC 606 and determined that the Amgen Agreement and the Purchase Agreement should be combined into one contract. The Company accounted for the Amgen Agreement based on the fair values of the assets and services exchanged. The Company identified the following performance obligations at the inception of the Amgen Agreement:

(1) the research, development and commercialization license,

(2) the research and development services for the EGFR Products and the Amgen Other Product, and

(3) the obligation to participate in the joint steering committee ("JSC") and the joint research committee ("JRC").

The Company determined that research, development and commercialization license and the participation in the JSC and JRC are not distinct from the research and development services and therefore those performance obligations were combined into one combined performance obligation. The Amgen Other Products are accounted for as a separate performance obligation from the EGFR Products as the nature of the services being performed is not the same and the value that Amgen can derive from one program is not dependent on the success of the other. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Concurrent with the execution of the Amgen Agreement, the Company entered into a sublicense agreement whereby the Company granted Amgen a sublicense of its rights to one patent family that it co-owns with UCSB, that is exclusively licensed to the Company under the UCSB Agreement covering Probody antibodies and other pro-proteins in the fields of therapeutics, in vivo diagnostics and prophylactics. This sublicense was incremental to the patents, patent applications and know-how covering T-cell engaging bispecific Probody molecules that were developed and owned by the Company and licensed to Amgen. Under the UCSB Agreement, as amended, the Company is obligated to make a sublicense payment to UCSB equal to up to 7.5% of certain upfront and milestone payments owed to or received by the Company. As of both September 30, 2020 and December 31, 2019, the Company recorded no sublicense fee payable to UCSB.

The total transaction price of $51.2 million, consisting of the $40.0 million upfront payment, an estimated fair value of $10.7 million for the CytomX Product and $0.5 million of premium on the sale of the Company's common stock, was allocated between the two performance obligations based on the relative standalone selling price of each performance obligation. To determine the standalone selling price, the Company used the discounted cash flow method by calculating risk-adjusted net present values of estimated cash flows. The Company determined that the remaining potential milestone payments were probable of significant revenue reversal as their achievement was highly dependent on factors outside the Company's control. As a result, these payments were fully constrained and were not included in the transaction price as of January 1, 2018, the adoption date of ASC 606.

Of the $51.2 million total transaction price, the Company allocated $46.4 million to the EGFR Products performance obligation and $4.8 million to the Amgen Other Product performance obligations. The transaction price of the EGFR Product performance obligation was recognized using a cost-based input measure. In applying the cost-based input method of revenue recognition, the Company uses actual FTE hours incurred relative to estimated total FTE hours expected to be incurred for the combined performance obligation over the research service period. At the end of the second quarter of 2019, the Company determined that it will undertake additional

testing and assessment of the molecules being evaluated under the EGFR project. As a result, the estimated FTE hours-to-completion and research service period were increased to eight years. In the second quarter of 2020, the Company completed the clinical candidate characterization phase and has moved into the IND-enabling phase earlier than planned. As a result, the estimated FTE hours-to-completion and research service period were decreased from eight to seven years.

The $4.8 million transaction price allocated to the Amgen Other Product performance obligation represents an obligation to continuously make the Probody therapeutic technology platform available to Amgen, which is recognized over the common measure of progress for the entire performance obligation over the estimated research service period of six years.

The Company recognized revenue of $1.6 million for each of the three-month periods ended September 30, 2020 and 2019, and $7.0 million and $2.9 million for the nine months ended September 30, 2020 and 2019, respectively, related to the Amgen Agreement. As of September 30, 2020 and December 31, 2019, deferred revenue related to the EGFR Products performance obligation was $31.2 million and $37.6 million, respectively. As of September 30, 2020 and December 31, 2019, deferred revenue related to the Amgen Other Products performance obligation was $2.4 million and $3.0 million, respectively. As of both September 30, 2020 and December 31, 2019, no amount was due from Amgen under the Amgen Agreement.

Astellas Pharma Inc.

The Company and Astellas Pharma, Inc. (“Astellas”) entered into a Collaboration and License Agreement (the “Astellas Agreement”) on March 23, 2020, the effective date, to collaborate on preclinical research activities to discover and develop certain antibody compounds for the treatment of cancer using the Company’s Probody therapeutic technology.

Under the terms of the Astellas Agreement, the Company granted Astellas an exclusive, worldwide, rights to develop and commercialize Probody therapeutics for up to four collaboration targets including one initial target and three additional targets (“Additional Targets”). In addition, Astellas has the right to expand the number of Additional Targets from three up to five (the “Expansion Option”) before the third anniversary of the effective date. Furthermore, for a specified number of targets, at a pre-specified time prior to the initiation of the first pivotal study of a product against such target, the Company may elect to participate in certain development costs and share in the profits generated in the United States with respect to such product (“Cost Share Option”). The Cost Share Option, if exercised, will also provide the option for the Company to co-commercialize such product in the United States. The Company does not consider the Cost Share Option as a performance obligation at the inception of the agreement as the participation is at the Company’s discretion.

Pursuant to the Astellas Agreement, the consideration from Astellas is comprised of an upfront fee of $80.0 million and contingent payments for development, regulatory and sales milestones of up to an aggregate of approximately $1.6 billion. If Astellas exercises its Expansion Option for the two Additional Targets, the Company would be eligible to receive additional upfront and milestone payments aggregating to approximately $0.9 billion. The Company is also entitled to tiered royalties from high-single digit to mid-teen percentage royalties from potential future sales. Astellas is responsible for all preclinical research costs incurred by either party as set forth in the preclinical research plan and the Company will receive research and development service fees based on a prescribed FTE rate.

The Company identified the following performance obligations at the inception of the Astellas Agreement:

(1) the exclusive research, development and commercialization license;

(2) the research and development services; and

(3) the obligation to participate in the joint research committee.

The Company determined that the license, the research services and expertise related to the development of the product candidates should be combined with the research services and participation in the joint research committee as one combined performance obligation. The Company concluded, that at the inception of the agreement, Astellas’ Expansion Option for two Additional Targets were not material rights and therefore not considered performance obligations. As such, each option will be accounted for as a separate arrangement upon exercise.

The initial transaction price of $90.0 million consists of the upfront fee of $80.0 million and research and development service fees of $10.0 million. The Company determined that the potential development and regulatory milestone payments were probable of significant revenue reversal as their achievement was highly dependent on factors outside the Company's control. Therefore, the potential development and regulatory milestone payments were fully constrained and were not included in the initial transaction price and continued to be fully constrained as of September 30, 2020. The Company will re-evaluate the transaction price at each reporting date or as uncertain events are resolved or other changes in circumstances occur.

The upfront fee of $80.0 million for the combined obligation to continuously make the Probody therapeutic technology platform available to Astellas is recognized on a straight-line basis for the entire performance obligation over the estimated research service period of five years, which ends in March 2025. The research and development service fees, estimated to be $10.0 million, will be recognized when services are provided based on the prescribed FTE rate.

Under the UCSB Agreement, as amended, the Company is obligated to make a sublicense payment to UCSB equal to up to 7.5% of certain upfront and milestone payments owed to or received by the Company. The Company recorded a liability upon entering into the Astellas Agreement in the first quarter of 2020 of $6.0 million, representing 7.5% of the $80.0 million upfront payment, as a sublicense fee payable to UCSB, which was fully paid in the second quarter of 2020.

The Company recognized revenue of $4.5 million and $9.1 million for the three and nine months ended September 30, 2020, which included the research and development service fee of $0.5 million and $0.7 million for the three and nine months ended September 30, 2020. As of September 30, 2020, deferred revenue relating to the Astellas Agreement was $71.6 million. The amount due from Astellas under the Astellas Agreement was $0.5 million as of September 30, 2020.

Bristol Myers Squibb Company

On May 23, 2014, the Company and Bristol Myers Squibb Company ("Bristol Myers Squibb") entered into a Collaboration and License Agreement (the "BMS Agreement") to discover and develop compounds for use in human therapeutics aimed at multiple immuno-oncology targets using the Company's Probody therapeutic technology. The effective date of the BMS Agreement was July 7, 2014.

Under the terms of the BMS Agreement, the Company granted Bristol Myers Squibb exclusive worldwide rights to develop and commercialize Probody therapeutics for up to four oncology targets. Bristol Myers Squibb had additional rights to substitute up to two collaboration targets within three years of the effective date of the BMS Agreement. These rights expired in May 2017. Each collaboration target had a two-year research term and the two additional targets had to be nominated by Bristol Myers Squibb within five years of the effective date of the BMS Agreement. The research term for each collaboration target could be extended in one year increments up to three times.

Pursuant to the BMS Agreement, the financial consideration from Bristol Myers Squibb was comprised of an upfront payment of $50.0 million, and the Company was initially entitled to receive contingent payments of up to $25.0 million for additional targets and up to an aggregate of $1,192.0 million for development, regulatory and sales milestones. In addition, the Company is entitled to royalty payments in the mid-single digits to low double-digit percentages from potential future sales. The Company also receives research and development service fees based on a prescribed FTE rate that is capped.

The Company identified the following performance obligations at the inception of the BMS Agreement:

(1) the exclusive research, development and commercialization license;

(2) the research and development services; and

(3) the obligation to participate in the joint research committee.

The Company determined that the license, the Company's research services and expertise related to the development of the product candidates should be combined with the research services and participation in the joint research committee as one combined performance obligation. The Company concluded that, at the inception of the agreement, Bristol Myers Squibb's options for the third and fourth targets were not material rights and not performance obligations. As such, each option was accounted for as a separate arrangement upon exercise. Additionally, the Company considered whether the services performed for each target should be considered as separate performance obligations and concluded that all targets should be accounted for as one combined performance obligation.

The Company received an upfront payment of $50.0 million from Bristol Myers Squibb in July 2014. In January and December 2016, Bristol Myers Squibb selected the third and fourth targets, respectively, and paid the Company $10.0 million and $15.0 million, respectively, pursuant to the terms of the BMS Agreement. In December 2016, Bristol Myers Squibb selected a clinical candidate pursuant to the BMS Agreement, which triggered a $2.0 million pre-clinical milestone payment to the Company. In November 2017, the Company recognized a $10.0 million milestone payment from Bristol Myers Squibb upon approval of the investigational new drug application for the CTLA-4-directed Probody therapeutic.

On March 17, 2017, the Company and Bristol Myers Squibb entered into Amendment Number 1 to Extend Collaboration and License Agreement (the "BMS Amendment"). The BMS Amendment grants Bristol Myers Squibb exclusive worldwide rights to develop and commercialize Probody therapeutics for up to eight additional targets. The effective date of the BMS Amendment was April 25, 2017 ("Amendment Effective Date"). Under the terms of the BMS Amendment, the Company continues to have obligations to Bristol Myers Squibb to discover and conduct preclinical development of Probody therapeutics against any targets they choose to select during the research period under the terms of the BMS Amendment.

Pursuant to the BMS Amendment, the financial consideration from Bristol Myers Squibb is comprised of an upfront payment of $200.0 million and the Company was initially eligible to receive contingent payments for development, regulatory and sales milestones of up to an aggregate of $3,586.0 million for the eight targets. The Company is also entitled to tiered mid-single to low double-digit percentage royalties from potential future sales. The BMS Amendment does not change the term of the Bristol Myers Squibb's royalty obligation under the BMS Agreement. Bristol Myers Squibb's royalty obligation continues on a licensed-product by licensed-product basis until the later of (i) the expiration of the last claim of the licensed patents covering the licensed products in the country, (ii) the twelfth anniversary of the first commercial sale of a licensed product in a country, or (iii) the expiration of any applicable regulatory, pediatric, orphan drug or data exclusivity with respect to such product.

The initial transaction price for the BMS Agreement and the BMS Amendment, collectively, was $272.8 million consisting of the upfront fees of $250.0 million, research and development service fees of $10.8 million and milestone payments received to date of $12.0 million. The Company determined that the remaining potential milestone payments were probable of significant revenue reversal as their achievement was highly dependent on factors outside the Company's control. Therefore, these payments were fully constrained and were not included in the transaction price upon the adoption of ASC 606 on January 1, 2018. The BMS Agreement represents an obligation to continuously make the Probody therapeutic technology platform available to Bristol Myers Squibb. Therefore, the initial transaction price is recognized over the estimated research service period, which ends on April 25, 2025.

During the first quarter of 2019, Bristol Myers Squibb terminated pre-clinical activities on three of the first four collaboration targets selected under the original 2014 BMS Agreement. The first and second targets under the BMS Agreement were combined into a single performance obligation. The Company determined that termination of pre-clinical activities on the second target does not impact the Company's continuing obligation to Bristol Myers Squibb for the first target, CTLA-4, as it is still being actively developed by Bristol Myers Squibb. Therefore, the Company concluded that it will continue to amortize the related deferred revenue over the original performance period. The Company has determined that upon the termination of pre-clinical activities on the third and the fourth collaboration targets selected by Bristol Myers Squibb in January and December of 2016, respectively, under the BMS Agreement, it has no further obligations and is no longer eligible to receive any further proceeds from milestones, royalties or research and development fees for such targets. As a result, the Company accelerated recognition of all of the related deferred revenue of the third and the fourth targets upon the effective date of termination and recognized $17.4 million in the first quarter of 2019. The Company continues to be obligated to perform research work under the BMS Amendment executed in March 2017.

In February 2020, Bristol Myers Squibb dosed the first patient in the Part 2 cohort expansion portion of its ongoing BMS-986249 clinical study for the CTLA-4 program, which triggered a $10.0 million milestone payment to the Company pursuant to the terms of the BMS Agreement. The $10.0 million milestone payment was recognized as revenue in the first quarter of 2020. The Company reevaluated the remaining potential milestone payments and determined that significant revenue reversal was still probable as the achievement of such milestones was highly dependent on factors outside the Company's control. As a result, these payments continued to be fully constrained and were not included in the transaction price on September 30, 2020.

Under the UCSB Agreement, as amended, the Company is obligated to make a sublicense payment to UCSB equal to up to 7.5% of certain upfront and milestone payments owed to or received by the Company. As of both September 30, 2020 and December 31, 2019, there was no sublicense fee payable to UCSB.

The Company recognized revenue of $7.4 million for each of the three-month periods ended September 30, 2020 and 2019 and $32.2 million and $40.3 million for the nine months ended September 30, 2020 and 2019, respectively. As of September 30, 2020 and December 31, 2019, deferred revenue relating to the BMS Agreement was $135.7 million and $158.0 million, respectively. The amount due from Bristol Myers Squibb under the BMS Agreement was $0 and $13,000 as of September 30, 2020 and December 31, 2019, respectively.

ImmunoGen, Inc.

In January 2014, the Company and ImmunoGen, Inc. ("ImmunoGen") entered into the Research Collaboration Agreement (the "ImmunoGen Research Agreement"). The ImmunoGen Research Agreement provided the Company with the right to use ImmunoGen's Antibody Drug Conjugate ("ADC") technology in combination with the Company's Probody therapeutic technology to create a PDC directed at one specified target under a research license, and to subsequently obtain an exclusive, worldwide development and commercialization license to use ImmunoGen's ADC technology to develop and commercialize such PDCs. The Company made no upfront cash payment in connection with the execution of the agreement. Instead, the Company provided ImmunoGen with the rights to CytomX's Probody therapeutic technology to create PDCs directed at two targets under the ImmunoGen Research Agreement and to subsequently obtain exclusive, worldwide development and commercialization licenses to develop and commercialize such PDCs. In February 2016, the Company exercised its option to obtain a development and commercialization license for CX-2009 pursuant to the terms of the ImmunoGen Research Agreement (the "CX-2009 License").

In February 2017, ImmunoGen exercised its first option to obtain a development and commercialization license for one of the two targets. Substitution rights for this first target selection program terminated in February 2017 and ImmunoGen discontinued the program in July 2017. The Company recognized the remaining deferred revenue related to the discontinued program upon the termination of the program. ImmunoGen exercised its second option to obtain a development and commercialization license pursuant to the ImmunoGen Research Agreement (the "ImmunoGen 2017 License") for a target in December 2017. In December 2019, the parties entered into a license agreement (the "ImmunoGen 2019 License") pursuant to which the ImmunoGen 2017 License was terminated and ImmunoGen granted a license for all of ImmunoGen's rights under the ImmunoGen 2017 License to the Company. See Note 7. License Agreements, for more information.

Under the terms of the ImmunoGen Research Agreement, both the Company and ImmunoGen performed research activities on behalf of the other party for no monetary consideration through January 2018. In December 2017, the Company entered into the ImmunoGen 2017 License arrangement and extended the Company's obligation to provide research services under the ImmunoGen Research Agreement to June 30, 2018. The estimated fair value of the consideration of $13.2 million for the performance obligation to ImmunoGen was recognized as revenue over the research period that ended on June 30, 2018. No further research services were provided by the Company after June 20, 2018 under the ImmunoGen 2017 License arrangement.

In February 2020, the Company initiated the first dosing of a patient in the CX-2009 Phase 2 clinical trial and triggered a $3.0 million milestone payment to ImmunoGen pursuant to the CX-2009 License which continued to remain in effect following the termination of the ImmunoGen 2017 License in December 2019. The Company recorded a $3.0 million charge to research and development expense in the first quarter of 2020, in connection with this milestone payment to ImmunoGen.

Contract Liabilities

The following table presents changes in the Company's total contract liabilities during the nine months ended September 30, 2020:

	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
		(in thousands)		
Contract liabilities:				
Deferred revenue	$ 230,239	$ 120,000	$ (73,234)	$ 277,005

There were $120.0 million additions to deferred revenue during the nine months ended September 30, 2020. Of such amount, $40.0 million was related to the milestone payment triggered by AbbVie's CD71 dose escalation success criteria which was achieved in March 2020, and an $80.0 million addition was related to the upfront fee payable under the Astellas Agreement entered into in March 2020. Deductions of $73.2 million related to revenue recognized included in the contract liability balance at the beginning of the period plus the revenue recognized related to the $120.0 million additions during the nine months ended September 30, 2020.

The Company expects that the $277.0 million of deferred revenue related to the following contracts as of September 30, 2020 will be recognized as revenue as set forth below. However, the timing of revenue recognition could differ from the estimates depending on facts and circumstances impacting the various contracts, including progress of research and development, resources assigned to the contracts by the Company or its collaboration partners, or other factors outside of the Company's control.

- The $27.4 million of deferred revenue related to the CD71 Agreement with AbbVie as of September 30, 2020 is expected to be recognized based on actual FTE effort and program progress until approximately September 2022.
- The $1.2 million of deferred revenue related to the first target under the Discovery Agreement with AbbVie as of September 30, 2020 is expected to be recognized ratably until approximately April 2021.
- The $7.5 million of deferred revenue related to the second target under the Discovery Agreement as of September 30, 2020 is expected to be recognized ratably until approximately June 2024.
- The $31.2 million of deferred revenue related to the Amgen EGFR Products as of September 30, 2020 is expected to be recognized based on actual FTE effort and program progress until approximately September 2024.
- The $2.4 million of deferred revenue related to the Amgen Other Products as of September 30, 2020 is expected to be recognized ratably until approximately September 2023.
- The $71.6 million of deferred revenue related to the Astellas Agreement as of September 30, 2020 is expected to be recognized ratably until approximately March 2025.
- The $135.7 million of deferred revenue related to the BMS Agreement as of September 30, 2020 is expected to be recognized ratably until approximately April 2025.

7. License Agreements

UCSB

The Company has an exclusive, worldwide license agreement with UCSB (the "UCSB Agreement"), relating to the use of certain patents and technology relating to its core technology, including its therapeutic antibodies, and to certain patent rights the Company co-owns with UCSB covering Probody antibodies and other pro-proteins.

Pursuant to the UCSB Agreement, the Company is obligated to (i) make royalty payments to UCSB on net sales of its products covered under the agreement, subject to annual minimum amounts, (ii) make milestone payments to UCSB upon the occurrence of certain events, (iii) make a milestone payment to UCSB upon occurrence of an IPO or change of control, and (iv) reimburse UCSB for prosecution and maintenance of the licensed patents. If the Company sublicenses its rights under the UCSB Agreement, it is obligated to pay UCSB a percentage of the total sublicense revenue received, which total amount would be first reduced by the aggregate amount of certain research and development related expenses incurred by the Company and other permitted deductions. As part of the UCSB Agreement, the Company has annual minimum royalty obligations of $0.2 million under the terms of certain exclusive licensed patent rights. The royalty obligations are cancellable any time by giving notice to the licensor, with the termination being effective 60 days after giving notice.

In 2013, the Company amended the UCSB Agreement to reduce certain amounts due to UCSB upon receipt by the Company of upfront payments, milestone payments and royalties from sublicensees. In exchange for this amendment, the Company issued to UCSB 157,332 shares of common stock. The UCSB Agreement, as amended, will remain in effect until the expiration or abandonment of the last to expire of the licensed patents.

In April 2019, the Company entered into Amendment No.3 to the UCSB Agreement to adjust and clarify certain sublicense terms (“Amendment No.3”). In connection with the amendment, the Company issued to UCSB 150,000 shares of CytomX common stock with a fair value of $10.68 per share. Under the terms of Amendment No.3, the Company and UCSB agreed to modify the determination of sublicense revenues payable by the Company to UCSB on certain existing collaboration agreements and on collaboration agreements executed subsequent to Amendment No.3. In exchange, the Company agreed to make an upfront payment of $1.0 million as well as additional annual license maintenance fees of $0.8 million through 2031. In the event that the Company terminates the agreement due to material concern of the safety or efficacy of the related technology, 50% of all remaining maintenance fees will become due immediately. Otherwise, all remaining maintenance fees will become due immediately upon early termination of the agreement unless there is a material breach by UCSB. Pursuant to Amendment No.3, the Company recorded in research and development expense a charge of $3.4 million relating to sublicense and maintenance fees representing the 150,000 shares issued with a fair value of $1.6 million, the upfront payment of $1.0 million and the additional annual maintenance fee of $0.8 million during the second quarter of 2019.

The Company incurred no sublicence expenses for each of the three-month periods ended September 30, 2020 and 2019, and $9.1 million and $4.2 million for the nine months ended September 30, 2020 and 2019, respectively, under the provisions of the UCSB Agreement.

As of September 30, 2020 and December 31, 2019, the sublicense fee payable to UCSB was $0 and $0.2 million, respectively.

ImmunoGen

In December 2019, the Company entered into the ImmunoGen 2019 License with ImmunoGen to obtain an exclusive license with respect to epithelial cell adhesion molecule (“EpCAM”). Under the ImmunoGen 2019 License, ImmunoGen agreed to transfer its know-how, patents, intellectual property rights, and technology transfer materials and information related to its EpCAM program and the ImmunoGen 2017 license from the Company to ImmunoGen was terminated. The ImmunoGen 2019 License gives the Company the exclusive right to develop, manufacture, use and commercialize any licensed product that incorporates, is comprised of, or otherwise derived from a Probody drug conjugate that targets EpCAM in any human therapeutic field on a worldwide basis. In exchange, the Company agreed to make non-refundable and non-creditable payments including an upfront license payment of $7.5 million and certain clinical development, approval and commercialization milestone payments, if achieved and royalties on product sales. The upfront license fee of $7.5 million was recorded as research and development expense in December 2019 and was paid in January 2020.

8. Common Stock

In February 2020, the Company entered into an Open Market Sale Agreement (the “Sales Agreement”) with Jefferies LLC (“Jefferies”), to sell shares of the Company’s common stock, par value $0.00001 per share, with aggregate gross sales proceeds of up to $75,000,000, from time to time upon the Company’s request, through an at the market offering under which Jefferies will act as sales agent. Pursuant to the Sales Agreement, Jefferies as the sales agent will receive a commission of 3.0% of the gross sales price for shares of common stock sold under the Sales Agreement. There were no shares sold during the three and nine months ended September 30, 2020.

In June 2020, the Board of Directors and stockholders of the Company approved an increase in the authorized shares of common stock from 75,000,000 to 150,000,000.

9. Stock-Based Compensation

Stock Options

Activities under the Company's stock option plans for the nine months ended September 30, 2020 were as follows:

	Options Outstanding	
	Number of Options	Weighted-Average Exercise Price Per Share
Balances at December 31, 2019	9,936,168	$ 12.26
Options granted	3,762,244	7.23
Options exercised	(627,999)	5.58
Option forfeited/expired	(1,688,953)	13.94
Balances at September 30, 2020	11,381,460	$ 10.72
Options exercisable at September 30, 2020	6,214,494	$ 11.15

Stock-based Compensation

Total stock-based compensation recorded related to options granted to employees and non-employees and employee stock purchase plan was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)			
Stock-based compensation expense:				
Research and development	$ 1,735	$ 1,948	$ 5,317	$ 7,241
General and administrative	2,106	2,395	6,050	7,748
Total stock-based compensation expense	$ 3,841	$ 4,343	$ 11,367	$ 14,989

10. Leases

Operating Lease

On December 10, 2015, the Company entered into a lease (the "2016 Lease") with HCP Oyster Point III LLC (the "Landlord") to -lease approximately 76,000 rentable square feet of office and laboratory space located in South San Francisco, California for the Company's new corporate headquarters.

The term of the Lease commenced on October 1, 2016. The 2016 Lease has an initial term of ten years from the commencement date, and the Company has an option to extend the initial term for an additional five years at the then fair rental value as determined pursuant to the 2016 Lease.

The Lease provided for annual base rent of approximately $3.1 million in the first year of the lease term. The annual base rent for the second twelve months was approximately $4.3 million, which will increase on an annual basis beginning from the 25th month to approximately $5.5 million for the tenth year of the lease. The Company utilized the full amount of the one-time improvement allowance of $12.6 million, of which $2.3 million is recoverable by the landlord through an increased rent which continues through the expiration of the initial lease term.

In addition, the Company obtained a standby letter of credit (the "Letter of Credit") in an amount of approximately $0.9 million, which may be drawn by the Landlord to be applied for certain purposes upon the Company's breach of any provisions under the 2016 Lease. The Company has recorded the $0.9 million Letter of Credit in restricted cash as non-current on its balance sheet at September 30, 2020 and December 31, 2019, respectively.

Rent expense is recognized on a straight-line basis over the term of the lease and accordingly the Company records the difference between cash rent payments and the recognition of rent expense against the operating lease ROU asset. Rent expense for both the three months ended September 30, 2020 and 2019 was $1.3 million. Rent expense for both the nine months ended September 30, 2020 and 2019 was $3.8 million.

Supplemental information related to leases are as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(in thousands)		(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$ 1,239	$ 1,205	$ 3,717	$ 3,615

	September 30, 2020	December 31, 2019
	(in thousands)	
Supplemental balance sheet information related to leases:		
Operating lease right-of-use assets	$ 23,239	$ 25,382
Current operating lease liabilities	3,096	2,810
Non-current operating lease liabilities	22,525	24,871
Total operating lease liabilities	$ 25,621	$ 27,681
Weighted-average remaining lease term (in years)		
Operating lease	6.00	6.85
Weighted-average discount rate		
Operating lease	8.25%	8.25%

	September 30, 2020
	(in thousands)
Maturity of operating lease liabilities	
2020	$ 1,274
2021	5,129
2022	5,273
2023	5,420
2024 and beyond	15,689
Total lease payments	32,785
Less imputed interest	(7,164)
Present value of lease liabilities	$ 25,621

11. Commitments and Contingencies

Legal Proceedings

On March 4, 2020, Vytacera Bio, LLC filed a patent infringement lawsuit against the Company in the U.S. District Court for the District of Delaware. The lawsuit alleges that the Company's use, offers to sell, and/or sales of the Probody® technology platform for basic research applications constitutes infringement. The complaint seeks unspecified monetary damages. The Company filed an Answer, Affirmative Defenses, and Counterclaims on May 26, 2020. Vytacera Bio, LLC filed its Answer to CytomX Therapeutics Inc.'s Counterclaims on June 5, 2020. The parties have agreed to a case schedule, which is pending Court approval. Discovery is in the initial phases. The Company believes that the lawsuit is without merit and intends to vigorously defend itself and has not recorded any amount for claims associated with this lawsuit as of September 30, 2020.

On May 21, 2020, a putative securities class action lawsuit was commenced in the U.S. District Court for the Northern District of California naming as defendants the Company and three current and former officers. The complaint alleges that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 thereunder, by making false and misleading statements and omissions of material fact related to the product candidates CX-072 and CX-2009. The plaintiff seeks to represent all persons who purchased or otherwise acquired CytomX securities between May 17, 2018, and May 13, 2020. The plaintiff seeks damages and interest, and an award of costs, including attorneys' fees. The Company believes the plaintiff's claims are without merit and has not recorded any amount for claims associated with this lawsuit as of September 30, 2020.

12. Income Tax Expense

The Company recorded no income tax expense for the three months ended September 30, 2020 and 2019. The Company recorded an income tax benefit of $13.9 million and $6,000 for the nine months ended September 30, 2020 and 2019, respectively.

The Company records the effect of an enacted change in a tax law in the period that includes the enactment date in accordance with ASC 740. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. The tax relief measures under the CARES Act for businesses include a five-year net operating loss carryback, suspension of annual deduction limitation of 80% of taxable income from net operating losses generated in a tax year beginning after December 31, 2017, changes in the deductibility of interest, acceleration of alternative minimum tax credit refunds, payroll tax relief, and a technical correction to allow accelerated deductions for qualified improvement property.

The income tax benefit for the nine months ended September 30, 2020 was generated as a result of the recognition of net operating loss carryback under the CARES Act which generated a refund of income taxes paid for 2018. The income tax benefit for the nine months ended September 30, 2019 was as a result of an unrealized gain on the available for sale securities recorded in other comprehensive income during the period. The Company maintains a full valuation allowance against its net deferred tax assets due to the Company's history of losses as of September 30, 2020.

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

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto for the year ended December 31, 2019, included in our Annual Report on Forms 10-K as filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2020. This discussion and other parts of this report contain forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section of this report titled "Risk Factors." Except as may be required by law, we assume no obligation to update these forward-looking statements or the reasons that results could differ from these forward-looking statements.

Overview

We are a clinical-stage, oncology-focused biopharmaceutical company with a vision of transforming lives with safer, more effective therapies. We are developing a novel class of investigational antibody therapeutics, based on our Probody® technology platform, for the treatment of cancer. Our innovative technology is designed to turn previously undruggable targets into druggable targets and to enable more effective combination therapies. We have strategic drug discovery and development collaborations with AbbVie, Amgen, Astellas and Bristol Myers Squibb. Our clinical stage pipeline includes first-in-class product candidates against previously undruggable targets, including a CD166-targeting Probody drug conjugate wholly owned by CytomX (CX-2009), currently in Phase 2 clinical trials, and a CD71-targeting Probody drug conjugate partnered with AbbVie (CX-2029), also currently in Phase 2 clinical trials. CD166 and CD71 are among cancer targets that are considered to be inaccessible to conventional antibody drug conjugates due to their presence on many healthy tissues, but which we believe are potentially addressable with our technology. Our clinical stage pipeline also includes cancer immunotherapeutic candidates against validated targets such as the CTLA-4-targeting Probody therapeutics, including BMS-986249, currently in a Phase1/2 trials, and BMS-986288, a second anti-CTLA-4 Probody in a Phase 1/2a trial, both partnered with Bristol Myers Squibb. Pursuant to our partnership with Amgen, we have also recently advanced CX-904, a lead T-cell engaging bispecific Probody candidate against Epidermal Growth Factor Receptor (EGFR) and CD3, into IND-enabling studies. We are responsible for the IND filing, targeted for late 2021, and for early clinical development for CX-904. We are also advancing CX-2043, a Probody Drug Conjugate targeting Epithelial Cell Adhesion Molecule ("EpCAM"), a widely expressed tumor antigen, towards clinical studies with IND filing projected for late 2021. CX-2043 is conjugated to the novel maytansinoid payload, DM-21. CX-2043 demonstrated potent anti-tumor activity across multiple cancer types and superior tolerability in animal models compared to the corresponding antibody drug conjugate. Our Probody therapeutic approach is designed to enable "conditional activation" of antibody-based drugs within cancer tissue to more specifically target the tumor microenvironment and minimize drug activity in healthy tissue and in circulation. We achieve conditional activation of antibodies by modifying them with a mask which is designed to block the binding of the antibody to its target until the mask is removed. Mask removal is designed to occur in cancer tissue when proteases, enzymes that have higher activity in cancer than in normal tissue, selectively cleave the mask from the antibody, potentially resulting in enrichment of antibody activity in the tumor compared to normal tissue. We believe this approach has the potential to develop clinically meaningful therapeutics and improve patient outcomes in three ways: (1) by enhancing the "therapeutic window" for drug candidates, that is, the balance between their tolerability and activity, (2) by pursuing tumor targets that were previously considered 'undruggable' due to their expression on normal tissues, and (3) by pursuing novel combination therapies that have been poorly tolerated without using our Probody platform. We are leveraging our Probody platform to develop a robust product pipeline of potential best-in-class immunotherapies against clinically validated targets and potential first-in-class therapeutics against novel, difficult-to-drug targets.

In December 2019, a strain of novel coronavirus-caused disease (now commonly known as COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries and has been declared to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, Canada and countries in Europe and Asia, have imposed unprecedented restrictions on travel, business operations and public gatherings, and there have been business closures and limitations on business operations, which have resulted in a substantial reduction in economic activity.

In March 2020, in assessing the evolving COVID-19 pandemic and related governmental restrictions, the emerging challenges for clinical trial execution within our studies and across the industry, and the need of healthcare providers and settings to prioritize resources for management of the pandemic, we made the decision to temporarily pause new patient enrollment and new site activation in the PROCLAIM-CX-2009-001 study evaluating the CD166-targeting Probody drug conjugate CX-2009. This study included a Phase 2 expansion study designed to evaluate CX-2009 in patients with various cancers, including, hormone receptor (ER, PR) positive (HR+), HER2 non-amplified breast cancer. Since then, we have revised our strategy for developing CX-2009 to also include evaluation of CX-2009 alone or in combination with CX-072 in patients with triple negative breast cancer (TNBC). With this additional focus on a breast cancer subtype, we revised the study to be a new Phase 2 study targeting investigators who treat breast cancer. This new study, CX-2009-002, is expected to be initiated in the fourth quarter of 2020 and will evaluate CX-2009 monotherapy at 7 mg/kg administered every three weeks in at least 40 evaluable patients (per ARM) with HR+/HER2-non-amplified (ARM A) or with triple negative breast cancer (ARM B). ARM C will evaluate the combination of CX-2009 administered with 1200 mg CX-072 every three weeks to patients with TNBC.

We also continue to work with our partner, AbbVie, to continue the clinical development of the CD71 targeting Probody Drug Conjugate, CX-2029. We expect to initiate Phase 2 expansion cohorts in the fourth quarter of 2020 in patients with squamous non-small cell lung cancer, head and neck squamous cell cancer ("HNSCC"), esophageal cancer and diffuse large B-cell lymphoma. Our partner, Bristol Myers Squibb initiated a randomized Phase 2 clinical trial evaluating BMS-986249 as monotherapy or in combination with the anti PD-1 antibody, nivolumab in patients with metastatic melanoma and continues its Phase 1 dose escalation trial with BMS-986288, a Probody based on a modified version of ipilimumab.

In March 2020, we also made the strategic decision to terminate the PROCLAIM-CX-072-002 study evaluating the anti-PD-L1 Probody CX-072 in combination with ipilimumab in melanoma. This decision followed a re-evaluation of the evolving clinical, competitive and commercial landscapes in immuno-oncology, along with impact of the COVID-19 pandemic. This decision allowed for resources to be redirected towards our potential first-in-class assets, including a combination of CX-072 and CX-2009, and to the generation of additional clinical candidates for advancement to IND filing and clinical trials.

The COVID-19 outbreak and any preventative or protective actions that we or our collaboration partners may take in respect of this virus may result in a period of further disruption for our clinical trials, manufacturing, research, financial reporting capabilities and operations generally and could potentially impact our patients, partners, employees and third parties. Any resulting financial impact cannot be reasonably estimated at this time, but may materially affect the business and our financial condition and results of operations. The extent to which the COVID-19 pandemic impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions necessary to contain the virus or treat its impact, among others. Although our operations have been modified, they are continuing at a reduced operational rate. Currently, it is not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to its prior levels. We do not yet know the full extent of any impact or delay on our business or our operations, including clinical trial activity, however, we will continue to monitor the COVID-19 situation closely, and intend to initiate our clinical trials as soon as practicable in the fourth quarter of 2020, in accordance with all relevant health and safety guidelines as they evolve.

We do not have any product candidates approved for sale, and we continue to incur significant research and development and general administrative expenses related to our operations. We are not profitable and have incurred losses in each year since our founding in 2008. Our net loss was $14.7 million and $18.2 million for the three and nine months ended September 30, 2020, respectively. As of September 30, 2020 and December 31, 2019, we had an accumulated deficit of $435.4 million and $ 417.2 million, respectively. We expect to continue to incur significant losses for the foreseeable future.

On February 27, 2020, we entered into an Open Market Sale Agreement (the "Sales Agreement") with Jefferies LLC ("Jefferies"), to sell shares of our common stock, par value $0.00001 per share, with aggregate gross sales proceeds of up to $75,000,000, from time to time, through an at the market offering under which Jefferies will act as sales agent. Pursuant to the Sales Agreement, Jefferies, as sales agent, will receive a commission of 3.0% of the gross sales price for shares of common stock sold under the Sales Agreement. There were no shares sold during the nine months ended September 30, 2020.

Regulatory agencies, including the FDA, regulate many aspects of a product candidate's life cycle, including research and development and preclinical and clinical testing. We will need to commit significant time, resources, and funding to develop our wholly owned and partnered product candidates in clinical trials, including CX-072, CX-2009 and CX-2029 as well as any additional product candidates for which we initiate clinical trials in the future. We are unable to provide the nature, timing, and estimated costs of the efforts necessary to complete the development of our product candidates because, among other reasons, of regulatory uncertainty, manufacturing limitations and the pace of enrollment of our clinical trials, which is a function of many factors, including the availability and proximity of patients with the relevant condition.

We currently have no manufacturing capabilities and do not intend to establish any such capabilities in the near term. As such, we are dependent on third parties to supply our product candidates according to our specifications, in sufficient quantities, on time, in compliance with appropriate regulatory standards and at competitive prices.

Critical Accounting Policies and Estimates

The preparation of our Condensed Financial Statements requires us to make estimates and judgments that affect the reported amounts in the financial statements and related disclosures. On an ongoing basis, management evaluates its significant accounting policies and estimates. We base our estimates on historical experience and on various 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 may differ significantly from these estimates. Estimates are assessed each period and updated to reflect current information. A summary of our critical accounting policies and estimates is presented in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes to our critical accounting policies and estimates during the three and nine months ended September 30, 2020.

Components of Results of Operations

Revenue

Our revenue to date has been primarily derived from non-refundable license payments, milestone payments and reimbursements for research and development expenses under our research, collaboration, and license agreements. We recognize revenue from upfront payments over the term of our estimated period of performance under the agreement using a cost-based input method or a common measure of progress for the entire performance obligation. In addition to receiving upfront payments, we may also be entitled to milestone and other contingent payments upon achieving predefined objectives. Revenue from milestones and other contingent payments, when it is probable that there will not be a significant revenue reversal, is also recognized over the performance period based on a similar method. Reimbursements from Astellas and Bristol Myers Squibb for research and development costs when incurred under our research, collaboration and license agreements with them are classified as revenue.

For the foreseeable future, we do not expect to generate any revenue from the sale of products unless and until such time as our product candidates have advanced through clinical development and obtained regulatory approval. We expect that any revenue we generate in the foreseeable future will fluctuate from year to year as a result of the timing and amount of milestones and other payments from our collaboration agreements with AbbVie, Amgen, Astellas, Bristol Myers Squibb and any other collaboration partners, and as a result of the fluctuations in the research and development expenses we incur in the performance of assigned activities under these agreements.

AbbVie, one of our collaboration partners, entered into a license agreement with Seattle Genetics, Inc. (“SGEN”) to license certain intellectual property rights. As part of our collaboration agreement with AbbVie, we received a sublicense to these intellectual property rights and therefore pay SGEN sublicense fees. These sublicense fees are treated as reductions to the transaction price and combined with the performance obligation to which they relate. Milestone payments, when considered probable of being reached and when a significant revenue reversal would not be probable of occurring, are also recorded net of the associated sublicense fees and included in the transaction price.

Research and Development Expenses

Our research and development expenses consist primarily of costs incurred to conduct research, such as the discovery and development of our product candidates, clinical development including activities with third parties, such as contract research organizations (“CRO”) and contract development and manufacturing organizations (“CMO”), the manufacture of drug products used in clinical trials, as well as the development of product candidates pursuant to our research, collaboration and license agreements. Research and development expenses include personnel costs, including stock-based compensation expense, contractor services, laboratory materials and supplies, depreciation and maintenance of research equipment, and an allocation of related facilities costs. We expense research and development costs as incurred.

We expect our research and development expenses to increase substantially in absolute dollars in the future as we advance our product candidates through clinical trials, initiate additional clinical trials, and pursue regulatory approval of our product candidates. Examples include our Phase 2 clinical trial for CX-2009, the continuation of our ongoing Phase 1/2 clinical trials evaluating CX-2029 and potential future clinical trials for CX-2029 and for CX-2009 in combination with CX-072. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming. The actual probability of success for our product candidates may be affected by a variety of factors including: the safety and efficacy of our product candidates, early clinical data, investment in our clinical program, the ability of collaborators to successfully develop our licensed product candidates, competition, manufacturing capability and commercial viability. We may never succeed in achieving regulatory approval for any of our product candidates. As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of our product candidates.

General and Administrative Expenses

General and administrative expenses include personnel costs, expenses for outside professional services and other allocated expenses. Personnel costs consist of salaries, bonuses, benefits and stock-based compensation. Outside professional services consist of accounting and audit services, legal and other consulting fees. Allocated expenses primarily consist of rent expense related to our office and information technology related costs.

Interest Income

Interest income primarily consists of interest income from our cash equivalents and short-term investments, and accretion of discounts or amortization of premiums on our short-term investments.

Other Income (Expense), Net

Other income (expense), net consists primarily of income (expense) resulting from changes to currency exchange rates.

Benefit from Income Taxes

Income taxes are recorded in accordance with ASC 740, Accounting for Income Taxes, or ASC 740, which provides for deferred taxes using an asset and liability approach. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our financial statements or tax returns. We determine our deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities, which are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We also account for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, we recognize the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. The tax relief measures under the CARES Act for businesses include a five-year net operating loss carryback, suspension of annual deduction limitation of 80% of taxable income from net operating losses generated in a tax year beginning after December 31, 2017, changes in the deductibility of interest, acceleration of alternative minimum tax credit refunds, payroll tax relief, and a technical correction to allow accelerated deductions for qualified improvement property. We record the effect of an enacted change in a tax law in the period that includes the enactment date in accordance with ASC 740.

Results of Operations

For the Three and Nine Months Ended September 30, 2020 and 2019

Revenues

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
	(in thousands)			(in thousands)		
Total revenue	$ 17,788	$ 10,712	$ 7,076	$ 83,989	$ 49,210	$ 34,779

The following table summarizes our revenue by collaboration partner during the respective periods:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
	(in thousands)			(in thousands)		
AbbVie	$ 4,209	$ 1,652	$ 2,557	$ 35,624	$ 5,983	$ 29,641
Amgen	1,633	1,648	(15)	7,007	2,905	4,102
Astellas	4,543	—	4,543	9,133	—	9,133
Bristol Myers Squibb	7,403	7,412	(9)	32,225	40,322	(8,097)
Total revenue	$ 17,788	$ 10,712	$ 7,076	$ 83,989	$ 49,210	$ 34,779

The increase in revenue of $7.1 million for the three months ended September 30, 2020 compared to the corresponding period of 2019 was primarily due to:

- an increase in revenue from Abbvie of $2.6 million primarily due to recognition of the percentage of completion for the current quarter related to the $40.0 million milestone payment received in March 2020 under the CD71 Co-Development and Licensing Agreement (the "CD71 Agreement"),
- an increase in revenue from Astellas of $4.5 million primarily due to the recognition of $4.0 million related to the $80.0 million upfront payment being recognized over the estimated research service period of five years, as well as service revenue representing research and development services provided to Astellas under the Collaboration and License Agreement with Astellas (the "Astellas Agreement") entered into in March 2020.

The increase in revenue of $34.8 million for the nine months ended September 30, 2020 compared to the corresponding period of 2019 was primarily due to:

- an increase in revenue of $29.6 million from AbbVie primarily due to (a) $28.1 million of revenue recognized related to the $40.0 million milestone payment earned in the first quarter of 2020 for satisfying the CD71 dose escalation success criteria milestone under the CD71 Agreement, of which $26.6 million was recognized, which amount reflects the percentage completed to-date of the project in the first quarter of 2020, (b) $1.0 million increase in revenue recognized related to the $10.0 million upfront payment earned for the second target selected by AbbVie in June 2019, which amount is being recognized as revenue over the estimated research service period of five years;
- an increase in revenue of $4.1 million from Amgen primarily due to an increase in the percentage of completion progress for the nine months ended September 30, 2020 as a result of additional FTE hours incurred, and the completion of the clinical candidate characterization phase and moving to the IND-enabling phase earlier than planned in the second quarter of 2020 which resulted in a reduction of the estimated FTE hours-to-completion of the Amgen EGFR program under the Amgen Agreement;
- an increase in revenue of $9.1 million from Astellas due to the recognition of revenue related to the $80.0 million upfront payment being recognized over the estimated research service period of five years, as well as service revenue representing research and development services provided to Astellas under the Astellas Agreement entered into in March 2020; and
- a decrease in revenue of $8.1 million from Bristol Myers Squibb primarily due to the accelerated recognition of revenue of $17.4 million related to the termination of certain targets under the Collaboration and License Agreement with Bristol Myers Squibb (the "BMS Agreement") in the first quarter of 2019; partially offset by the recognition in full of the $10.0 million milestone payment earned for achieving the dosing of first patient in the Part 2 cohort expansion of the ongoing CTLA-4 program by Bristol Myers Squibb in February 2020.

Operating Costs and Expenses

Research and Development Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
	(in thousands)			(in thousands)		
Research and development expenses	$ 24,049	$ 27,967	$ (3,918)	$ 90,929	$ 95,178	$ (4,249)

Research and development expenses decreased $3.9 million during the three months ended September 30, 2020 compared to the corresponding period in 2019. The decrease was attributable to the following:

- a decrease of $3.8 million in clinical related expenses resulting from decreased clinical studies activities primarily due to the COVID-19 pandemic;
- a decrease of $0.5 million in personnel related expenses due to employee departures;
- a decrease of $0.4 million in consulting and professional services expenses due to reduced activities; and
- a decrease of $0.3 million in travel related expenses due to decrease in business travel activities.

The above decreases were offset by an increase of $1.1 million in laboratory contracts services due to timing of manufacturing and other research activities.

Research and development expenses decreased $4.2 million during the nine months ended September 30, 2020 compared to the corresponding period in 2019. The decrease was attributable to the following:

- a decrease of $5.9 million in clinical related expenses resulting from decreased clinical studies activities primarily due to the COVID-19 pandemic;
- a decrease due to a $5.0 million charge for acquiring technical know-how related to drug conjugate linker-toxin and CD3-based bispecific technologies during the first quarter of 2019;
- a decrease of $1.1 million in consulting expenses due to reduced consulting activities; and
- a decrease of $0.2 million in laboratory contracts services and supplies related expenses due to timing of manufacturing and other research activities.

The above decreases were offset by a net increase of $7.9 million in license fee expenses, which included a net increase of $4.9 million paid to the University of California, Santa Barbara (UCSB) associated with the achievement of certain milestones under several collaboration agreements as well as the upfront payment related to the new collaboration agreement with Astellas in the first quarter of 2020; and a $3.0 million license fee paid to ImmunoGen associated with the first dosing of a patient in the CX-2009 Phase 2 clinical trial during the first quarter of 2020.

The following table summarizes our research and development expenses by program incurred during the respective periods presented:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
External costs incurred by product candidate (target):	(in thousands)			(in thousands)		
CX-072 (PD-L1)	$ 923	$ 6,964	$ (6,041)	$ 10,871	$ 19,269	$ (8,398)
CX-2009 (CD166)	2,705	3,619	(914)	12,597	11,000	1,597
CX-2029 (CD71)	1,078	1,985	(907)	5,281	7,615	(2,334)
Other wholly owned and partnered programs	5,494	1,106	4,388	16,653	3,425	13,228
General research and development expenses	3,143	3,559	(416)	9,582	18,910	(9,328)
	13,343	17,233	(3,890)	54,984	60,219	(5,235)
Internal costs	10,706	10,734	(28)	35,945	34,959	986
Total research and development expenses	$ 24,049	$ 27,967	$ (3,918)	$ 90,929	$ 95,178	$ (4,249)

The decrease in research and development expenses for the three months ended September 30, 2020 compared to the corresponding period of 2019 was attributable to the following changes by project:

- The decrease in CX-072 expenses was primarily due to a $3.1 million decrease in laboratory contract services and a $2.6 million decrease in clinical trial related expenses as a result of the timing of manufacturing and other research activities in the CX-072 study and the termination of the CX-072-002 study to evaluate the anti-PD-L1 Probody CX-072 in combination with ipilimumab in melanoma.
- The decrease in CX-2009 expenses was primarily due to a $1.0 million decrease in clinical trial related expenses due to the pause in clinical activity related to the COVID-19 pandemic.

- The decrease in CX-2029 expenses was primarily due to a decrease of $0.7 million in laboratory contract services and a decrease of $0.3 million in clinical trial related expenses resulting from the timing of manufacturing and other research activities.
- The increase in “Other wholly owned and partnered programs” was primarily due to an increase of $2.6 million in laboratory contract services for the Amgen EGFR project as it ramped up during the IND-enabling phase, and an increase of $1.7 million in laboratory contract services largely related to the EpCAM program that began in December 2019 under the ImmunoGen 2019 License Agreement.

The decrease in research and development expenses for the nine months ended September 30, 2020 compared to the corresponding period of 2019 was attributable to the following changes by project:

- The decrease in CX-072 expenses was primarily due to $4.7 million decrease in clinical trial related expenses and a $3.3 million decrease in laboratory contract services as a result of the timing of manufacturing and other research activities in the CX-072 study and the termination of the CX-072-002 study to evaluate the anti-PD-L1 Probody CX-072 in combination with ipilimumab in melanoma.
- The increase in CX-2009 expenses was primarily due to a $3.0 million licensing payment to ImmunoGen for achieving the milestone of the first dosing of a patient in the CX-2009 Phase 2 clinical trial during the first quarter of 2020, offset by a $1.1 million decrease in clinical trial related expenses due to the pause in clinical activity related to the COVID 19 pandemic.
- The decrease in CX-2029 expenses was primarily due to a decrease of $3.7 million in laboratory contract services resulting from the timing of manufacturing and other research activities, partially offset by a $1.4 million increase in sublicense fee expense to UCSB related to the $40.0 million milestone payment earned in March 2020 for satisfying the CD71 dose escalation success criteria under the CD71 Agreement.
- The increase in “Other wholly owned and partnered programs” was primarily due to a $6.0 million sublicense fee payment to UCSB related to the $80.0 million upfront payment under the Astellas Agreement during the first quarter of 2020, an increase of $5.2 million in laboratory contract services related to the Amgen EGFR project as it ramped up during the IND enabling phase, and an increase of $1.7 million in laboratory contract services largely related to the EpCAM project that began in December 2019.
- The decrease in general research and development expenses was primarily due to a $5.0 million charge for acquiring technical know-how related to drug conjugate linker-toxin and CD3-based bispecific technologies during the first quarter of 2019, and the $3.4 million sublicense and maintenance fees associated with entering into Amendment No.3 to the UCSB Agreement in the second quarter of 2019.
- The increase in internal costs was primarily due to increase in personnel-related expenses.

General and Administrative Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
	(in thousands)			(in thousands)		
General and administrative expenses	$ 8,634	$ 8,463	$ 171	$ 26,886	$ 27,548	$ (662)

General and administrative expenses increased by $0.2 million during the three months ended September 30, 2020 compared to the corresponding period in 2019. The increase was attributable to an increase of $0.5 million in professional services primarily related to legal expenses for new patent filings and maintenance and other legal matters, partially offset by a decrease of $0.3 million in personnel related expenses largely due to a decrease in stock-based compensation driven primarily by increased cancellations of stock options due to employee departures as well as decreases in the grant date fair values of new option grants due to decreases in prices of our common stock during the current year.

General and administrative expenses decreased by $0.7 million during the nine months ended September 30, 2020 compared to the corresponding period in 2019. The decrease was attributable to the following:

- a decrease of $2.1 million in personnel-related expense primarily due to a decrease in stock-based compensation driven primarily by increased cancellations of stock options due to employee departures as well as decreases in the grant date fair values of new option grants due to decreases in prices of our common stock during the current year;
- a decrease of $0.4 million in travel related expenses due to decrease in business travel activities; and

- a decrease of $0.2 million in general overhead expenses due to an increased allocation to the research and development function proportionally based on headcount;

The above decreases were offset by the following:

- an increase of $1.2 million in outside professional services primarily related to legal services for new patent filings and maintenance, business development and other legal matters; and
- An increase of $0.8 million in office lease maintenance expenses and business insurance.

Interest Income and Other Income (Expense)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
	(in thousands)			(in thousands)		
Interest income	$ 200	$ 1,997	$ (1,797)	$ 1,730	$ 6,854	$ (5,124)
Other income (expense), net	(15)	22	(37)	1	(126)	127
Total interest and other income	$ 185	$ 2,019	$ (1,834)	$ 1,731	$ 6,728	$ (4,997)

Interest Income

Interest income decreased $1.8 million and $5.1 million during the three and nine months ended September 30, 2020, respectively compared to the corresponding periods in 2019. The decreases were primarily attributable to lower average cash, cash equivalents and short-term investments during 2020 and lower interest rates as we experienced a sharp decrease in interest rates starting in March 2020.

Other Income (Expense), Net

Other income increased $0.1 million during the nine months ended September 30, 2020 compared to the corresponding period in 2019. The increase was primarily attributable to a decrease in foreign currency losses resulting from the strengthening of the U.S. dollar against the Euro and British Pound Sterling.

Benefit From Income Taxes

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Change	2020	2019	Change
	(in thousands)			(in thousands)		
Benefit from income taxes	$ -	$ -	$ -	$ (13,911)	$ (6)	$ (13,905)

There was no income tax expense for the three months ended September 30, 2020 and 2019, respectively as we were in a taxable loss position and we had minimal changes in our unrealized gain on available for sale debt securities.

Income tax benefit increased by $13.9 million during the nine months ended September 30, 2020, compared to the corresponding period in 2019. The income tax benefit of $13.9 million for the nine months ended September 30, 2020, was generated due to the recognition of net operating loss carrybacks under the CARES Act, which generated a tax refund of taxes paid for 2018. The income tax benefit of $6,000 for the nine months ended September 30, 2019, resulted from an unrealized gain on the available for sale securities recorded in other comprehensive income during the period.

Liquidity and Capital Expenditures

Sources of Liquidity

As of September 30, 2020, we had cash, cash equivalents and short-term investments of $321.1 million and an accumulated deficit of $435.4 million, compared to cash, cash equivalents and short-term investments of $296.1 million and an accumulated deficit of $417.2 million as of December 31, 2019. To date, we have financed our operations primarily through sales of our common stock in conjunction with the IPO and a subsequent stock offering, sales of our convertible preferred securities prior to our IPO and payments received under our collaboration agreements.

Based upon our current operating plan, we expect our existing capital resources will be sufficient to fund operations for a period of at least twelve months from the date the financial statements included in this report are issued. However, if the anticipated operating results and future financing are not achieved in future periods, our planned expenditures may need to be reduced in order to extend the time period over which the then-available resources would be able to fund the operations. The amounts and timing of our actual expenditures depend on numerous factors, including the progress of our preclinical and clinical development efforts, the results of any clinical trials and other studies, our operating costs and expenditures and other factors described under the caption "Risk Factors" in this Quarterly Report on Form 10-Q. The cost and timing of developing our products, including CX-072, CX-2009 and CX-2029 are highly uncertain, are subject to substantial risks and many changes. As such, we may alter our expenditures as a result of contingencies such as the failure of one or all of our product candidates currently in clinical development, the acceleration of one or all of our product candidates in clinical development, the initiating of clinical trials for additional product candidates, the identification of more promising product candidates in our research efforts or unexpected operating costs and expenditures. We will need to raise additional funds in the future. There can be no assurance, however, that such efforts will be successful or that, in the event that they are successful, the terms and conditions of such financing will be favorable to us.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2020	2019
	(in thousands)	
Net cash provided by (used in) operating activities	$ 22,686	$ (111,001)
Net cash (used in) provided by investing activities	(38,173)	26,844
Net cash provided by financing activities	3,872	1,226
Net decrease in cash and cash equivalents	$ (11,615)	$ (82,931)

Cash Flows from Operating Activities

During the nine months ended September 30, 2020, cash provided by operating activities was $22.7 million, which consisted of a net loss of $18.2 million, adjusted by non-cash charges of $13.0 million and a net increase of $27.9 million relating to the change of our net operating assets and liabilities. The non-cash charges primarily consisted of $11.4 million in stock-based compensation and $1.9 million in depreciation and amortization, which amounts were partially offset by $0.3 million in accretion of discounts on our short-term investments.

The change in our net operating assets and liabilities was primarily due to:

- a net increase of $46.8 million in deferred revenue resulting primarily from the $80.0 million upfront payment from Astellas as well as the $40.0 million milestone payment from AbbVie, partially offset by the continued recognition of deferred revenue from existing and new customers, including the $26.6 million revenue recognized in the first quarter of 2020, which reflected the percentage completed to-date on the project under the CD71 Agreement when the $40.0 million milestone was earned in the first quarter of 2020;
- an increase of $0.6 million in cash flows from other assets related to clinical expense deposits;
- a decrease of $11.5 million in cash flows from prepaid expenses and other current assets, which included a $13.1 million income tax receivable resulting from a carryback of net operating loss incurred in 2019 to the preceding years as permitted by the CARES Act;
- a decrease of $7.2 million in accrued liabilities primarily due to payment of $7.5 million for the ImmunoGen 2019 License;
- a decrease in cashflow of $0.5 million from accounts receivable primarily related to research and development service fees due from Astellas pursuant to the Astellas Agreement; and
- a decrease in cashflow of $0.3 million from accounts payable.

During the nine months ended September 30, 2019, cash used in operating activities was $111.0 million, which consisted of a net loss of $66.8 million, adjusted by non-cash charges of $16.6 million and a net decrease of $60.8 million relating to the change in our net operating assets and liabilities. The non-cash charges primarily consist of $15.0 million in stock-based compensation; $1.6 million of common stock issued in connection with our entry into Amendment No.3 to the UCSB Agreement and $2.0 million in depreciation and amortization expense; which amounts were partially offset by $2.0 million in accretion of discounts on our short-term investments.

The change in our net operating assets and liabilities was primarily due to:

- a decrease of $39.2 million in deferred revenue resulting from the accelerated recognition of revenue of $17.4 million related to the termination of certain targets under the BMS Agreement in the first quarter of 2019 and continued recognition of other deferred revenue from existing customers, partially offset by the additional $10.0 million milestone payment due from AbbVie in June 2019, which payment was triggered by its selection of the second target under the Discovery Agreement;
- a decrease of $22.1 million in accrued liabilities and income tax payable due to the payment of $13.7 million for our 2018 estimated income tax liability; $3.8 million in sublicense fee and $4.6 million in other liabilities during the nine months ended September 30, 2019;
- an increase of $0.4 million in cash flows with $0.2 million from prepaid expenses and other current assets and $0.2 million from accounts payable.

Cash Flows from Investing Activities

During the nine months ended September 30, 2020, cash used in investing activities was $38.2 million, which consisted of $189.0 million used in the purchase of short-term investments and $1.9 million of capital expenditures used to purchase property and equipment, partially offset by $152.7 million in proceeds received upon the maturity of marketable securities.

During the nine months ended September 30, 2019, cash provided by investing activities was $26.8 million, which consisted of $179.2 million in proceeds received upon the maturity of marketable securities, partially offset by $149.5 million used in the purchases of short-term investments and $2.8 million of capital expenditures used to purchase property and equipment.

Cash Flows from Financing Activities

During the nine months ended September 30, 2020 and 2019, cash provided by financing activities primarily consisted of proceeds from the exercise of stock options and employee stock purchases under the employee stock purchase plan.

Contractual Obligations

During the three months ended September 30, 2020, there were no material changes in contractual obligations from the amounts disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Segment Information

We have one primary business activity and operate as one reportable segment.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to interest rate risks. We had cash, cash equivalents and short-term investments of $321.1 million as of September 30, 2020 and cash, cash equivalents and short-term investments of $296.1 million as of December 31, 2019, which consists of bank deposits, money market funds and U.S. government bonds. Such interest-bearing instruments carry a degree of interest rate risk; however, historical fluctuations of interest income have not been significant.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate exposure. We have not historically been exposed to material risks due to changes in interest rates. Based on our investment positions as of September 30, 2020, a hypothetical 100 basis point change in interest rates would not have a material effect in the fair value of the portfolio.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) under the Exchange Act of 1934, as amended (the "Exchange Act") refers to controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their control objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2020, the end of the period covered by this Quarterly Report on Form 10-Q. Management's assessment of internal control over financial reporting was conducted using the criteria defined in the *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of such date.

Changes in Internal Controls Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to claims and assessments from time to time in the ordinary course of business but are not aware of any such matters, individually or in the aggregate, that will have a material adverse effect on our financial position, results of operations or cash flows.

On March 4, 2020, Vytacera Bio, LLC filed a patent infringement lawsuit against the Company in the U.S. District Court for the District of Delaware. The lawsuit alleges that our use, offers to sell, and/or sales of the Probody® technology platform for basic research applications constitutes infringement. The complaint seeks unspecified monetary damages. We filed an Answer, Affirmative Defenses, and Counterclaims on May 26, 2020. Vytacera Bio, LLC filed its Answer to CytomX Therapeutics Inc.'s Counterclaims on June 5, 2020. The parties have agreed to a case schedule, which is pending Court approval. Discovery is in the initial phases. We believe that the lawsuit is without merit and intend to vigorously defend ourselves. Accordingly, we cannot reasonably estimate any range of potential future charges, and we have not recorded any accrual for a contingent liability associated with these legal proceedings.

On May 21, 2020, a putative securities class action lawsuit was commenced in the U.S. District Court for the Northern District of California naming as defendants us and three current and former officers. The complaint alleges that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 thereunder, by making false and misleading statements and omissions of material fact related to the product candidates CX-072 and CX-2009. The plaintiff seeks to represent all persons who purchased or otherwise acquired CytomX securities between May 17, 2018, and May 13, 2020. The plaintiff seeks damages and interest, and an award of costs, including attorneys' fees. We believe the plaintiff's claims are without merit and we have not recorded any accrual for a contingent liability associated with these legal proceedings.

Item 1A. Risk Factors

You should consider carefully the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. The risks described below are not the only risks facing the Company. Risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, results of operations and/or prospects.

Risks Related to Our Business

The COVID-19 pandemic or any future pandemic could adversely impact our business, including our research, clinical trials, and financial condition.

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China. Since then, the COVID-19 coronavirus has spread to multiple countries, including the United States and European and Asia-Pacific countries, including countries in which we have planned or active clinical trial sites, including for CX-2009. As the COVID-19 coronavirus continues to spread around the globe, we will likely continue to experience disruptions that could severely impact our business, research, including research for our partners or research of our partners, and clinical trials, including ongoing or planned clinical trials for CX-2009, CX-2029 and clinical trials of our partners, including Bristol Myers Squibb. These disruptions and impacts may include:

- delays or difficulties in enrolling patients in our clinical trials or the clinical trials of our partners;
- delays or difficulties in clinical site initiation for CX-2009, CX-2029 or any other clinical trials we or our partners decide to initiate, including difficulties in recruiting clinical site investigators and clinical site staff;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our or our partners' clinical trial sites and hospital staff supporting the conduct of our or our partners' clinical trials;
- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others;
- difficulty in interpreting clinical data due to patients being infected by COVID-19;
- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials or the clinical trials of our partners, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;
- delays in receiving approval from local regulatory authorities to initiate our or our partners' planned clinical trials;

- delays in clinical sites receiving the supplies and materials needed to conduct our or our partners' clinical trials;
- interruption in manufacturing or global shipping that may affect the timely delivery or transport of research materials or clinical trial materials, such as investigational drug product used in our or our partners' clinical trials;
- changes in local regulations as part of a response to the COVID-19 coronavirus outbreak which may require us or our partners to change the ways in which clinical trials are conducted, which may result in unexpected costs, or cause us or our partners to discontinue the clinical trials altogether;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees; and
- refusal of the FDA to accept data from clinical trials in affected geographies outside the United States.

For example, in March 2020, we announced the temporary pause in new patient enrollment and new site activation in our Phase 2 clinical trial of CX-2009 as a result of the COVID-19 pandemic, primarily due to delays in patient enrollment and clinical site initiations, and the termination of the Phase 2 clinical trial of CX-072 after a re-evaluation of the evolving clinical, competitive and commercial landscapes in immuno-oncology, taken together with impact of the COVID-19 pandemic. Since then, we have revised our strategy for developing CX-2009 and we revised the study to be a new Phase 2 study. While we intend to initiate our Phase 2 clinical trial for CX-2009 and to initiate Phase 2 expansion cohorts for CX-2029 in the fourth quarter of 2020, we cannot be assured that the impact of the COVID-19 pandemic on clinical trial planning will allow us to proceed in 2020, or that site initiation, patient recruitment or other clinical trial activities will not be delayed.

Furthermore, the COVID-19 pandemic and government limitations on activities may continue to impact our ability to conduct research, including limiting our ability to obtain research materials and equipment, limiting access to our laboratories to conduct research, limiting the ability or willingness of employees to work at our facilities and limiting our ability to complete research and experiments in a timely basis or at all. For example, in March 2020 we initiated a mandatory work-from-home program, limiting onsite activity to a substantially reduced level of laboratory research activities. Although we have gradually increased levels of such laboratory research activities, there can be no assurance that we will be able to continue to increase or maintain current levels of such activity. The COVID-19 pandemic and government limitations could further impact our ability to conduct business generally, including making timely payments, filing timely governmental and other business reports and filings, and otherwise comply with our obligations.

Any of the potential business, research and clinical impacts arising as a result of the COVID-19 pandemic could cause us to default on our obligations to our collaborative partners, including our specific research and development obligations, potentially resulting in termination of one or more collaborations, and could materially and adversely affect our business, financial condition, results of operation and prospects.

In addition, the spread of COVID-19 coronavirus may negatively impact the trading price of shares of our common stock and could further severely impact our ability to raise additional capital on a timely basis or at all.

The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which the COVID-19 coronavirus may impact our business, including our clinical trials, research and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

We are a clinical-stage biopharmaceutical company with a limited operating history and have not generated any revenue from product sales. We have a history of losses, expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability, which could result in a decline in the market value of our common stock.

We are a clinical-stage biopharmaceutical company with a limited operating history, developing a novel class of therapeutic antibody product candidates, based on our proprietary biologic Probody technology platform. Since our inception, we have devoted our resources to the development of Probody therapeutics. We have had significant operating losses since our inception. As of September 30, 2020 and December 31, 2019, we had an accumulated deficit of $435.4 million and $417.2 million, respectively. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations.

Though we have developed our Probody platform, our technologies and product candidates are in early stages of development, and we are subject to the risks of failure inherent in the development of product candidates based on novel technologies. We have not yet demonstrated our ability to successfully complete any clinical trials, including large-scale, pivotal clinical trials, obtain regulatory approvals, arrange for a third party to manufacture a commercial scale product candidate, or conduct sales and marketing activities necessary for successful commercialization. Typically, it takes many years to develop one product candidate from the time it enters initial preclinical studies to when it is available for treating patients. Consequently, any predictions made about our future success or viability may not be as accurate as they could be if we had a longer operating history. We will need to transition from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

Furthermore, we have never generated any revenue from product sales, and have not obtained regulatory approval for any of our product candidates. We also do not expect to generate any revenue from product sales for the foreseeable future, and we expect to continue to incur significant operating losses for the foreseeable future due to the cost of research and development, preclinical studies and clinical trials and the regulatory approval process for our product candidates. We expect our net losses to increase substantially as we continue clinical development of our lead programs and advance additional programs into clinical development. In particular, we expect our losses to increase substantially as we begin to enroll patients in our Phase 2 clinical trial of CX-2009, our PDC candidate directed against CD166, as monotherapy or in combination with CX-072 in patients with breast cancer, as we begin enrollment of patients in our Phase 2 expansion trial of CX-2029, our PDC candidate directed against CD71 in collaboration with AbbVie Inc., and as we advance into later trials and new trials for these and other programs. However, the amount of our future losses is uncertain. Our ability to achieve profitability, if ever, will depend on, among other things, our, or our collaborators, successfully developing product candidates, obtaining regulatory approvals to market and commercialize product candidates, manufacturing any approved products on commercially reasonable terms, establishing a sales and marketing organization or suitable third-party alternatives for any approved product and raising sufficient funds to finance business activities. If we, or our collaborators, are unable to develop our technologies and commercialize one or more of our product candidates or if sales revenue from any product candidate that receives approval is insufficient, we will not achieve profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We expect that we will need to raise substantial additional funds to advance development of our product candidates and we cannot guarantee that this additional funding will be available on acceptable terms or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development and commercialization of our current or future product candidates.

The development of biopharmaceutical product candidates is capital-intensive. To date we have used substantial funds to develop our technology and product candidates and will require significant funds to conduct our ongoing clinical trials as well as to further our research and development, preclinical testing and future clinical trials of additional product candidates, to seek regulatory approvals for our product candidates and to manufacture and market any products that are approved for commercial sale. In addition, we have incurred and will continue to incur additional costs associated with operating as a public company.

As of September 30, 2020, we had $321.1 million in cash, cash equivalents and short-term investments. We believe that our existing capital resources will be sufficient to fund our planned operations at least for the next twelve months from the date the financial statements included in this report are issued. Our future capital requirements and the period for which we expect our existing resources to support our operations may vary significantly from what we expect. Our monthly spending levels vary based on our ongoing clinical trials, new and ongoing research and development and other corporate activities. For example, we expect our monthly spending to increase substantially as we begin to enroll patients in our Phase 2 clinical trial of CX-2009 as monotherapy or in combination with CX-072 in patients with breast cancer, and as we begin enrollment of patients in our Phase 2 expansion trial of CX-2029. Because the length of time and activities associated with conducting our clinical trials and successfully researching and developing our product candidates is highly uncertain, we are unable to estimate the actual funds we will require for development and, once any product candidate is approved, any subsequent marketing and commercialization activities.

The timing and amount of our operating expenditures will depend largely on:

- the scope, timing and progress of our ongoing clinical trials as well as any other preclinical and clinical development activities which may be affected by, among other things, the COVID-19 pandemic;
- the number, size and type of clinical trials and preclinical studies that we may be required to complete for our product candidates, as well as the cost and time of such studies and trials;
- the number, scope and prioritization of preclinical and clinical programs we decide to pursue;
- the time and cost necessary to produce clinical supplies of our product candidates;
- the time and cost necessary to scale our manufacturing capabilities following regulatory approval and commercial launch of any product candidates;

- the progress of the development efforts of parties with whom we have entered or may in the future enter into collaborations and research and development agreements;
- the timing and amount of payments we may receive or are obligated to pay under our collaboration agreements and license agreements;
- our ability to maintain our current licenses and research and development programs and to establish new collaboration arrangements;
- the costs involved in prosecuting and enforcing patent and other intellectual property claims, including our ongoing litigation;
- the cost of any future litigation to which we may become a party;
- the cost and timing of regulatory approvals; and
- our efforts to enhance operational systems and hire additional personnel, including personnel to support development and commercialization of our product candidates and satisfy our obligations as a public company.

If we are unable to obtain funding on a timely basis or on acceptable terms, we may have to delay, reduce or terminate our research and development programs and preclinical studies or clinical trials, limit strategic opportunities or undergo reductions in our workforce or other corporate restructuring activities. We also could be required to seek funds through arrangements with collaborators or others that may require us to relinquish rights to some of our technologies or product candidates that we would otherwise pursue on our own. We do not expect to realize revenue from sales of products or royalties from licensed products in the foreseeable future, if at all, and unless and until our product candidates are clinically tested, approved for commercialization and successfully marketed. To date, we have financed our operations primarily through sales of our common stock, sale of our convertible preferred securities prior to our IPO and payments received under our collaboration agreements, including, most recently, the Collaboration and License Agreement that we entered into with Astellas in March 2020. We will be required to seek additional funding in the future and currently intend to do so through additional collaborations, public or private equity offerings or debt financings, credit or loan facilities or a combination of one or more of these funding sources. Our ability to raise additional funds will depend on financial, economic and other factors, many of which are beyond our control, including the COVID-19 pandemic. Additional funds may not be available to us on acceptable terms or at all. If we raise additional funds by issuing equity securities, our stockholders will suffer dilution and the terms of any financing may adversely affect the rights of our stockholders. In addition, as a condition to providing additional funds to us, future investors may demand, and may be granted, rights superior to those of existing stockholders. Debt financing, if available, is likely to involve restrictive covenants limiting our flexibility in conducting future business activities, and, in the event of insolvency, debt holders would be repaid before holders of our equity securities received any distribution of our corporate assets.

Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

As is the case with all oncology drugs, our product candidates in clinical development or preclinical development go through a long process and have a high risk of failure or termination for strategic reasons. For example, in 2017 we initiated Phase 1/2 clinical trials of CX-072, which expanded to a Phase 2 trial in 2019 study evaluating the anti-PD-L1 Probody CX-072 in combination with ipilimumab in melanoma. In March 2020, we made the strategic decision to terminate that trial. In 2017 we initiated a Phase 1/2 clinical trial of CX-2009 and in 2019, we initiated a Phase 2 expansion trial of CX-2009 in patients with hormone receptor (ER, PR) positive, HER2 negative breast cancer. That Phase 2 expansion trial was paused in early 2020 due to COVID-19. Recently, we revised our strategy for developing CX-2009 and expect to initiate a new Phase evaluation of CX-2009 alone or in combination with CX-072 in patients with breast cancer. We also initiated our Phase 1/2 clinical trial of CX-2029, our PDC candidate directed against CD71 in collaboration with AbbVie, for the treatment of cancer in June 2018. In addition, in 2019 Bristol Myers Squibb initiated enrollment in a randomized Phase 2 cohort expansion in its ongoing Phase 1/2 clinical trial for BMS-986249, an anti-CTLA-4 Probody and initiated a Phase 1/2 trial for BMS-986288, a second anti-CTLA-4 Probody, both of which are underway. It is impossible to predict when or if any of our or our partner's product candidates will prove effective and safe in humans or will receive regulatory approval. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we or our partners must complete extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Commencement of clinical trials for programs beyond CX-072, CX-2009, CX-2029, BMS-986249 and BMS-986288 is subject to finalizing the trial design and filing an IND or similar filing with the FDA or similar foreign regulatory authority. In addition, even if we file our IND or comparable submissions in other jurisdictions for these or other product candidates, the FDA or other regulatory authorities could disagree that we have satisfied their requirements to commence our clinical trials or disagree with our study design, which may require us to complete additional preclinical studies or amend our protocols or impose stricter conditions on the commencement of clinical trials and may delay our ability to begin Phase 1 clinical trials, causing an increase in the amount of time and expense required to develop our product candidates. As a result of the foregoing, the research and development, preclinical studies and clinical testing of any product candidate is

expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the development process.

Further, we or our collaborators may also experience delays in completing ongoing clinical trials, completing preclinical studies or initiating further clinical trials of our product candidates, including, for example, among other things, as a result of the COVID-19 pandemic. We do not know whether our or our collaborators' ongoing clinical trials or preclinical studies will be completed on schedule or at all, or whether planned clinical trials or preclinical studies will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. We or our collaborators may have insufficient internal resources to complete ongoing clinical trials or initiate clinical trials for our other product candidates. The development programs for our product candidates may also be delayed for a variety of reasons, including delays related to:

- recruiting suitable patients to participate in a clinical trial, particularly in light of the COVID-19 pandemic;
- developing and validating any companion diagnostic to be used in a clinical trial;
- the FDA or other regulatory authorities requiring us to submit additional data or imposing other requirements before permitting us to initiate a clinical trial;
- obtaining regulatory clearance to commence a clinical trial;
- reaching agreement on acceptable terms with prospective contract research organization ("CROs") and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- obtaining institutional review board ("IRB") approval at each clinical trial site;
- having patients complete a clinical trial or return for post-treatment follow-up;
- clinical trial sites deviating from trial protocol or dropping out of a trial;
- adding new clinical trial sites;
- manufacturing our product candidates in sufficient quality and quantity for use in clinical trials; or
- collaborators electing to not pursue development and commercialization of our product candidates.

In addition, the results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or safety profiles, notwithstanding promising results in earlier trials.

Our product candidates are in early stages of development and may fail or suffer delays that materially and adversely affect their commercial viability. If we are unable to advance our product candidates through clinical development, obtain regulatory approval and ultimately commercialize such product candidates, or experience significant delays in doing so, our business will be materially harmed.

We are very early in our development efforts, with only three product candidates, CX-072, CX-2009 and CX-2029, currently in early stage clinical development. In addition, Bristol Myers Squibb is currently evaluating BMS-986249, a CTLA-4-directed Probody therapeutic in a randomized cohort expansion trial of a Phase 1/2 clinical trial that it initiated in January 2018, and BMS-986288, a second anti-CTLA-4 Probody, in a Phase 1/2 trial it initiated in 2019. We have no products on the market and our ability to achieve and sustain profitability depends on obtaining regulatory approvals for and successfully commercializing our product candidates, either alone or with third parties. Before obtaining regulatory approval for the commercial distribution of our product candidates, we or our collaborator must conduct extensive preclinical tests and clinical trials to demonstrate sufficient safety and efficacy of our product candidates in patients.

As a result, we may not have the financial resources to continue development of, or to modify existing or enter into new collaborations for, a product candidate if we experience any issues that delay or prevent regulatory approval of, or our ability to commercialize, product candidates, including:

- negative or inconclusive results from our clinical trials, the clinical trials of our collaborators or the clinical trials of others for product candidates similar to ours, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- product-related side effects experienced by participants in our clinical trials, the clinical trials of our collaborators or by individuals using drugs or therapeutic biologics similar to our product candidates;
- delays in submitting INDs or comparable foreign applications or delays or failure in obtaining the necessary approvals from regulators to commence a clinical trial, or a suspension or termination of a clinical trial once commenced;

- conditions imposed by the FDA or comparable foreign authorities regarding the scope or design of our clinical trials;
- delays in enrolling research subjects in clinical trials;
- high drop-out rates of research subjects;
- inadequate supply or quality of product candidate components or materials or other supplies necessary for the conduct of our clinical trials or the clinical trials of our collaborators;
- greater than anticipated clinical trial costs;
- delay in the development or approval of companion diagnostic tests for our product candidates;
- unfavorable FDA or other regulatory agency inspection and review of a clinical trial site;
- failure of our third-party contractors or investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner, or at all;
- delays and changes in regulatory requirements, policy and guidelines, including the imposition of additional regulatory oversight around clinical testing generally or with respect to our technology in particular; or
- varying interpretations of data by the FDA and similar foreign regulatory agencies.

We could find that the therapeutics we or our collaborators pursue are not safe or efficacious. Further, a clinical trial may be suspended or terminated by us, our collaborators, the IRBs of the institutions in which such trials are being conducted, the Data Safety Monitoring Board for such trial or by the FDA or other regulatory authorities due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug or therapeutic biologic, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. Furthermore, we expect to rely on our collaborators, CROs and clinical trial sites to ensure proper and timely conduct of our clinical trials and while we expect to enter into agreements governing their committed activities, we have limited influence over their actual performance.

If we or our collaborators experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues or receive royalties from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and approval process and jeopardize our ability to commence product sales and generate revenues. Furthermore, if one or more of our product candidates or our Probody therapeutic technology generally prove to be ineffective, unsafe or commercially unviable, the development of our entire platform and pipeline could be delayed, potentially permanently. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

For example, in March 2020, we made the strategic decision to terminate our Phase 2 clinical trial evaluating CX-072 in combination ipilimumab in melanoma. This decision followed a re-evaluation of the evolving clinical, competitive and commercial landscapes in immuno-oncology, taken together with impact of the COVID-19 pandemic.

Interim, "top-line," and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary or top-line data from our preclinical studies and clinical trials, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. For example, we have reported preliminary data from our clinical trials of CX-072 and CX-2009 at various meetings and at our CytomX 2019 R&D Day. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. Further, as a result of the COVID-19 or for other reasons, we may not be able to collect accurate or complete data at the time we collect such preliminary data, including as a result of the inability of sites to properly record data due to staffing limitations or the inability of patients to visit sites at scheduled times, the inability of CROs to access site data or for other reasons. As a result, the top-line or preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, top-line data should be viewed with caution until the final data are available.

From time to time, we may also disclose interim data from our preclinical studies and clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available or as patients from our clinical trials continue other treatments for their disease. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure.

Our product candidates may cause undesirable side effects at any time during or after the clinical trial process that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any, including withdrawal from the market.

Undesirable side effects caused by our product candidates could cause us, our collaborators or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other regulatory authorities. As is the case with all oncology drugs, there may be immediate or late side effects associated with the use of our product candidates (e.g. CX-072, CX-2009 and CX-2029). There can be no assurance that unexpected adverse events will not occur in our ongoing trials or in future trials involving our product candidates or the product candidates of our collaborators. Undesirable side effects may appear in later trials that were not observed in our earlier trials or may be more severe in later trials than earlier trials.

In May 2020, we reported that the administration of monotherapy CX-072 has been generally well tolerated with the majority of treatment-related adverse events ("TRAEs") as Grade 1/2. At that time, we also reported that of the 114 monotherapy patients treated with 10 mg/kg every two weeks and who were evaluable for safety, 10 (9%) of patients experienced a grade ≥3 TRAE, and 2 (2%) experienced grade ≥3 immune related adverse events (irAEs), with 2 (2%) TRAEs leading to treatment discontinuation. In June 2019, we also reported that at the 10 mg/kg dose the anti-drug antibody ("ADA") rate was approximately 62%. While we do not believe this ADA is impacting our ability to reach targeted drug exposures, we cannot provide assurance that the rate will not change or that it will not later limit drug exposure or cause severe adverse events. We also cannot provide assurance that the rates and the types of adverse events will not increase with time as more patients are treated in ongoing or future studies.

Administration of CX-072 in combination with ipilimumab has been generally well tolerated with the majority of TRAEs as Grade 1/2. In October 2019, we reported that of the 27 patients treated across all combination doses, Grade 3/4 TRAEs were reported in nine (33%) patients and Grade 3/4 irAEs were reported in six (22%) patients. Of the 20 patients treated with ipilimumab at 3 mg/kg at varying doses of CX-072, Grade 3/4 TRAEs were reported in five (25%) patients and Grade 3/4 irAEs were reported in three (15%) patients. We cannot provide assurance that these rates and the types of adverse events will not increase over time with more patients being treated in ongoing or future studies of our product candidates.

Administration of CX-2009 has also been generally well tolerated with most reported TRAEs being Grade 1/2. In May 2020, we announced that 34/92 (37%) patients experienced a Grade 3/4 TRAE. The most common adverse event observed was ocular toxicity, an anticipated toxicity associated with the DM4 payload. Other Grade 3/4 TRAEs included liver function test abnormalities, gastrointestinal disorders and nervous system disorders. We cannot guarantee that these rates and the types of adverse events will not increase over time with more patients being treated in ongoing or future studies.

The results of our future clinical trials or the clinical trials of our collaborators could reveal a high and unacceptable severity of adverse side effects including immune system related adverse events or increased toxicity, and it is possible that patients enrolled in such clinical trials could respond in unexpected ways or otherwise have unexpected adverse events. For example, in October 2019, we announced the initiation of our first Phase 2 clinical trial of CX-072 at a dose level of 10 mg/kg in combination with ipilimumab at a dose level of 3 mg/kg. This dose of ipilimumab in combination with another PD agent, Opdivo® (nivolumab), is often not tolerated by patients. While we believe our Phase 1 clinical data supports this combination, only further clinical testing will determine whether such a combination is tolerable for patients. However, in March 2020, we made the strategic decision to terminate the Phase 2 study evaluating CX-072 in combination with ipilimumab. This decision followed a re-evaluation of the evolving clinical, competitive and commercial landscapes in immuno-oncology, taken together with impact of the COVID-19 pandemic.

In May 2020, we announced that CX-2029 was generally well tolerated at doses up to 3 mg/kg with the most common TRAEs being infusion related reactions, anemia and neutropenia/leukopenia. Grade 3 or greater hematologic TRAEs, anemia and neutropenia, were dose dependent, with anemia being managed with transfusions and supportive care. The etiology of anemia is under investigation and is likely to be multi-factorial, including MMAE-related and CD71 expression on red blood cell precursors. While we believe these TRAEs are

manageable, there can be no assurance that the rate or severity of any of these side effects will not increase over time with more patients being treated in ongoing or future studies.

Additionally, the Phase 2 clinical trial of BMS-986249 being conducted by Bristol Myers Squibb includes the administration of the product candidate at relatively high dosage levels, which could further exacerbate such risks. In our Phase 2 clinical trial with CX-2009 and CX-2029, we are targeting CD166 and CD71, respectively, targets that are broadly expressed on normal tissue, which could create unacceptable toxicity or fail to result in anti-tumor activity. For instance, CD71 is a metabolic protein with high levels of expression in healthy tissues, and the consequences of targeting such protein in humans are unknown. Any future clinical trials of our product candidates could face similar or heightened risks depending on the modality.

In the event that our clinical trials or the clinical trials of our collaborators reveal severe adverse side effects, our trials or the clinical trials of our collaborators could be suspended or terminated and the FDA or comparable foreign regulatory authorities could impose a clinical hold, order us to cease further development of or deny approval of our product candidates for any or all targeted indications. Such side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. For example, in our Phase 1/2 clinical trial of CX-2009, some patients have stopped treatment due to ocular toxicity. While we are using ocular toxicity prophylactic measures in our dose optimization phase and our Phase 2 clinical trial, we cannot be assured that such measures will be effective. In addition, any of these occurrences with respect to one of our product candidates could negatively affect our or any collaborator's ability to enroll patients and seek regulatory approval for other product candidates that we have developed using our Probody platform, which could also result in a collaborator terminating any program utilizing our Probody platform and the termination of such collaborative relationship. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects. Further, clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients and limited duration of exposure, rare and severe side effects of our product candidates may only be uncovered with a significantly larger number of patients exposed to the product candidate.

In the event that any of our product candidates receives regulatory approval and we, our collaborators or others identify undesirable side effects caused by such product or any other Probody therapeutics, any of the following adverse events could occur, which could result in the loss of significant revenue to us and materially and adversely affect our results of operations and business:

- regulatory authorities may withdraw their approval of the product or seize the product;
- we or our collaborators may be required to recall the product or change the way the product is administered to patients;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a "black box" warning or a contraindication;
- we may be required to create a Medication Guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients;
- the product may become less competitive; and
- our reputation may suffer.

In addition, adverse side effects caused by any drugs of other companies utilizing the same or similar anti-bodies of our product candidates, or that are similar in nature to our product candidates could delay or prevent regulatory approval of our product candidates, limit the commercial profile of an approved label for our product candidates, or result in significant negative consequences following marketing approval.

We believe that any of these events could prevent us from achieving or maintaining market acceptance of our product candidates and could substantially increase the costs of commercializing our product candidates, if approved, and significantly impact our ability to successfully commercialize our product candidates and generate revenues.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the United States. Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors, including:

- the ongoing COVID-19 pandemic;
- the size and nature of the target patient population;
- the eligibility criteria for the clinical trial;
- the design of the clinical trial;
- the availability of an appropriate genomic screening test;
- the perceived risks and benefits of the product candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment; and
- the proximity and availability of clinical trial sites for prospective patients.

For example, in March 2020, we announced the temporary pause in new patient enrollment and new site activation in our Phase 2 clinical trial of CX-2009 as a result of the COVID-19 pandemic and there can be no assurances that the COVID-19 pandemic will not continue to have a significant impact on our ability to complete our ongoing clinical trials and enroll patients in any planned or future clinical trials.

In addition, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs or therapeutic biologics that may be approved for the indications we are investigating, could affect our ability to enroll a sufficient number of eligible patients in our clinical trials. As there are currently several PD-1 and/or PD-L1 agents approved for a growing list of cancer types along with thousands of clinical trials exploring the use of PD-1 and PD-L1 agents, there was no assurance that patients would choose to enroll in our clinical trial. While that trial is fully enrolled, there can be no assurance that further trials with CX-072 or our other drug candidates will not be adversely affected by a limited patient population. Our clinical trials of CX-2009 and CX-2029 study patients who have one or a select number of specific tumor types rather than patients suffering from any cancer, which limits the rate of enrollment of the trial. In addition, some of our clinical trials seek to treat indications with small population sizes which could be particularly difficult to enroll. Our clinical trials of CX-2009 and CX-2029 are also competing with thousands of clinical trials with alternative anti-cancer drugs in a similar class (e.g. antibody drug conjugates), and certain arms of the clinical trials may be difficult to enroll due to the emerging standard of care for such indications in certain jurisdictions, including the United States. Any clinical trials of our product candidates initiated by our collaborators, including Bristol Myers Squibb's ongoing Phase 2 clinical trial, face similar and additional risks relating to enrollment. We or our collaborators could also encounter delays in the development of any of our product candidates if prescribing physicians encounter unresolved ethical issues associated with enrolling patients in clinical trials of our product candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles. Any delays relating to patient enrollment could cause significant delays in the timing of our clinical trials or the clinical trials of our collaborators, which may materially and adversely affect our business, financial condition, results of operations and prospects.

Our approach to the discovery and development of our therapeutic treatments is based on novel technologies that are unproven and may not result in marketable products.

We plan to continue to develop a pipeline of product candidates using our proprietary Probody platform. We believe that product candidates (including cancer immunotherapies, PDCs and bispecific antibodies) identified with our product discovery platform may offer an improved therapeutic approach by taking advantage of unique conditions in the tumor microenvironment, thereby reducing the dose-limiting toxic effects associated with traditional antibody products, which can also attack healthy tissue. However, the scientific research that forms the basis of our efforts to develop product candidates based on our Probody platform is ongoing, including the research resulting from our ongoing clinical trials for CX-072, CX-2009 and CX-2029.

We may ultimately discover that our Probody platform and any product candidates resulting from it do not possess certain properties required for therapeutic effectiveness or protection from toxicity. For example, when Probody therapeutics are administered to human subjects, protease levels in tumors may not be sufficient and the peptide mask may not be cleaved, which would limit the potential efficacy of the antibody. In addition, if the peptide mask is inappropriately released, for example, due to an inflammatory disease, it may reduce the potential to limit toxicity of the anti-cancer agent or result in unforeseen events when administered in humans. Binding of the peptide mask to the antigen binding domain of the Probody may not be constant, which could lead to intermittent periods when the antigen binding domain or antibody portion is unmasked. Furthermore, Probody product candidates may not remain stable in the human body for the period of time required for the drug to reach and to bind to the target tissue. In addition, product candidates based on our Probody platform may demonstrate different chemical and pharmacological properties in patients than they do in laboratory studies. Although our Probody platform and certain product candidates have demonstrated successful results in animal studies, they may not demonstrate the same chemical and pharmacological properties in humans and may interact with human biological systems in unforeseen, ineffective or harmful ways. Our understanding of the molecular pharmacology of Probody therapeutics, that is, the precise manner and sequence in which they are activated and behave in vivo, is incomplete. Probody therapeutics are complex biological molecules and we are evaluating the performance of this new technology in cancer patients for the first time. Many specific elements of Probody therapeutic function may contribute to their overall safety and efficacy profile including, but not limited to, the removal of only one mask from the dually masked antibody, the removal of both masks from the dually masked antibody, the binding strength of masks for the underlying antibody, and the binding strength of the underlying antibody for its target. We have limited structural evidence for how masks interact with antibodies. It may take many years before we develop a full understanding of Probody pharmacology, and we may never know precisely how they function in vivo. As with any new biologic or product developed on a novel platform, we have a limited understanding of the immunogenicity profile of Probody therapeutics. As a result, our Probody product candidates may trigger immune responses, such as ADA, that may inhibit the ability of the antibody to reach the target tissue, inhibit the ability of the antibody to bind to its target, cause adverse side effects in humans or cause hypersensitivity reactions. For example, we reported in February 2019 that in our CX-072 trial at the 10 mg/kg dose, the anti-drug antibody (“ADA”) rate was approximately 62%. We do not believe the ADA rate is impacting our ability to reach targeted drug exposures. However, we cannot provide assurance that it will not later limit drug exposure or cause severe adverse events. Problems that are specific to our Probody platform may have an unfavorable impact on all of our product candidates. As a result, we may never succeed in developing a marketable product and we may never become profitable, which would cause the value of our common stock to decline.

In addition, the scientific evidence to support the feasibility of developing product candidates against novel, difficult to drug targets, is both preliminary and limited. For example, our understanding of the expression of CD166 and CD71 in both healthy and diseased tissues is still developing. As a result, we cannot provide any assurance that we will be able to successfully identify and advance any product candidates to target novel, difficult to drug targets.

We believe the only clinical experience that the FDA and foreign regulatory authorities have with Probody-based therapeutics in oncology comes from CX-072, CX-2009, CX-2029 and BMS-986249. We believe that the FDA and foreign regulatory authorities, have no clinical experience in other disease areas, and such limited experience may increase the complexity, uncertainty and length of the regulatory approval process for our product candidates and may keep us from commencing first-in-human trials in certain countries. As there is limited historical precedent for the regulatory clearance of Probody-based therapeutics in oncology, there is a higher degree of risk that the FDA or other regulatory authorities could disagree that we or our collaborators have satisfied their requirements to commence clinical trials for some product candidates or disagree with our study designs, which may require us to complete additional preclinical studies or amend our protocols or impose stricter conditions on the commencement of clinical trials. In addition, local clinical practice in other countries may affect whether we or our collaborators are able to initiate a clinical trial there. As a result, we and our collaborators may never receive approval to market and commercialize any product candidate. Even if we or our collaborators obtain regulatory approval, the approval may be for targets, disease indications or patient populations that are not as broad as we or they intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We or our collaborators may be required to perform additional or unanticipated clinical trials to obtain approval or be subject to post-marketing testing requirements to maintain regulatory approval. If one or more of our product candidates or our Probody technology generally prove to be ineffective, unsafe or commercially unviable, our entire platform and pipeline may have little, if any, value, which would have a material and adverse effect on our business, financial condition, results of operations and prospects.

The market may not be receptive to our product candidates based on a novel therapeutic modality, and we may not generate any future revenue from the sale or licensing of product candidates.

Even if regulatory approval is obtained for a product candidate, we may not generate or sustain revenue from sales of the product due to factors such as whether the product can be sold at a competitive cost and whether it will otherwise be accepted in the market. The product candidates that we are developing are based on our Probody platform, which is a new technology and therapeutic approach. Market participants with significant influence over acceptance of new treatments, such as physicians and third-party payors, may not adopt a product or treatment based on our Probody platform and technologies, and we may not be able to convince the medical community and third-party payors to accept and use, or to provide favorable reimbursement for, any product candidates developed by us or our collaborators. This may be particularly true for any of our product candidates (including CX-072, BMS-986249 and BMS-986288) for which there are existing approved therapies, such as approved agents targeting PD-L1, PD-1, or CTLA-4. Market acceptance of our product candidates will depend on, among other factors:

- the timing of our receipt of any marketing and commercialization approvals;
- the terms of any approvals and the countries in which approvals are obtained;
- the safety and efficacy of our product candidates, including those being developed by our collaborators;
- the prevalence and severity of any adverse side effects associated with our product candidates;
- limitations or warnings contained in any labeling approved by the FDA or other regulatory authority;
- the availability of effective companion diagnostics;
- relative convenience and ease of administration of our product candidates;
- the willingness of patients to accept any new methods of administration;
- the success of our physician education programs;
- the availability of coverage and adequate reimbursement from government and third-party payors;
- the pricing of our products, particularly as compared to alternative treatments; and
- the availability of alternative effective treatments for the disease indications our product candidates are intended to treat and the relative risks, benefits and costs of those treatments.

If any product candidate we commercialize fails to achieve market acceptance, it could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We have entered, and may in the future seek to enter, into collaborations with third parties for the development and commercialization of our product candidates using our Probody platform. If we fail to enter into such collaborations, or such collaborations are not successful, we may not be able to capitalize on the market potential of our Probody platform and resulting product candidates.

Since 2013, we have entered into collaborations with AbbVie, Amgen, Astellas, Bristol Myers Squibb, ImmunoGen, Pfizer and others to develop certain Probody therapeutics. We may in the future seek third-party collaborators for development and commercialization of other therapeutic technologies or product candidates. Biopharmaceutical companies are our prior and likely future collaborators for any marketing, distribution, development, licensing or broader collaboration arrangements. With respect to our existing collaboration agreements, and what we expect will be the case with any future collaboration agreements, we have and would expect to have limited control over whether such collaborations pursue the development of our product candidates or the amount and timing of resources that such collaborators dedicate to the development or commercialization of our product candidates. For instance, in March 2018, Pfizer terminated the collaboration agreement we had entered into with them in May 2013. Such collaboration agreement had entitled Pfizer to nominate up to four research targets and since 2013, we had collaborated with Pfizer on three of such targets. However, no program was ever advanced beyond the lead optimization stage pursuant to the agreement, and Pfizer had previously elected not to select a fourth target and had decided to discontinue its epidermal growth factor receptor Probody Drug Conjugate. In July 2017, ImmunoGen discontinued the preclinical evaluation of one of its two programs being developed under our collaboration and in December 2019, licensed the other program to us, terminating their license agreement from us. In addition, in January 2019, Bristol Myers Squibb terminated its programs for three targets it had selected under our agreement with them. As a result, there can be no assurances that any of the programs covered by our existing or future collaborations will be developed further. Further, our ability to generate revenues from our existing and future arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. Additionally, some of our collaborations may require us to share in certain development and commercialization expenses. If we cannot afford to share such expenses when required, our rights under such collaborations may be adversely affected, including potentially that our collaborator may terminate the relevant agreement.

Overall, collaborations involving our product candidates currently pose, and will continue to pose, the following risks to us:

- collaborators have significant discretion in determining the amount and timing of efforts and resources that they will apply to these collaborations, including, with respect to Bristol Myers Squibb, BMS-986249 and BMS-986288;
- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on preclinical or clinical trial results, changes in the collaborators' strategic focus or available funding or resources, or external factors such as an acquisition that diverts resources or creates competing priorities;
- collaborators have significant discretion in designing any clinical trials they operate pursuant to our collaboration agreements, including Bristol Myers Squibb's ongoing Phase 2 cohort expansion of BMS-986249 and its Phase 1/2 clinical trial of BMS-986288, and may release data from such clinical trials, including with respect to our Probody therapeutics, without consulting us;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing and are not necessarily required to give us information about their clinical data;
- collaborators may independently develop, or develop with third parties, products that compete directly or indirectly with our product candidate if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- collaborators with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products;
- 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 intellectual property or proprietary information or expose us to litigation or potential liability;
- collaborators may infringe, misappropriate or otherwise violate the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our product candidate or that result in costly litigation or arbitration that diverts management attention and resources; and
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates.

As a result of the foregoing, our current and any future collaboration agreements may not lead to development or commercialization of our product candidates in the most efficient manner or at all and may not result in the realization of the benefits we expected to achieve upon our entry into such agreements. Any failure to successfully develop or commercialize our product candidates pursuant to our current or any future collaboration agreements could have a material and adverse effect on our business, financial condition, results of operations and prospects.

If our collaborators cease development efforts under our collaboration agreements, or if any of those agreements are terminated, these collaborations may fail to lead to commercial products and we may never receive milestone payments or future royalties under these agreements.

Substantially all of our revenue to date has been derived from our existing collaboration agreements, including, most recently, the agreement that we entered into with Astellas in March 2020, and a significant portion of our future revenue and cash resources is expected to be derived from these agreements or other similar agreements we may enter into in the future. Revenue from research and development collaborations depend upon continuation of the collaborations, reimbursement of development costs, the achievement of milestones and royalties, if any, derived from future products developed from our research. If our development partners do not select additional targets and we are unable to successfully advance the development of our product candidates or achieve milestones, revenue and cash resources from milestone payments under our collaboration agreements will be substantially less than expected.

In addition, to the extent that any of our collaborators were to terminate a collaboration agreement, we may decide to independently develop these product candidates to the extent we retain development rights. Such development could include funding preclinical or clinical trials, assuming marketing and distribution costs and defending intellectual property rights. Alternatively, in certain instances, we may choose to abandon product candidates altogether. For instance, in March 2018, Pfizer terminated our 2013 collaboration agreement with them, and in January 2019, Bristol Myers Squibb terminated its programs for three targets that it had selected under our agreement with them. The termination of any of our collaboration agreements or individual programs within a collaboration agreement could result in a change to our business plan and may have a material adverse effect on our business, financial condition, results of operations and prospects. If a

collaboration is terminated, we would not be eligible to receive the milestone, royalty or other payments that would have been payable under the collaboration agreement. For example, as a result of ImmunoGen's decision to out-license the EpCAM program and our licensing of the program from them in 2019, their license for the program from us ended and we will not receive milestone or other payments from them.

If we do not achieve our projected development and commercialization goals in the timeframes we announce and expect, the commercialization of any of our product candidates may be delayed, and our business will be harmed.

For planning purposes, we sometimes estimate the timing of the accomplishment of various scientific, clinical, regulatory and other product development objectives. These milestones may include our expectations regarding the commencement or completion of scientific studies and clinical trials, the submission of regulatory filings, or commercialization objectives. From time to time, we may publicly announce the expected timing of some of these milestones, such as the completion of an ongoing clinical trial, the initiation of other clinical programs, receipt of marketing approval, or a commercial launch of a product. The achievement of many of these milestones may be outside of our control. All of these milestones are based on a variety of assumptions which may cause the timing of achievement of the milestones to vary considerably from our estimates, including:

- our available capital resources or capital constraints we experience;
- the rate of progress, costs and results of our clinical trials and research and development activities, including the extent of scheduling conflicts with participating clinicians and collaborators;
- our ability to identify and enroll patients who meet clinical trial eligibility criteria;
- our receipt of approvals by the FDA and other regulatory authorities and the timing thereof;
- other actions, decisions or rules issued by regulators;
- our ability to access sufficient, reliable and affordable supplies of materials used in the manufacture of our product candidates;
- our ability to manufacture and supply clinical trial materials to our clinical sites on a timely basis;
- the efforts of our collaborators with respect to the commercialization of our products; and
- the securing of, costs related to, and timing issues associated with, product manufacturing as well as sales and marketing activities.

For example, in March 2020, we announced the temporary pause in new patient enrollment and new site activation in our Phase 2 clinical trial of CX-2009 as a result of the COVID-19 pandemic and the termination of the Phase 2 clinical trial of CX-072 in combination with ipilimumab after a re-evaluation of the evolving clinical, competitive and commercial landscapes in immuno-oncology, taken together with impact of the COVID-19 pandemic.

If we fail to achieve announced milestones in the timeframes we expect, the commercialization of any of our product candidates may be delayed, and our business and results of operations may be harmed.

We may not successfully engage in strategic transactions, including any additional collaborations we seek, which could adversely affect our ability to develop and commercialize product candidates, impact our cash position, increase our expense and present significant distractions to our management.

Since commencing operations, we have entered into several collaboration agreements, including the agreement that we entered into with Astellas in March 2020. From time to time, we may consider strategic transactions, such as additional collaborations, acquisitions of companies, asset purchases and out- or in-licensing of product candidates or technologies. In particular, we will evaluate and, if strategically attractive, seek to enter into additional collaborations, including with major biotechnology or biopharmaceutical companies. The competition for collaborators is intense, and the negotiation process is time-consuming and complex. Any new collaboration may be on terms that are not optimal for us, and we may not be able to maintain any new collaboration if, for example, development or approval of a product candidate is delayed, sales of an approved product candidate do not meet expectations or the collaborator terminates the collaboration. Any such collaboration, or other strategic transaction, may require us to incur non-recurring or other charges, increase our near- and long-term expenditures and pose significant integration or implementation challenges or disrupt our management or business. These transactions would entail numerous operational and financial risks, including exposure to unknown liabilities, disruption of our business and diversion of our management's time and attention in order to manage a collaboration or develop acquired products, product candidates or technologies, incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs, higher than expected collaboration, acquisition or integration costs, write-downs of assets or goodwill or impairment charges, increased amortization expenses, difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business, impairment of relationships with key suppliers, manufacturers or customers of any acquired business due to changes in management and ownership and the

inability to retain key employees of any acquired business. Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and have a material and adverse effect on our business, financial condition, results of operations and prospects. The termination by a collaborator of a collaboration may cause a decrease in the price of our stock. Conversely, any failure to enter any additional collaboration or other strategic transaction that would be beneficial to us could delay the development and potential commercialization of our product candidates and have a negative impact on the competitiveness of any product candidate that reaches market.

If we are unable to successfully develop companion diagnostic tests for certain of our product candidates, or experience significant delays in doing so, we may not realize the full commercial potential of our product candidates.

Because we are focused on precision medicine, in which predictive biomarkers will be used to identify the right patients for our product candidates, we believe that our success may depend, in part, on the development of companion diagnostic tests. To successfully develop a companion diagnostic test, we would need to address a number of scientific, technical and logistical challenges. However, we have little experience in the development of companion diagnostic tests and may not be successful in developing appropriate tests to pair with any of our product candidates. Companion diagnostic tests are subject to regulation by the FDA and similar regulatory authorities outside the United States as medical devices and require separate regulatory approval prior to commercialization. Given our limited experience in developing companion diagnostic tests, we could seek to rely on third parties to design, manufacture, obtain regulatory approval for any companion diagnostic tests for our product candidates. However, we and such collaborators may encounter difficulties in developing and obtaining approval for the companion diagnostic tests, including issues relating to selectivity/specificity, analytical validation, reproducibility, or clinical validation. Any delay or failure by us or our collaborators to develop or obtain regulatory approval of the companion diagnostic tests could delay or prevent approval of our product candidates. As a result, our business would be harmed, possibly materially.

We rely on third parties to conduct all of our clinical trials and certain of our preclinical studies and intend to continue to do so, and if such third parties do not perform as contractually required, fail to satisfy regulatory or legal requirements or miss expected deadlines, our development programs could be delayed with material and adverse effects on our business, financial condition, results of operations and prospects.

We do not have the ability to independently conduct clinical trials. As such, we currently rely and intend to continue to rely on third-party clinical investigators, CROs, clinical data management organizations and consultants to help us design, conduct, supervise and monitor clinical trials of our product candidates. As a result, we will have less control over the timing, quality and other aspects of our clinical trials than we would have had we conducted them on our own. These investigators, CROs and consultants are not our employees and we have limited control over the amount of time and resources that they dedicate to our programs. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs. The third parties with which we contract might not be diligent, careful or timely in conducting our preclinical studies or clinical trials, resulting in the preclinical studies or clinical trials being delayed or unsuccessful. Furthermore, our third-party contractors, including CROs are being and may continue to be impacted in their ability to conduct our work as a result of the COVID-19 pandemic.

If we cannot contract with acceptable third parties on commercially reasonable terms, or at all, or if these third parties do not carry out their contractual duties, satisfy legal and regulatory requirements for the conduct of preclinical studies or clinical trials or meet expected deadlines, our clinical development programs could be delayed and otherwise adversely affected. In all events, we will be responsible for ensuring that each of our preclinical studies and clinical trials are conducted in accordance with the general investigational plan and protocols for the trial. The FDA requires preclinical studies to be conducted in accordance with good laboratory practices ("GLPs") and clinical trials to be conducted in accordance with good clinical practices ("GCPs"), including for designing, conducting, recording and reporting the results of preclinical studies and clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. Our reliance on third parties that we do not control will not relieve us of these responsibilities and requirements. Any adverse development or delay in our clinical trials could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are currently conducting and will continue to conduct clinical trials and will contract with third-party manufacturers in foreign countries, which could expose us to risks that could have a material adverse effect on the success of our business.

We have enrolled or are planning to enroll patients in our clinical trials outside the United States, including in Europe, Australia and South Korea. Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of this data is subject to certain conditions imposed by the FDA. For example, such clinical trials must be conducted in accordance with GCPs, and the FDA must able to validate the data through an on-site inspection if deemed necessary. Conducting clinical trials outside the United States also exposes us to additional risks, including risks associated with additional foreign regulatory requirements; foreign exchange fluctuations; patient monitoring and compliance; compliance with foreign manufacturing, customs, shipment and storage requirements; the severity of the COVID-19 pandemic in such jurisdictions; and cultural differences in medical practice and clinical research. We are also subject to risks associated with doing business globally, including commercial, political, and financial risks. In addition, we are subject to potential

disruption caused by military conflicts; potentially unstable governments or legal systems; civil or political upheaval or unrest; local labor policies and conditions; possible expropriation, nationalization, or confiscation of assets; problems with repatriation of foreign earnings; economic or trade sanctions; closure of markets to imports; anti-American sentiment; terrorism or other types of violence in or outside the United States; health pandemics; and a significant reduction in global travel. For example, pandemics and public health emergencies, such as the COVID-19 pandemic, have disrupted and delayed and could in the future disrupt or delay enrollment in our clinical trials in Europe, South Korea and elsewhere. Our success will depend, in part, on our ability to overcome the challenges we encounter with respect to these risks and other factors affecting U.S. companies with global operations. If our global clinical trials or foreign third-party suppliers were to experience significant disruption due to these risks or for other reasons, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

Because we have no long-term contracts with and rely on third-party manufacturing and supply partners, most of which are sole source suppliers, our supply of research and development, preclinical and clinical development materials may become limited or interrupted or may not be of satisfactory quantity or quality.

We rely on third-party contract manufacturers to manufacture our clinical trial and preclinical study product supplies which, in addition to having other issues, could be adversely impacted by the COVID-19 pandemic. Most of our clinical trial manufacturing contractors and suppliers are our sole source for their respective manufacturing and supplies. Failure of any of these contractors could put our ability to have clinical trial material available when needed. This could result in a substantial delay of our clinical trials. For each of CX-072, CX-2009 and CX-2029, our manufacturing supply chain includes several contract manufacturers, and failure by any of these manufacturers could result in interruptions of our clinical studies. For example, in November 2019, one of our contract manufacturers that manufactures CX-072 experienced a production failure. If we had not been able to assure sufficient supplies of clinical trial drug product after the production failure, we may have been required to suspend any ongoing trials and postpone future trials. Although we have taken sufficient steps to assure our current supply of CX-072 clinical trial drug product for our ongoing clinical trial and planned clinical trials, there can be no assurance that we will not have future production failures, which could affect our ability to conduct our trials for CX-072, CX-2009, CX-2029 or any other clinical trial drug candidates on our planned timeline or at all. We do not own manufacturing facilities for producing such supplies and do not have any long-term contracts and we do not currently have an alternative to any of our third-party contract manufacturers. There can be no assurance that our preclinical and clinical development product supplies will not be limited, interrupted, or of satisfactory quality or continue to be available at acceptable prices. In particular, any replacement of any of our third-party contract manufacturers could require significant effort and expertise because there may be a limited number of qualified replacements. In addition, we may encounter issues with transferring technology to a new third-party manufacturer, and we may encounter regulatory delays if we need to move the manufacturing of our products from one third-party manufacturer to another. For example, we were dependent on ImmunoGen under our collaboration for certain steps in the manufacturing of clinical quantities of CX-2009. At the end of 2018, ImmunoGen closed their clinical manufacturing facility in Norwood, MA. This site provided clinical manufacturing support for the CX-2009 program. We completed transfer of the drug substance manufacturing process from ImmunoGen to a CMO, where we have an existing relationship and which has expertise in the manufacture of antibody drug conjugates at a clinical and commercial scale. While the manufacturing transfer process has been completed, there can be no assurance that we will not experience a disruption in the supply of CX-2009 as a result of such transfer or that we will not experience any other disruption in the manufacture of CX-2009.

The manufacturing process for a product candidate is subject to FDA and foreign regulatory authority review. Suppliers and manufacturers must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with regulatory standards, such as current Good Manufacturing Practices (“cGMPs”). In the event that any of our manufacturers fails to comply with such requirements or to perform its obligations to us in relation to quality, timing or otherwise, such as the CX-072 manufacturing production failure our contract manufacturer experienced in November 2019, or if our supply of components or other materials becomes limited or interrupted for other reasons, such as one of our manufacturers going out of business, we may be forced to manufacture the materials ourselves, for which we currently do not have the capabilities or resources, or enter into an agreement with another third party, which we may not be able to do on reasonable terms, if at all. In some cases, the technical skills or technology required to manufacture our product candidates may be unique or proprietary to the original manufacturer and we may have difficulty transferring such skills or technology to another third party and a feasible alternative may not exist. These factors would increase our reliance on such manufacturer or require us to obtain a license from such manufacturer in order to have another third party manufacture our product candidates. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. The delays associated with the verification of a new manufacturer could negatively affect our ability to develop product candidates in a timely manner or within budget.

We expect to continue to rely on third-party manufacturers if we receive regulatory approval for any product candidate. To the extent that we have existing, or enter into future, manufacturing arrangements with third parties, we will depend on these third parties to perform their obligations in a timely manner consistent with contractual and regulatory requirements, including those related to quality control and assurance. If we are unable to obtain or maintain third-party manufacturing for product candidates, or to do so on commercially reasonable terms, we may not be able to develop and commercialize our product candidates successfully. We may find that our third-party manufacturer

is unable to scale up the process in order to produce commercial quantities of our products. Our or a third party's failure to execute on our manufacturing requirements and comply with cGMPs could adversely affect our business in a number of ways, including:

- an inability to initiate or continue clinical trials of product candidates under development;
- delay in submitting regulatory applications, or receiving regulatory approvals, for product candidates;
- loss of the cooperation of a collaborator;
- subjecting third-party manufacturing facilities or our manufacturing facilities to additional inspections by regulatory authorities;
- requirements to cease distribution or to recall batches of our product candidates; and
- in the event of approval to market and commercialize a product candidate, an inability to meet commercial demands for our products.

The supply chain for the manufacturing of our product candidates is complicated and can involve many parties. This is especially the case for our clinical stage Probody Drug Conjugates, CX-2009 and CX-2029. If we were to experience any supply chain issues, our product supply could be seriously disrupted. In addition, we expect the logistical challenges associated with our supply chain to grow more complex as additional product candidates commence any clinical trials.

We, or third-party manufacturers, may be unable to successfully scale-up manufacturing of our product candidates in sufficient quality and quantity, which would delay or prevent us from developing our product candidates and commercializing approved products, if any.

It may prove more challenging than we anticipate to manufacture products that incorporate our Probody therapeutic technology. In order to conduct clinical trials of our product candidates, including our clinical trials for CX-072, CX-2009 and CX-2029, we will need to manufacture them in large quantities. To date we have generally been able to successfully manufacture CX-072, CX-2009 and CX-2029 for our ongoing early stage clinical trials. However, in November 2019, we had a production failure at one of our contract manufacturers that manufactured CX-072 for our Phase 1/2 clinical trial and for our future trials. If we had not been able to assure sufficient supplies of clinical trial drug product after the production failure, we may have been required to suspend any ongoing trials and postpone future trials. Although we have taken sufficient steps to assure our current supply of CX-072 clinical trial drug product for our ongoing clinical trial and planned clinical trials, there can be no assurance that we will not have future production failures, which could affect our ability to conduct our trials for CX-072, CX-2009, CX-2029 or any other clinical trial drug candidates on our planned timeline or at all. Furthermore, in order to conduct later stage clinical trials of our product candidates, such as our Phase 2 clinical trial for CX-2009, and eventually, if approved, commercial products, we will need to manufacture them in larger quantities. We, or any manufacturing partners, may be unable to successfully increase the manufacturing scale and capacity for any of our product candidates in a timely or cost-effective manner, or at all. For example, we are currently working with our CMOs to change our manufacturing processes and formulations as well as scaling up for larger drug manufacturing capability and to increase the term of stability for CX-072 drug product and we are scaling up CX-2009 drug product for late stage clinical trials and commercialization. However, we may have to start late stage trials with our early clinical trial drug product and switch to late stage or commercial drug product mid trial. In such event, the FDA will require us to complete bridging studies to compare the earlier stage material with late stage or commercial material to assure comparability between the earlier trial material and the late stage or commercial material. Changing formulation and scaling up the process is a complicated and difficult task. While we believe we can complete this process successfully, there can be no assurances that the changes we make to the drug product and manufacturing process will be successful or completed in a timely manner or that the FDA will not require additional development steps or studies from those we believe are necessary. If we are not able to scale up our manufacturing capabilities with respect to CX-072, CX-2009 or any of our other product candidates, increase the life of drug stability of CX-072 or such other product candidates, or successfully complete the FDA's bridging requirements, we may not be able to successfully obtain FDA approval and commercialize CX-072 or such other product candidates in a timely manner or at all.

Additionally, we were dependent on ImmunoGen under our collaboration for certain steps in the manufacturing of clinical quantities of CX-2009. At the end of 2018, ImmunoGen closed their clinical manufacturing facility in Norwood, Massachusetts, which provided clinical manufacturing support for the CX-2009 program. We completed the transfer of the drug substance manufacturing process from ImmunoGen to a contract manufacturer, where we have an existing relationship and with expertise in the manufacture of antibody drug conjugates at a clinical and commercial scale. While the manufacturing transfer process has been completed, there can be no assurance that we will not experience a disruption in the supply of CX-2009 in connection with such transfer or that we will not experience any other disruption in the manufacturing of CX-2009. In addition, for CX-2029, the manufacturing of additional clinical quantities could be particularly difficult because we are relying on three different parties to manufacture supplies. If we, or any manufacturing partners, are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing, and clinical trials of that product candidate may be delayed or infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business.

We may acquire assets or form strategic alliances in the future, and we may not realize the benefits of such acquisitions.

As we continue to mature our Probody platform and our clinical stage pipeline, we may seek to acquire and/or in-license other oncology products, product candidates, programs or companies that we consider complimentary to our efforts. Such efforts may never result in a transaction and any future growth through acquisition or in-licensing will depend upon the availability of suitable products, product candidates, programs or companies for acquisition or in-licensing on acceptable prices, terms and conditions. Even if appropriate opportunities are available, we may not be able to acquire rights to them on acceptable terms, or at all. The competition to acquire or in-license rights to promising products, product candidates, programs and companies is fierce, and many of our competitors are large, multinational pharmaceutical and biotechnology companies with considerably more financial, development and commercialization resources, personnel, and experience than we have. In order to compete successfully in the current business climate, we may have to pay higher prices for assets than may have been paid historically, which may make it more difficult for us to realize an adequate return on any acquisition. In addition, even if we succeed in identifying promising products, product candidates, programs or companies, we may not have the ability to develop, obtain regulatory approval for and commercialize such opportunities, or the financial resources necessary to pursue them.

Even if we are able to successfully identify and acquire or in-license new products, product candidates, programs or companies, we may not be able to successfully manage the risks associated with integrating any products, product candidates, programs or companies into our business or the risks arising from anticipated and unanticipated problems in connection with an acquisition or in-licensing. Further, while we seek to mitigate risks and liabilities of potential acquisitions through, among other things, due diligence, there may be risks and liabilities that such due diligence efforts fail to discover, that are not disclosed to us, or that we inadequately assess. Any failure in identifying and managing these risks and uncertainties effectively would have a material adverse effect on our business. In any event, we may not be able to realize the anticipated benefits of any acquisition or in-licensing for a variety of reasons, including the possibility that a product candidate fails to advance to clinical development, proves not to be safe or effective in clinical trials, or fails to reach its forecasted commercial potential or that the integration of a product, product candidate, program or company gives rise to unforeseen difficulties and expenditures. Any failure in identifying and managing these risks and uncertainties would have a material adverse effect on our business.

In addition, acquisitions create other uncertainties and risks, particularly when the acquisition takes the form of a merger or other business consolidation. We may encounter unexpected difficulties, or incur unexpected costs, in connection with transition activities and integration efforts, which include:

- high acquisition costs;
- the need to incur substantial debt or engage in dilutive issuances of equity securities to pay for acquisitions;
- the potential disruption of our historical business and our activities under our collaboration agreements;
- the strain on, and need to expand, our existing operational, technical, financial and administrative infrastructure;
- our lack of experience in late-stage product development and commercialization;
- the difficulties in assimilating employees and corporate cultures;
- the difficulties in hiring qualified personnel and establishing necessary development and/or commercialization capabilities;
- the failure to retain key management and other personnel;
- the challenges in controlling additional costs and expenses in connection with and as a result of the acquisition;
- the need to write down assets or recognize impairment charges;
- the diversion of our management’s attention to integration of operations and corporate and administrative infrastructures; and
- any unanticipated liabilities for activities of or related to the acquired business or its operations, products or product candidates.

If we fail to integrate or otherwise manage an acquired business successfully and in a timely manner, resulting operating inefficiencies could increase our costs more than we planned, could negatively impact the market price of our common stock and could otherwise distract us from execution of our strategy. Failure to maintain effective financial controls and reporting systems and procedures could also impact our ability to produce timely and accurate financial statements.

We may expend our limited resources to pursue a particular product candidate and fail to capitalize on product candidates that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we focus on specific product candidates and indications, including CX-072, CX-2009 and CX-2029. As a result, we may forgo or delay pursuit of opportunities with those products in other indications or with other product candidates that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize

on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable product candidates. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

We may experience difficulties in managing our growth and expanding our operations successfully.

We will need to grow our organization substantially to continue development and pursue the potential commercialization of CX-072, CX-2009 and CX-2029 and our other product candidates, as well as function as a public company. As we increase the number of our product candidates entering and advancing through preclinical studies and clinical trials, we will need to expand our development, regulatory and manufacturing capabilities or contract with additional organizations to provide these capabilities for us. In addition, we expect our collaborations to require greater resources as the development of our product candidates under such agreements progresses. In the future, we expect to also have to manage additional relationships with collaborators or partners, suppliers and other organizations. In particular, if the third-parties on which we currently rely are not capable of delivering services or supplies in a manner that is sufficient to meet our requirements as we expand our operations, we could be required to contract with new third parties and there can be no assurances that the services or supplies of such third parties will be available on commercially reasonable terms, or at all. Furthermore, our ability to manage our operations and future growth will require us to continue to increase headcount as well as improve our operational, financial and management controls, reporting systems and procedures. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls.

We face competition from entities that have developed or may develop product candidates for cancer, including companies developing novel treatments and technology platforms. If these companies develop technologies or product candidates more rapidly than we do or their technologies are more effective, our ability to develop and successfully commercialize product candidates may be adversely affected.

The development and commercialization of drugs and therapeutic biologics is highly competitive. We compete with a variety of multinational biopharmaceutical companies and specialized biotechnology companies, as well as technology being developed at universities and other research institutions. Our competitors have developed, are developing or will develop product candidates and processes competitive with our product candidates. Competitive therapeutic treatments include those that have already been approved and accepted by the medical community and any new treatments that enter the market. We believe that a significant number of products are currently under development, and may become commercially available in the future, for the treatment of conditions for which we may try to develop product candidates. Additionally, there is intense and rapidly evolving competition in the biotechnology, biopharmaceutical and antibody and immunoregulatory therapeutics fields, and our competitors include larger and better funded biopharmaceutical, biotechnological and therapeutics companies. In addition, these companies compete with us in recruiting scientific and managerial talent.

We believe that while our Probody platform, its associated intellectual property and our scientific and technical know-how, give us a competitive advantage in this space, competition from many sources remains. The clinical development pipeline for cancer includes small molecules, antibodies and therapies from a variety of groups. In addition, numerous compounds are in clinical development for cancer treatment. As a result, our success will partially depend on our ability to develop and protect therapeutics that are safer and more effective than competing products. Our commercial opportunity and success will be reduced or eliminated if competing products that are safer, more effective, or less expensive than the therapeutics we develop or if we are unable to utilize our Probody therapeutic technology to differentiate our Probody therapeutics from the products of our competitors. For instance, if any of our lead product candidates, including, CX-2009 and CX-2029 are approved, they will compete with a range of therapeutic treatments that are either in development or currently marketed. A variety of oncology drugs and therapeutic biologics are currently on the market or in clinical development. The market for immunotherapies like CX-072 is, in particular, highly competitive and the field is changing quickly. In March 2020, we made the strategic decision to terminate our Phase 2 study evaluating CX-072 in combination ipilimumab. This decision followed a re-evaluation of the evolving clinical, competitive and commercial landscapes in immuno-oncology, taken together with impact of the COVID-19 pandemic. Given the amount of time required to successfully develop and obtain regulatory approval for each of our product candidates, it is therefore possible that by the time we obtain any such approval, if ever, and commence sales, we may no longer be able to differentiate such product candidate from those of our competitors.

We face substantial competition from pharmaceutical companies developing products in immuno-oncology, including companies, such as Amgen, AstraZeneca PLC, Bristol Myers Squibb, Celgene, GlaxoSmithKline plc, Merck & Co., Inc. Novartis AG, Pfizer, Roche Holding Ltd. and Sanofi SA. Many large and mid-sized biotech companies, including BeiGene, Incyte, Nektar, and Alkermes have ongoing efforts in cancer immunotherapy. Finally, numerous small companies are also working in the space. Several companies, including Xilio, Amgen, Amunix, BioAtla, Halozyme, Maverick Therapeutics, Pandion Therapeutics, Revitope, Roche, and Seattle Genetics are exploring antibody masking and/or conditional activation strategies, which could compete with our Probody Platform. We are also aware of several companies that are developing ADCs, such as AbbVie, Immunomedics, ImmunoGen, Seattle Genetics, Pfizer, Roche Holding Ltd. and Takeda. Furthermore, several large pharmaceutical companies, including Amgen, Novartis AG and Roche Holding Ltd., are developing T-cell

engaging immunotherapies, and we are aware of several mid-sized biotech companies, such as Macrogenics and Xencor, and small companies with ongoing efforts to develop T-cell engaging immunotherapies. Any of these companies may be well-capitalized and may have significant clinical experience. In addition, these companies include our collaborators.

Many of our competitors have significantly greater financial, technical, manufacturing, marketing, sales and supply resources or experience than we do. If we successfully obtain approval for any product candidate, we will face competition based on many different factors, including the safety and effectiveness of our products, the ease with which our products can be administered and the extent to which patients accept relatively new routes of administration, the timing and scope of regulatory approvals for these products, the availability and cost of manufacturing, marketing and sales capabilities, price, reimbursement coverage and patent position. Competing products could present superior treatment alternatives, including by being more effective, safer, less expensive or marketed and sold more effectively than any products we may develop. Competitive products may make any products we develop less differentiated or noncompetitive before we recover the expense of developing and commercializing our product candidates. Such competitors could also recruit our employees, which could negatively impact our level of expertise and our ability to execute our business plan.

Any inability to attract and retain qualified key management and technical personnel would impair our ability to implement our business plan.

Our success largely depends on the continued service of key management, advisors and other specialized personnel, including Sean A. McCarthy, D.Phil., our president and chief executive officer, and Amy C. Peterson, M.D., our chief development officer. The loss of one or more members of our management team or other key employees or advisors could delay our research and development programs and have a material and adverse effect on our business, financial condition, results of operations and prospects. The relationships that our key managers have cultivated within our industry make us particularly dependent upon their continued employment with us. We are dependent on the continued service of our technical personnel because of the highly technical nature of our product candidates and technologies and the specialized nature of the regulatory approval process. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time without penalty. Our future success will depend in large part on our continued ability to attract and retain other highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical testing, manufacturing, governmental regulation and commercialization. We face competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations, especially as job opportunities in the biotechnology industry have recently increased significantly in the San Francisco Bay Area.

If any of our product candidates are approved for marketing and commercialization and we are unable to develop sales, marketing and distribution capabilities on our own or enter into agreements with third parties to perform these functions on acceptable terms, we will be unable to commercialize successfully any such future products.

We currently have no sales, marketing or distribution capabilities or experience. If any of our product candidates is approved, we will need to develop internal sales, marketing and distribution capabilities to commercialize such products, which would be expensive and time-consuming, or enter into collaborations with third parties to perform these services. If we decide to market our products directly, we will need to commit significant financial and managerial resources to develop a marketing and sales force with technical expertise and supporting distribution, administration and compliance capabilities. If we rely on third parties with such capabilities to market our products or decide to co-promote products with collaborators, we will need to establish and maintain marketing and distribution arrangements with third parties, and there can be no assurance that we will be able to enter into such arrangements on acceptable terms or at all. In entering into third-party marketing or distribution arrangements, any revenue we receive will depend upon the efforts of the third parties and there can be no assurance that such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance of any approved product. If we are not successful in commercializing any product approved in the future, either on our own or through third parties, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our future growth may depend, in part, on our ability to operate in foreign markets, where we would be subject to additional regulatory burdens and other risks and uncertainties.

Our future growth may depend, in part, on our ability to develop and commercialize our product candidates in foreign markets for which we may rely on collaboration with third parties. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the applicable regulatory authority in that foreign market, and we may never receive such regulatory approval for any of our product candidates. To obtain separate regulatory approval in many other countries we must comply with numerous and varying regulatory requirements of such countries regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution of our product candidates, and we cannot predict success in these jurisdictions. If we obtain approval of our product candidates and ultimately commercialize our product candidates in foreign markets, we would be subject to the risks and uncertainties, including the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements and the reduced protection of intellectual property rights in some foreign countries. We may need to rely on third parties to market, distribute and sell our products in foreign markets.

Price controls imposed in foreign markets may adversely affect our future profitability.

In some countries, particularly member states of the European Union, the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries, we or future collaborators may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our Probody therapeutic candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of any product candidate approved for marketing is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business, financial condition, results of operations or prospects could be materially and adversely affected. We currently do not know how the exit of the United Kingdom from the European Union will affect the pricing of prescription drugs, either in the United Kingdom or in the remaining European Union member states.

Our business entails a significant risk of product liability and our ability to obtain sufficient insurance coverage could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are exposed to significant product liability risks inherent in the development, testing, manufacturing and marketing of therapeutic treatments, including as a result of the clinical testing of CX-072, CX-2009, CX-2029, BMS-986249, BMS-986288 and any of our other product candidates or those of our collaborators. Product liability claims could delay or prevent completion of our development programs. If we succeed in marketing product candidates, such claims could result in an FDA investigation of the safety and effectiveness of our product candidates, our manufacturing processes and facilities (or the manufacturing processes and facilities of our third-party manufacturers) or our marketing programs and potentially a recall of our products or more serious enforcement action, limitations on the approved indications for which they may be used or suspension or withdrawal of approvals. Regardless of the merits or eventual outcome, liability claims may also result in decreased demand for our products, injury to our reputation, costs to defend the related litigation, a diversion of management's time and our resources, substantial monetary awards to trial participants or patients and a decline in our stock price. We currently have insurance that we believe is appropriate for our stage of development and may need to obtain higher levels of insurance prior to marketing any of our product candidates. Any insurance we have or may obtain may not provide sufficient coverage against potential liabilities. Furthermore, clinical trial and product liability insurance is becoming increasingly expensive. As a result, we may be unable to obtain sufficient insurance at a reasonable cost to protect us against losses caused by product liability claims that could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our employees and independent contractors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of fraud or other misconduct by our employees or independent contractors. Misconduct by these parties could include intentional failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we may establish, comply with federal and state data privacy, security, fraud and abuse, and other healthcare laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Activities subject to these laws could also involve the improper use or misrepresentation of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. Additionally, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a material and adverse effect on our business, financial condition, results of operations and prospects, including the imposition of significant fines or other sanctions.

Our information technology systems, or those of our CROs or other contractors or consultants we may utilize, may fail, suffer disruptions or suffer security breaches, which could result in a material disruption of our product development programs.

Our information technology and other internal infrastructure systems and those of our CROs and contractors and consultants, including corporate firewalls, servers, leased lines and connection to the Internet, face the risk of systemic failure and may be vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Such events could cause interruptions of our operations. For instance, the loss of data from any current or future clinical trial or data from any preclinical

studies involving our product candidates could result in delays in our development and regulatory filing efforts and significantly increase our costs. These challenges have been made more difficult by the COVID-19 pandemic and resulting shelter-in-place and stay-at-home restrictions, which are driving greater dependency on remote working technology and electronic monitoring of clinical trial sites. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data, or inappropriate disclosure of confidential or proprietary information, we could incur liability, recovery of our data could take a prolonged period of time, and the development of our research or product candidates could be delayed.

Cybersecurity breaches and other disruptions could compromise our information, including the theft of our intellectual property, and could expose us to liability, which could cause our business and reputation to suffer.

We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we collect and store confidential and sensitive electronic information on our networks and in our data centers. This information includes, among other things, our intellectual property and proprietary information, the confidential information of our collaborators and licensees, and the personally identifiable information of our employees. It is important to our operations and business strategy that this electronic information remains secure and is perceived to be secure. The size and complexity of our information technology systems, and those of third-party vendors with whom we contract, and the volume of data we retain, make such systems potentially vulnerable to breakdown, malicious intrusion, security breaches and other cyber-attacks. Information security risks have significantly increased in recent years in part due to the proliferation of new technologies and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign private parties and state actors. A security breach or privacy violation that leads to disclosure or modification of or prevents access to personally identifiable information or other protected information could harm our reputation, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect personal data, resulting in increased costs or loss of revenue. Similarly, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to remedy. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, our operations could be disrupted, and we may suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. Moreover, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information, trade secrets or other intellectual property. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. While we have implemented security measures to protect our data security and information technology systems, such measures may not prevent such events. Significant disruptions of our information technology systems or breaches of data security could have a material adverse effect on our business, financial condition and results of operations.

If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected.

Our research and development activities involve the use of hazardous materials and various chemicals. We maintain quantities of various flammable and toxic chemicals in our facilities in South San Francisco, California that are required for our research and development activities. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. We believe our procedures for storing, handling and disposing these materials in our South San Francisco facilities comply with the relevant guidelines of South San Francisco, the state of California and the Occupational Safety and Health Administration of the U.S. Department of Labor. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by applicable regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of animals and biohazardous materials. Although we maintain workers' compensation insurance to cover us for costs and expenses, we may incur due to injuries to our employees resulting from the use of these materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological or hazardous materials. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

Our current operations are concentrated in one location, and we or the third parties upon whom we depend may be adversely affected by earthquakes or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our current operations are located in our facilities in South San Francisco, California. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics, power shortage, telecommunication failure or other natural or manmade accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party contract manufacturers, may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our product candidates or interruption of our business operations. Earthquakes or other natural disasters could further disrupt our operations and have a material and adverse effect on our business, financial condition, results of operations and prospects. If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our research facilities or the manufacturing facilities of our third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. For example, in March 2020, the COVID-19 pandemic caused us to restrict access to our facility, and initiate a work-from-home program limiting onsite activity to a substantially reduced level of laboratory research activities. Although we have gradually increased levels of our laboratory research activities, there can be no assurance that we will be able to continue to increase or maintain current levels of such activity or that the COVID-19 pandemic will not continue to impact our ability to conduct business.

The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, could have a material and adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities, or the manufacturing facilities of our third-party contract manufacturers, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the U.S.

We prepare our financial statements in conformity with accounting principles generally accepted in the U.S. These accounting principles are subject to interpretation by the Financial Accounting Standards Board (“FASB”) and the SEC. A change in these policies or interpretations could have a significant effect on our reported financial results, may retroactively affect previously reported results, could cause unexpected financial reporting fluctuations, and may require us to make costly changes to our operational processes and accounting systems. For example, in May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaced most existing revenue recognition guidance in the U.S. GAAP when it became effective. The new standard was effective at the beginning of our fiscal year 2018 with early adoption permitted for our fiscal year 2017. We evaluated the impact of ASU 2014-09 on our financial statements and adoption of the standard had a significant impact on our financial statements and retroactively affected the accounting treatment of transactions completed before adoption. Additionally, for the purpose of revenue recognition, we are required to estimate research service periods as well as the related cost to completion, of our research development program. Such estimates are inherently uncertain and may result in changes in estimates to financial statements in subsequent periods.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “IRC”), if a corporation undergoes an “ownership change” (generally defined as a greater than 50 percentage points change (by value) in the ownership of its equity over a rolling three-year period), the corporation’s ability to use its pre-change net operating loss carryforwards and certain other pre-change tax attributes to offset its post-change income and taxes may be limited. California has similar rules. For example, we performed an IRC Section 382 analysis in 2017 and determined there was an ownership change that resulted in Section 382 limitations. The ownership change limited our ability to utilize net operating losses against taxable income in 2018 for both federal and California tax purposes. The remaining net operating losses and credit will be available in future years before expiration during their respective carryforward periods. We may experience ownership changes in the future as a result of shifts in our stock ownership, some of which are outside our control, and our ability to utilize net operating loss carryforwards could be limited by an “ownership change” as described above, which could result in additional increased tax liability to the Company.

Changes in U.S. or foreign tax laws or regulations that are applied adversely to us may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business and financial condition. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act (the "Tax Act"), enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. In addition, it is uncertain if and to what extent various states will conform to the Tax Act or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future tax expense. Recent presidential candidate proposals for U.S. tax legislation could have a material adverse effect on our future business, financial condition and results of operations.

Risks Related to Intellectual Property

If we are not able to obtain and enforce patent protection for our technologies or product candidates, development and commercialization of our product candidates may be adversely affected.

Our success depends in part on our ability to obtain and maintain patents and other forms of intellectual property rights, including in-licenses of intellectual property rights of others, for our product candidates, methods used to manufacture our product candidates and methods for treating patients using our product candidates, as well as our ability to preserve our trade secrets, to prevent third parties from infringing upon our proprietary rights and to operate without infringing upon the proprietary rights of others. We have a substantial number of issued patents and pending patent applications, some of which are co-owned with a third party, covering our Probody platforms and products as well as methods of use and production thereof; we have exclusively licensed UCSB's interest in the patent family co-owned with UCSB that covers Probody and other pro-protein technology in the fields of therapeutics, *in vivo* diagnostics and prophylactics. In addition, we have exclusively licensed a patent portfolio of three patent families from UCSB that includes patents and patent applications that cover compositions and methods related to the screening for and identification of the masks and protease-cleavable linkers that we incorporate into our Probody candidates. We may not be able to apply for patents on certain aspects of our product candidates in a timely fashion or at all. Our existing issued and granted patents and any future patents we obtain may not be sufficiently broad to prevent others from using our technology or from developing competing products and technology. There is no guarantee that any of our pending patent applications will result in issued or granted patents, that any of our issued or granted patents will not later be found to be invalid or unenforceable or that any issued or granted patents will include claims that are sufficiently broad to cover our product candidates or to provide meaningful protection from our competitors. Moreover, the patent position of biotechnology and biopharmaceutical companies can be highly uncertain because it involves complex legal and factual questions. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our current and future proprietary technology and product candidates are covered by valid and enforceable patents or are effectively maintained as trade secrets. If third parties disclose or misappropriate our proprietary rights, it may materially and adversely affect our position in the market.

The U.S. Patent and Trademark Office ("USPTO") and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case. The standards applied by the USPTO and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology and biopharmaceutical patents. As such, we do not know the degree of future protection that we will have on our proprietary products and technology. While we will endeavor to try to protect our product candidates with intellectual property rights such as patents, as appropriate, the process of obtaining patents is time-consuming, expensive and sometimes unpredictable.

In addition, there are numerous recent changes to the patent laws and proposed changes to the rules of the USPTO that may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. For example, the America Invents Act ("AIA") enacted within the last several years involves significant changes in patent legislation. The Supreme Court has ruled on several patent cases in recent years, some of which cases either narrow the scope of patent protection available in certain circumstances or weaken the rights of patent owners in certain situations. The recent decision by the Supreme Court in *Association for Molecular Pathology v. Myriad Genetics, Inc.* precludes a claim to a nucleic acid having a stated nucleotide sequence that is identical to a sequence found in nature and has not been modified. We currently are not aware of an immediate impact of this decision on our patents or patent applications because we are developing product candidates that contain modifications, such as our Probody substrates and masks, that we believe are not found in nature. However, this decision has yet to be clearly interpreted by courts and by the USPTO. We cannot assure you that the interpretations of this decision or subsequent rulings will not adversely impact our patents or patent applications. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained.

Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

Once granted, patents may remain open to opposition, interference, re-examination, post-grant review, inter parties review, nullification or derivation action in court or before patent offices or similar proceedings for a given period after allowance or grant, during which time third parties can raise objections against such initial grant. In the course of such proceedings, which may continue for a protracted period of time, the patent owner may be compelled to limit the scope of the allowed or granted claims thus attacked, or may lose the allowed or granted claims altogether. In addition, there can be no assurance that:

- Others will not or may not be able to make, use or sell compounds that are the same as or similar to our product candidates but that are not covered by the claims of the patents that we own or license.
- We or our licensors, or our collaborators are the first to make the inventions covered by each of our issued patents and pending patent applications that we own or license.
- We or our licensors, or our collaborators are the first to file patent applications covering certain aspects of our inventions.
- Others will not independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our intellectual property rights.
- A third party may not challenge our patents and, if challenged, a court would hold that our patents are valid, enforceable and infringed.
- Any issued patents that we own or have licensed will provide us with any competitive advantages, or will not be challenged by third parties.
- We may develop additional proprietary technologies that are patentable.
- The patents of others will not have a material or adverse effect on our business, financial condition, results of operations and prospects.
- Our competitors do not conduct research and development activities in countries where we do not have enforceable patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets.

Other companies or organizations may challenge our or our licensors' patent rights or may assert patent rights that prevent us from developing and commercializing our products.

Probody therapeutics are a relatively new scientific field. We have obtained grants and issuances of Probody therapeutic patents and have licensed one patent family comprising several of these patents from a third party on an exclusive basis for therapeutics applications. The issued patents and pending patent applications in the United States and in key markets around the world that we own or license claim many different methods, compositions and processes relating to the discovery, development, manufacture and commercialization of antibody and immunoregulatory therapeutics. Specifically, we own and have licensed a portfolio of patents, patent applications and other intellectual property covering Probody compositions of matter as well as their methods of manufacturing and use.

As the field of antibody and immunoregulatory therapeutics matures, patent applications are being processed by national patent offices around the world. There is uncertainty about which patents will issue, and, if they do, as to when, to whom, and with what claims. In addition, third parties may attempt to invalidate our intellectual property rights.

Even if our rights are not directly challenged, disputes could lead to the weakening of our intellectual property rights. Our defense against any attempt by third parties to circumvent or invalidate our intellectual property rights could be costly to us, could require significant time and attention of our management and could have a material and adverse effect on our business, financial condition, results of operations and prospects or our ability to successfully compete.

There are many issued and pending patents that claim aspects of our product candidates and modifications that we may need to apply to our product candidates. There are also many issued patents that claim antibodies or portions of antibodies that may be relevant for Probody products we wish to develop. Thus, it is possible that one or more organizations will hold patent rights to which we will need a license. If those organizations refuse to grant us a license to such patent rights on reasonable terms, we may not be able to market products or perform research and development or other activities covered by these patents.

We may not be able to protect our intellectual property rights throughout the world.

Obtaining a valid and enforceable issued or granted patent covering our technology in the U.S. and worldwide can be extremely costly. In jurisdictions where we have not obtained patent protection, competitors may use our technology to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but where it is more difficult to enforce a patent as compared to the U.S. Competitor products may compete with our future products in jurisdictions where we do not have issued or granted patents or where our issued or granted patent claims or other intellectual property rights are not sufficient to prevent competitor activities in these jurisdictions. The legal systems of certain countries, particularly certain developing countries, make it difficult to enforce patents and such countries may not recognize other types of intellectual property protection, particularly that relating to biopharmaceuticals. This could make it difficult for us to prevent the infringement of our patents or marketing of competing products in violation of our proprietary rights generally in certain jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

We generally file a provisional patent application first (a priority filing) at the USPTO. An international application under the Patent Cooperation Treaty ("PCT") is usually filed within twelve months after the priority filing. Based on the PCT filing, national and regional patent applications may be filed in the United States, Europe, Japan, Australia and Canada and, depending on the individual case, also in any or all of, *inter alia*, Brazil, China, Hong Kong, India, Indonesia, Israel, Malaysia, Mexico, New Zealand, Russia or Eurasian Patent Organization, Singapore, South Africa, South Korea and other jurisdictions. We have so far not filed for patent protection in all national and regional jurisdictions where such protection may be available. In addition, we may decide to abandon national and regional patent applications before grant. Finally, the grant proceeding of each national or regional patent is an independent proceeding which may lead to situations in which applications might in some jurisdictions be refused by the relevant registration authorities, while granted by others. It is also quite common that depending on the country, various scopes of patent protection may be granted on the same product candidate or technology.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws in the U.S., and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions. Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. 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 such patent. If we or any of our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position in the relevant jurisdiction may be impaired and our business and results of operations may be adversely affected.

We or our licensors, or any future strategic partners may become subject to third party claims or litigation alleging infringement of patents or other proprietary rights or seeking to invalidate patents or other proprietary rights, and we may need to resort to litigation to protect or enforce our patents or other proprietary rights, all of which could be costly, time consuming, delay or prevent the development and commercialization of our product candidates, or put our patents and other proprietary rights at risk.

We or our licensors, or any future strategic partners may be subject to third-party claims for infringement or misappropriation of patent or other proprietary rights. We are generally obligated under our license or collaboration agreements to indemnify and hold harmless our licensors or collaborators for damages arising from intellectual property infringement by us. For example, in March 2020, Vytacera Bio, LLC filed a patent infringement lawsuit against the Company in the U.S. District Court for the District of Delaware. The lawsuit alleges that the Company's use, offers to sell, and/or sales of the Probody technology platform for basic research applications constitutes infringement. The complaint seeks unspecified monetary damages. The Company believes that the lawsuit is without merit and intends to vigorously defend itself. However, there can be no assurance that a court might not rule against us in these proceedings. Even if we are successful in defending against such claim, this litigation could divert management's attention, as well as our resources, from our business and any claims paid out of our cash reserves would harm our financial condition and operating results.

If we or our licensors, or any future strategic partners are found to infringe a third-party patent or other intellectual property rights, we could be required to pay damages, potentially including treble damages, if we are found to have willfully infringed. In addition, we or our licensors, or any future strategic partners may choose to seek, or be required to seek, a license from a third party, which may not be available on acceptable terms, if at all. Even if a license can be obtained on acceptable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. If we fail to obtain a required license, we or our collaborators may be unable to effectively market product candidates based on our technology, which could limit our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations. In addition, we may find it necessary to pursue claims or initiate lawsuits to protect or enforce our patent or other intellectual property rights. The cost to us in defending or initiating any litigation or other proceeding relating to patent or other proprietary rights, even if resolved in our favor, could be substantial, and litigation would divert our management's attention. Some of our competitors may be able to sustain the costs of complex

patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and limit our ability to continue our operations.

If we were to initiate legal proceedings against a third party to enforce a patent covering one of our products or our technology, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigation in the U.S., defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on one or more of our products or certain aspects of our platform technology. Such a loss of patent protection could have a material and adverse effect on our business, financial condition, results of operations and prospects. Patents and other intellectual property rights also will not protect our technology if competitors design around our protected technology without legally infringing, misappropriating or otherwise violating our patents or other intellectual property rights.

Intellectual property rights of third parties could adversely affect our ability to commercialize our product candidates, and we might be required to litigate or obtain licenses from third parties in order to develop or market our product candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms.

Because the antibody landscape is still evolving, including the masked antibody landscape, it is difficult to conclusively assess our freedom to operate without infringing on third-party rights. There are numerous companies that have pending patent applications and issued patents broadly covering antibodies generally or covering antibodies directed against the same targets as, or targets similar to, those we are pursuing. There are many issued patents and patent applications covering antibodies targeted against PD-1 and PD-L1, and the intellectual property covering PD-1 and PD-L1 antibodies has been the subject of litigation and licensing, especially regarding how broadly certain claims should be construed. If the claims were to be construed broadly by the courts, we may need to obtain a license to some of such intellectual property, covering PD-1 and/or PD-L1 antibodies, which would decrease the profits we would realize from the sale of such products. An increasing number of third parties are filing masked antibody patent applications, several of which contain claims that are patterned after our own patent claims. Our competitive position may suffer if patents issued to third parties or other third-party intellectual property rights cover our products or product candidates or elements thereof, or our manufacture or uses relevant to our development plans. In such cases, we may not be in a position to develop or commercialize products or product candidates unless we successfully pursue litigation to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our Probody therapeutic technologies. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our Probody therapeutic technologies. If such an infringement claim should be brought and be successful, we may be required to pay substantial damages, be forced to abandon our product candidates or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that we have failed to identify relevant third-party patents or applications. For example, U.S. applications filed before November 29, 2000 and certain U.S. applications filed after that date that will not be filed outside the U.S. remain confidential until patents issue. Patent applications in the U.S. and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our products or platform technology could have been filed by others without our knowledge. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our products or the use of our products. Third-party intellectual property right holders may also actively bring infringement claims against us. We cannot guarantee that we will be able to successfully settle or otherwise resolve such infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing our products. If we fail in any such dispute, in addition to being forced to pay damages, we may be temporarily or permanently prohibited from commercializing any of our product candidates that are held to be infringing. We might, if possible, also be forced to redesign product candidates so that we no longer infringe the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Litigation, including the ongoing patent infringement lawsuit brought by Vytacera Bio, LLC (“Vytacera”) against us, or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time consuming and

is likely to divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating or otherwise violating or from successfully challenging our intellectual property rights. For example, although we believe the Vytacera lawsuit is without merit and we intend to vigorously defend ourselves, we cannot provide any assurance that we will be successful. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material and adverse effect on our ability to compete in the marketplace.

If we fail to comply with our obligations under any license, collaboration or other agreements, we may be required to pay damages and could lose our rights to intellectual property rights that are necessary for developing and protecting our product candidates or we could lose certain rights to grant sublicenses.

Our licenses from Amgen, ImmunoGen and UCSB impose, and any future licenses we enter into are likely to impose, various development, commercialization, funding, diligence, sublicensing, insurance, patent prosecution and enforcement and/or other obligations on us, including various payment obligations such as milestone and royalty payments and payments based on sublicensing revenues. Our rights under our agreements with our licensors or collaborators may be limited or modified according to their terms. Additionally, if we breach any of these obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, which could result in us being unable to develop, manufacture and sell products that are covered by the licensed technology or enable a competitor to gain access to the licensed technology. Moreover, our licensors and collaborators may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing, misappropriating or otherwise violating the licensor's rights. In addition, while we cannot currently determine the amount of the royalty or sublicense revenue payment obligations we would be required to pay on development or sales of future products, if any, the amounts may be significant. The amount of our future royalty or sublicense revenue payment obligations will depend on the technology and intellectual property we use in products that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize products, we may be unable to achieve or maintain profitability.

Our intellectual property agreements with our licensors, collaborators and third parties may be subject to disagreements over contract interpretation, which could narrow the scope of, or result in termination of, our rights to the relevant intellectual property or technology or increase our financial or other obligations to such third parties.

Certain provisions in our intellectual property agreements may be susceptible to multiple interpretations. For example, we may disagree with our licensors or collaborators regarding whether, when and to what extent various obligations under these agreements apply to certain of our product candidates and products, including various payment, development, commercialization, funding, diligence, sublicensing, insurance, patent prosecution and enforcement and/or other obligations. The resolution of any contract interpretation disagreement that may arise could affect the scope of our rights to the relevant intellectual property or technology, or affect financial or other obligations under the relevant agreement. In either case, such disagreement could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact conceives or develops intellectual property that we regard as our own. Our assignment agreements may not be self-executing or may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patent protection for certain aspects of our product candidates, we also consider trade secrets, including confidential and unpatented know-how, important to the maintenance of our competitive position. We protect trade secrets and confidential and unpatented know-how, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to such knowledge, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants,

advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants that obligate them to maintain confidentiality and assign their inventions to us.

Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts in the U.S. and certain foreign jurisdictions are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

We may be subject to claims that we or our employees or consultants have wrongfully used or disclosed alleged trade secrets of our employees' or consultants' former employers or their clients. These claims may be costly to defend and if we do not successfully do so, we may be required to pay monetary damages and may lose valuable intellectual property rights or personnel.

Many of our employees were previously employed at universities or biotechnology or biopharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper our ability to commercialize, or prevent us from commercializing, our product candidates, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

Risks Related to Government Regulation

We may be unable to obtain or be delayed in obtaining U.S. or foreign regulatory approval and, as a result, be unable or delayed in being able to commercialize our product candidates.

Our product candidates that we are currently developing are regulated as therapeutic biologics that are subject to requirements for review and approval of a BLA by the FDA's Center for Drug Evaluation and Research ("CDER"). Therefore, our product candidates are subject to extensive governmental regulations relating to, among other things, research, testing, development, manufacturing, safety, efficacy, approval, recordkeeping, reporting, labeling, storage, packaging, advertising and promotion, pricing, marketing and distribution of drugs and therapeutic biologics. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process are required to be successfully completed in the U.S. and in many foreign jurisdictions before a new drug or therapeutic biologic can be marketed. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. For example, at this time it is impossible to predict whether the COVID-19 pandemic will cause regulatory delays in the U.S. or foreign jurisdictions. It is possible that none of the product candidates we may develop will obtain the regulatory approvals necessary for us or our existing or future collaborators to begin selling them.

As a company, we have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. The time required to obtain FDA and other approvals is unpredictable but typically takes many years following the commencement of clinical trials, depending upon the type, complexity and novelty of the product candidate. The standards that the FDA and its foreign counterparts use when regulating us require judgment and can change, which makes it difficult to predict with certainty how they will be applied. Any analysis we perform of data from preclinical and clinical activities is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. We may also encounter unexpected delays or increased costs due to new government regulations, for example, from future legislation or administrative action, or from changes in FDA policy during the period of product development, clinical trials and FDA regulatory review. Further, government shutdowns, such as the partial U.S. federal government shutdown in late 2018 or the uncertain impact of the United Kingdom's departure from the European Union may impact our ability to access government agencies in a timely manner or otherwise impact our ability to move our product candidates through the regulatory process. It is impossible to predict whether legislative changes will be enacted, or whether FDA or foreign regulations, guidance or interpretations will be changed, or what the impact of such changes, if any, may be.

Moreover, the FDA may respond to our submissions by defining requirements we may not have anticipated. Such responses could lead to significant delays in the clinical development of our product candidates. In addition, because there may be approved treatments for some of the diseases for which we may seek approval, in order to receive regulatory approval, we may need to demonstrate through clinical trials that the product candidates we develop to treat these diseases, if any, are not only safe and effective, but safer or more effective than existing products. Furthermore, in recent years, there has been increased public and political pressure on the FDA with respect to the approval process for new drugs and therapeutic biologics, and the FDA's standards, especially regarding product safety, appear to have become more stringent.

Any delay or failure in obtaining required approvals could have a material and adverse effect on our ability to generate revenues from the particular product candidate for which we are seeking approval. Furthermore, any regulatory approval to market a product may be subject to limitations on the approved uses for which we may market the product or the labeling or other restrictions. In addition, the FDA has the authority to require a REMS as part of a BLA or after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug or biologic, such as limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria and requiring treated patients to enroll in a registry. These limitations and restrictions may limit the size of the market for the product and affect reimbursement by third-party payors.

We are also subject to numerous foreign regulatory requirements governing, among other things, the conduct of clinical trials, manufacturing and marketing authorization, pricing and third-party reimbursement. The foreign regulatory approval process varies among countries and may include all of the risks associated with FDA approval described above as well as risks attributable to the satisfaction of local regulations in foreign jurisdictions. Moreover, the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA does not ensure approval by regulatory authorities outside the U.S. and vice versa.

Even if we receive regulatory approval for any of our product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we or our collaborators obtain for our product candidates may also be subject to limitations on the approved indicated uses for which a product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including "Phase 4" clinical trials, and surveillance to monitor the safety and efficacy of the product candidate. In addition, if the FDA or a comparable foreign regulatory authority approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, import, export, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMPs and good clinical practices for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our strategic partners;
- suspension or revocation of product license approvals;
- product seizure or detention or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the U.S. government may impact our business and industry. For example, the Executive Branch of the U.S. government has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. It is difficult to predict how these requirements will be implemented, and the extent to which they will impact the

FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, approved or commercialized in a timely manner or at all, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. Average review times at the FDA have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for therapeutic biologics or modifications to approved therapeutic biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, including for 35 days beginning on December 22, 2018, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough FDA employees and stop critical activities.

Separately, in response to the global pandemic of COVID-19, on March 10, 2020 the FDA announced its intention to postpone most inspections of foreign manufacturing facilities, and on March 18, 2020, the FDA temporarily postponed routine surveillance inspections of domestic manufacturing facilities. Subsequently, on July 10, 2020, the FDA announced its intention to resume certain on-site inspections of domestic manufacturing facilities subject to a risk-based prioritization system. The FDA intends to use this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Healthcare legislative reform measures may have a material and adverse effect on our business and results of operations.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (together, the "ACA"), was passed, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA, among other things, subjected therapeutic biologics to potential competition by lower-cost biosimilars, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs and therapeutic biologics that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations, established annual fees and taxes on manufacturers of certain branded prescription drugs and therapeutic biologics, and created a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts, which, through subsequent legislative amendments, was increased to 70% starting in 2019, off negotiated prices of applicable brand drugs and therapeutic biologics to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs and therapeutic biologics to be covered under Medicare Part D.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. By way of example, the Tax Cuts and Jobs Act of 2017 includes a provision repealing the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. On December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court's decision that the individual mandate was unconstitutional but remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. On March 2, 2020, the U.S. Supreme Court granted the petitions for writs of certiorari to review the case, although it is unclear when a decision will be made or how the Supreme Court will rule. In addition, there may be other efforts to challenge, repeal, or replace the ACA. We are continuing to monitor any changes to the Affordable Care Act that, in turn, may potentially impact our business in the future.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted to reduce healthcare expenditures. The Budget Control Act of 2011, among other things, included aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2030, with the exception of a temporary suspension from May 2, 2020 through December 31, 2020, unless additional

Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. If federal spending is further reduced, anticipated budgetary shortfalls may also impact the ability of relevant agencies, such as the FDA or the National Institutes of Health to continue to function at current levels. Amounts allocated to federal grants and contracts may be reduced or eliminated. These reductions may also impact the ability of relevant agencies to timely review and approve research and development, manufacturing, and marketing activities, which may delay our ability to develop, market and sell any products we may develop.

Moreover, payment methodologies, including payment for companion diagnostics, may be subject to changes in healthcare legislation and regulatory initiatives. For example, the Centers for Medicare & Medicaid Services ("CMS") has begun bundling the Medicare payments for certain laboratory tests ordered while a patient received services in a hospital outpatient setting. Additionally, CMS significantly altered the payment methodology under the Medicare Clinical Laboratory Fee Schedule (CLFS). Effective 2018, the CFLS is based on a weighted average of reported prices that private payors, Medicare Advantage plans, and Medicaid Managed Care plans pay for laboratory services. Further, in March 2018, CMS finalized a national coverage determination extending coverage under the Medicare program for certain diagnostic laboratory tests using next generation sequencing ("NGS") that are approved by the FDA as a companion *in vitro* diagnostic and used in a cancer with an FDA-approved companion diagnostic indication. Under the national coverage determination, diagnostic tests that meet these criteria are covered only in patients with recurrent, metastatic, relapsed, refractory or stages III or IV cancer if the test has an FDA-approved or cleared indication for use in that patient's cancer and results are provided to the treating physician for management of the patient using a report template to specify treatment options. Although the Medicare program increasingly is used as a model for how private payors and other governmental payors develop their coverage and reimbursement policies, it is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for any companion diagnostics associated with our product candidates.

In addition, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed bills designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, the 21st Century Cures Act changed the reimbursement methodology for infusion drugs and biologics furnished through durable medical equipment in an attempt to remedy over- and underpayment of certain products. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or companion diagnostics or additional pricing pressures.

Furthermore, certain candidates for the U.S. Presidential race in 2020 have promoted substantial changes to the healthcare system and drug pricing rules. If some of these changes were implemented, it could have a materially adverse impact on the ability of biotechnology and pharmaceutical companies, like us, to obtain capital to further their research or develop their product candidates make it economically unfeasible for such companies to continue to develop needed new innovative therapies.

If we or our collaborators, manufacturers or service providers fail to comply with healthcare laws and regulations, we or they could be subject to enforcement actions, which could affect our ability to develop, market and sell our products and may harm our reputation.

Although we do not currently have any products on the market, once we begin commercializing our product candidates, we will be subject to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which we conduct our business. Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our product candidates for which we obtain marketing approval. In addition, we may be subject to patient data privacy and security regulation by both the U.S. federal government and the states in which we conduct our business. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind to induce or reward either the referral of an individual for, or the purchase, or order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the U.S. federal False Claims Act, which imposes criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;
- the U.S. federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (“HITECH”), and regulations promulgated thereunder, which imposes obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouse as well as their business associates that perform certain services that involve creating, receiving, maintaining or transmitting individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information;
- the U.S. federal legislation commonly referred to as Physician Payments Sunshine Act, enacted as part of the ACA, and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children’s Health Insurance Program to report annually to the CMS information related to certain payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), teaching hospitals and, beginning in 2022, certain other health care professionals, as well as ownership and investment interests held by the physicians described above and their immediate family members; and
- analogous state laws and regulations, such as state anti-kickback and false claims laws that may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug and therapeutic biologics manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures and pricing information; 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 often are not preempted by HIPAA, thus complicating compliance efforts.

Ensuring that our future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any such requirements, we may be subject to penalties, including civil or criminal penalties, monetary damages, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, or exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, any of

which could adversely our financial results. Although effective compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time and resources.

If we or future collaborators, manufacturers or service providers fail to comply with applicable federal, state or foreign laws or regulations, we could be subject to enforcement actions, which could affect our ability to develop, market and sell our products successfully and could harm our reputation and lead to reduced acceptance of our products by the market. These enforcement actions include, among others:

- adverse regulatory inspection findings;
- warning letters;
- voluntary or mandatory product recalls or public notification or medical product safety alerts to healthcare professionals;
- restrictions on, or prohibitions against, marketing our products;
- restrictions on, or prohibitions against, importation or exportation of our products;
- suspension of review or refusal to approve pending applications or supplements to approved applications;
- exclusion from participation in government-funded healthcare programs;
- exclusion from eligibility for the award of government contracts for our products;
- suspension or withdrawal of product approvals;
- seizures or administrative detention of products;
- injunctions; and
- civil and criminal penalties and fines.

If we fail to comply with U.S. and foreign regulatory requirements, regulatory authorities could limit or withdraw any marketing or commercialization approvals we may receive and subject us to other penalties that could materially harm our business.

Even if we receive marketing and commercialization approval of a product candidate, we will be subject to continuing regulatory requirements, including in relation to adverse patient experiences with the product and clinical results that are reported after a product is made commercially available, both in the U.S. and any foreign jurisdiction in which we seek regulatory approval. The FDA has significant post-market authority, including the authority to require labeling changes based on new safety information and to require post-market studies or clinical trials to evaluate safety risks related to the use of a product or to require withdrawal of the product from the market. The FDA also has the authority to require a REMS plan after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug or therapeutic biologic. The manufacturer and manufacturing facilities we use to make a future product, if any, will also be subject to periodic review and inspection by the FDA and other regulatory agencies, including for continued compliance with cGMP requirements. The discovery of any new or previously unknown problems with our third-party manufacturers, manufacturing processes or facilities may result in restrictions on the product, manufacturer or facility, including withdrawal of the product from the market. If we rely on third-party manufacturers, we will not have control over compliance with applicable rules and regulations by such manufacturers. Any product promotion and advertising will also be subject to regulatory requirements and continuing regulatory review. If we or our collaborators, manufacturers or service providers fail to comply with applicable continuing regulatory requirements in the U.S. or foreign jurisdictions in which we seek to market our products, we or they may be subject to, among other things, fines, warning letters, holds on clinical trials, delay of approval or refusal by the FDA to approve pending applications or supplements to approved applications, suspension or withdrawal of regulatory approval, product recalls and seizures, administrative detention of products, refusal to permit the import or export of products, operating restrictions, injunction, civil penalties and criminal prosecution.

We face regulation and potential liability related to the privacy, data protection and information security which may require significant resources and may adversely affect our business, operations and financial performance.

The regulatory environment surrounding information security, data collection and privacy is increasingly demanding. We are subject to numerous U.S. federal and state laws and non-U.S. regulations governing the protection of personal and confidential information of our clinical subjects, clinical investigators, employees and vendors/business contacts, including in relation to medical records, credit card data and financial information. For example, on May 25, 2018, the European Union General Data Protection Regulation, or GDPR, became effective, implementing more stringent requirements in relation to our use of personal data relating to individuals located in the E.U. (and E.E.A.). The GDPR is directly applicable in all E.U. and E.E.A. member states. The GDPR significantly increased fining levels to up to 4%

total worldwide annual turnover or up to €20 million (whichever is higher) for non-compliance with its requirements. Further, following the withdrawal of the United Kingdom from the E.U. and the expiry of the transition period, from January 1, 2021, we have to comply with the GDPR and separately the GDPR as implemented in the United Kingdom, with each regime having the ability to issue substantial fines. The relationship between the United Kingdom and the E.U. in relation to certain aspects of data protection law remains unclear, including how data transfers between E.U. member states and the United Kingdom will be treated. These changes may lead to additional compliance costs and could increase our overall risk. We will be subject to the GDPR where we have an E.U. presence or "establishment" (*e.g.*, E.U. based subsidiary or operations), when conducting clinical trials with E.U. based data subjects (whether the trials are conducted directly by us or through a clinical vendor or collaborator) or offering approved products or services (if relevant) to E.U. and E.E.A. based data subjects (regardless of whether involving our E.U. based subsidiary or operations).

The GDPR sets out a number of requirements that must be complied with when handling the personal data of such data subjects within the E.U. and the E.E.A. including: providing expanded disclosures about how their personal data will be used; higher standards for organizations to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities; the obligation to appoint data protection officers in certain circumstances; new rights for individuals to be "forgotten" and rights to data portability, as well as enhanced current rights (e.g., access requests); the principal of accountability and demonstrating compliance through policies, procedures, training and audit; the new mandatory data breach regime. In particular, medical or health data, genetic data and biometric data where the latter is used to uniquely identify an individual (even, in certain situations, where such data is key coded) are all classified as "special category" data under GDPR and afford greater protection and require additional compliance obligations. Further, E.U. and EEA member states have a broad right to impose additional conditions – including restrictions – on these data categories. This is because the GDPR allows E.U. and E.E.A. member states to derogate from the requirements of the GDPR mainly in regard to specific processing situations (including special category data and processing for scientific or statistical purposes).

We will also be subject to evolving E.U. laws on data export, where we transfer data outside the E.U. (or E.E.A.) to group companies or third parties. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the E.E.A. to the United States. For example, on July 16, 2020, the Court of Justice of the European Union (CJEU) invalidated the EU-US Privacy Shield Framework (Privacy Shield) under which personal data could be transferred from the E.E.A. to United States entities which had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals and additional measures and/or contractual provisions may need to be put in place, however, the nature of these additional measures is currently uncertain. These recent developments will require us to review and amend the legal mechanisms by which we transfer personal data from the E.E.A. to the United States. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

Where we rely on third parties to carry out a number of services for us, including processing personal data on our behalf, we are required under GDPR to enter into contractual arrangements to help ensure that these third parties only process such data according to our instructions and have sufficient security measures in place. Any security breach or non-compliance with our contractual terms or breach of applicable law by such third parties could result in enforcement actions, litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse impact on our reputation and business.

In recent years, U.S. and European lawmakers and regulators have expressed concern over electronic marketing and the use of third-party cookies, web beacons and similar technology for online behavioral advertising. In the E.U., marketing is defined broadly to include any promotional material and the rules specifically on e-marketing are currently set out in the ePrivacy Directive which will be replaced by a new ePrivacy Regulation. While the ePrivacy Regulation was originally intended to be adopted on May 25, 2018 (alongside the GDPR), it is still going through the European legislative process. The current draft of the ePrivacy Regulation imposes strict opt-in e-marketing rules with limited exceptions to business to business communications and significantly increases fining powers to the same levels as GDPR (see above). Regulation of cookies and web beacons may lead to broader restrictions on our online activities, including efforts to understand followers' internet usage and promote ourselves to them.

We may find it necessary or desirable to join self-regulatory bodies or other privacy-related organizations, particularly relating to biopharmacy and/or scientific research, that require compliance with their rules pertaining to privacy and data security.

In the United States, California enacted the California Consumer Privacy Act ("CCPA") on June 28, 2018, which went into effect on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business.

If any person, including any of our employees, clinical vendors or collaborators or those with whom we share such information, negligently disregards or intentionally breaches our established controls with respect to our clinical subject, clinical investigator or employee data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions. As above, under the GDPR there are significant new punishments for non-compliance which could result in a penalty of up to 4% of a firm's global annual revenue. In addition, a data breach could result in negative publicity which could damage our reputation and have an adverse effect on our business, financial condition or results of operations.

Efforts to comply with these and other data privacy and security restrictions that may be enacted could require us to modify our data processing practices and policies and increase the cost of our operations. We strive to comply with all applicable laws, but they may conflict with each other, and by complying with the laws or regulations of one jurisdiction, we may find that we are violating the laws or regulations of another jurisdiction. Despite our efforts, we may not have fully complied in the past and may not in the future. If we become liable under laws or regulations applicable to us, we could be required to pay significant fines and penalties, our reputation may be harmed and we may be forced to change the way we operate. That could require us to incur significant expenses or to discontinue certain services, which could negatively affect our business.

Even if we are able to commercialize any product candidate, such product candidate may become subject to unfavorable pricing regulations or third-party coverage and reimbursement policies, which would harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new drugs and therapeutic biologics vary widely from country to country. Some countries require approval of the sale price of a drug or therapeutic biologic before it can be marketed. In many countries, the pricing review period begins after marketing approval is granted. In some foreign markets, prescription biopharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods and negatively impact the revenues we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain regulatory approval.

Our ability to commercialize any products successfully also will depend in part on the extent to which coverage and reimbursement for these products and related treatments will be available from government authorities, private health insurers and other organizations. Even if we succeed in bringing one or more products to the market, these products may not be considered cost-effective, and the amount reimbursed for any products may be insufficient to allow us to sell our products on a competitive basis. Because our programs are in the early stages of development, we are unable at this time to determine their cost effectiveness or the likely level or method of reimbursement. Increasingly, the third-party payors who reimburse patients or healthcare providers, such as government and private insurance plans, are requiring that drug companies provide them with predetermined discounts from list prices, and are seeking to reduce the prices charged or the amounts reimbursed for biopharmaceutical products. If the price we are able to charge for any products we develop, or the reimbursement provided for such products, is inadequate in light of our development and other costs, our return on investment could be adversely affected. There may be significant delays in obtaining reimbursement for newly-approved drugs or therapeutic biologics, and coverage may be more limited than the purposes for which the drug or therapeutic biologic is approved by the FDA or similar regulatory authorities outside of the United States. Moreover, eligibility for reimbursement does not imply that any drug or therapeutic biologic will be reimbursed in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs or therapeutic biologics, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may be based on payments allowed for lower-cost drugs or therapeutic biologics that are already reimbursed, may be incorporated into existing payments for other services and may reflect budgetary constraints or imperfections in Medicare data. Net prices for drugs or therapeutic biologics may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs or therapeutic biologics from countries where they may be sold at lower prices than in the U.S. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement rates. Our inability to promptly obtain coverage and adequate reimbursement rates from both government-funded and private payors for new drugs or therapeutic biologics that we develop and for which we obtain regulatory approval could have a material and adverse effect on our operating results, our ability to raise capital needed to commercialize products and our financial condition.

We may seek and fail to obtain fast track or breakthrough therapy designations for our current or future product candidates. If we are successful, these programs may not lead to a faster development or regulatory review process, and they do not guarantee we will receive approval for any product candidate. We may also seek to obtain accelerated approval for one or more of our product candidates but the FDA may disagree that we have met the requirements for such approval.

If a product is intended for the treatment of a serious or life-threatening condition and preclinical or clinical data demonstrate the potential to address an unmet medical need for this condition, the product sponsor may apply for fast track designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we do receive fast track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may rescind the fast track designation if it believes that the designation is no longer supported by data from our clinical development program.

We may also seek breakthrough therapy designation for any product candidate that we develop. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Like fast track designation, breakthrough therapy designation is within the discretion of the FDA. Accordingly, even if we believe a product candidate we develop meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of breakthrough therapy designation for a product candidate may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if a product candidate we develop qualifies as a breakthrough therapy, the FDA may later decide that the drug no longer meets the conditions for qualification and rescind the designation.

Product candidates may also be eligible for accelerated approval if the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. In addition, the FDA requires pre-approval of promotional materials for accelerated approval products, once approved. We cannot guarantee that the FDA will agree any of our product candidates has met the criteria to receive accelerated approval, which would require us to conduct additional clinical testing prior to seeking FDA approval. Even if any of our product candidates received approval through this pathway, the product may fail required post-approval confirmatory clinical trials, and we may be required to remove the product from the market or amend the product label in a way that adversely impacts its marketing.

We may seek Orphan Drug Designation for some of our product candidates, and we may be unsuccessful or may be unable to maintain the benefits associated with Orphan Drug Designation, including the potential for market exclusivity.

As part of our business strategy, we may seek Orphan Drug Designation for our product candidates, and we may be unsuccessful. Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs and therapeutic biologics for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug or therapeutic biologic as an orphan drug if it is a drug or therapeutic biologic intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug or therapeutic biologic will be recovered from sales in the United States. In the United States, Orphan Drug Designation entitles a party to financial incentives such as opportunities for grant funding toward clinical trial costs, tax advantages and user-fee waivers. In addition, if a product that has Orphan Drug Designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including a full BLA, to market the same product for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity.

Even if we obtain Orphan Drug Designation for our product candidates in specific indications, we may not be the first to obtain marketing approval of these product candidates for the orphan-designated indication due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs or therapeutic biologics with different active moieties can be approved for the same condition. Even after an orphan product is approved, the FDA can subsequently approve the same drug or therapeutic biologic with the same active moiety for the same condition if the

FDA concludes that the later drug or therapeutic biologic is safer, more effective or makes a major contribution to patient care. Orphan Drug Designation neither shortens the development time or regulatory review time of a drug or therapeutic biologic nor gives the drug or therapeutic biologic any advantage in the regulatory review or approval process. In addition, while we may seek Orphan Drug Designation for our product candidates, we may never receive such designations.

Tax reform legislation passed in 2017 reduced the amount of the qualified clinical research costs for a designated orphan product that a sponsor may claim as a credit from 50% to 25%. Thus, further limiting the advantage and may impact our future business strategy of seeking the Orphan Drug Designation.

Risks Related to Ownership of Our Common Stock

Our quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expense related to the ongoing development of our Probody platform, our product candidates or future development programs;
- results of clinical trials, or the addition or termination of clinical trials or funding support by us, or existing or future collaborators or licensing partners;
- our execution of any additional collaboration, licensing or similar arrangements, and the timing of payments we may make or receive under existing or future arrangements or the termination or modification of any such existing or future arrangements;
- developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our products;
- any intellectual property infringement lawsuit or opposition, interference or cancellation proceeding in which we may become involved, including the ongoing patent infringement lawsuit brought by Vytacera against us;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- if any of our product candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such product candidates;
- regulatory developments affecting our product candidates or those of our competitors; and
- changes in general market and economic conditions.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

Our stock price may be volatile and purchasers of our common stock could incur substantial losses.

Our stock price is volatile. Since our initial public offering (“IPO”), our stock had low and high sales prices in the range of $3.60 and $35.00 per share. The market price for our common stock may be influenced by many factors, including the other risks described in this section titled “Risk Factors” and the following:

- results of clinical trials and preclinical studies of our product candidates, or those of our competitors or our collaborators;
- regulatory or legal developments in the U.S. and other countries, especially changes in laws or regulations applicable to our products;
- the success of competitive products or technologies;
- introductions and announcements of new products by us, our future commercialization partners, or our competitors, and the timing of these introductions or announcements;

- actions taken by regulatory agencies with respect to our products, clinical studies, manufacturing process or sales and marketing terms;
- actual or anticipated variations in our financial results or those of companies that are perceived to be similar to us;
- the success of our efforts to acquire or in-license additional technologies, products or product candidates;
- developments concerning any existing or future collaborations, including but not limited to those with our sources of manufacturing supply and our commercialization partners;
- market conditions in the pharmaceutical and biotechnology sectors;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures or capital commitments;
- developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our products;
- our ability or inability to raise additional capital and the terms on which we raise it;
- the recruitment or departure of key personnel;
- changes in the structure of healthcare payment systems;
- actual or anticipated changes in earnings estimates or changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- announcement and expectation of additional financing efforts;
- speculation in the press or investment community;
- trading volume of our common stock;
- sales of our common stock by us or our stockholders;
- the concentrated ownership of our common stock;
- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities; and
- general economic, industry and market conditions.

The stock markets in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme volatility, including as a result of the COVID-19 pandemic, that has been often unrelated to the operating performance of the issuer. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

In addition, the spread of COVID-19 coronavirus may negatively impact the trading price of shares of our common stock and could further severely impact our ability to raise additional capital on a timely basis or at all.

The future issuance of equity or of debt securities that are convertible into equity will dilute our share capital.

We may choose to raise additional capital in the future, depending on market conditions, strategic considerations and operational requirements. To the extent that additional capital is raised through the issuance of shares or other securities convertible into shares, our stockholders will be diluted. On February 27, 2020, we entered into an Open Market Sale Agreement (the "Sales Agreement") with Jefferies LLC ("Jefferies"), to sell shares of our common stock, par value $0.00001 per share, with aggregate gross sales proceeds of up to $75,000,000, from time to time, through an at the market offering under which Jefferies will act as sales agent. Future issuances of our common stock or other equity securities pursuant to the Sales Agreement or otherwise, or the perception that such sales may occur, could adversely affect the trading price of our common stock and impair our ability to raise capital through future offerings of shares or equity

securities. No prediction can be made as to the effect, if any, that future sales of common stock or the availability of common stock for future sales will have on the trading price of our common stock.

The employment agreements with our executive officers may require us to pay severance benefits to officers in connection with termination of employment or upon a change of control of us, which could harm our financial condition.

Each of our executive officers is entitled to receive a lump sum payment equal to one year or more of his or her base salary as well as continued medical and dental coverage for a period of one year or more plus a prorated portion of his or her target annual bonus for the calendar year in which his or her employment is terminated following his or her termination of employment due to good reason or without cause. In the event of a change in control and a termination of employment without cause or due to good reason, each of our executive officers would similarly receive one year or more of his or her base salary as well as continued medical and dental coverage for a period of one year or more, as well as an additional lump sum payment equal to 100% or more of his or her target annual bonus for the calendar year in which his or her employment is terminated and full vesting of his or her outstanding option awards. The accelerated vesting of options could result in dilution to our existing stockholders and harm the market price of our common stock. Furthermore, the payment of these severance benefits could harm our financial condition. In addition, these potential severance payments may discourage or prevent third parties from seeking a business combination with us.

An active market for our common stock may not be maintained.

Prior to our IPO in October 2015, there had been no public market for shares of our common stock. Our stock began trading on the Nasdaq Global Select Market in 2015, and we can provide no assurance that we will be able to maintain an active trading market on The Nasdaq Global Select Market or any other exchange in the future. If an active market for our common stock is not maintained, it may be difficult for our stockholders to sell shares without depressing the market price for the shares or at all. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses, applications or technologies using our shares as consideration.

If securities or industry analysts do not publish research or reports about our business, or if they issue adverse or misleading opinions regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our target studies and operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

As of September 30, 2020, our executive officers, directors, holders of 5% or more of our capital stock based on publicly available filings made with the SEC and their respective affiliates beneficially owned approximately 36% of our outstanding common stock. Therefore, these stockholders have the ability to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that our stockholders may feel are in their best interest.

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 attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may delay or prevent an acquisition of us or a change in our management. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our 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 prohibition on actions by our stockholders by written consent;
- a requirement that special meetings of stockholders, which our company is not obligated to call more than once per calendar year, be called only by the chairman of our board of directors, our chief executive officer, our board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors, or, subject to certain conditions, by our secretary at

the request of the stockholders holding of record, in the aggregate, shares entitled to cast not less than ten percent of the votes at a meeting of the stockholders (assuming all shares entitled to vote at such meeting were present and voted);

- advance notice requirements for election to our board of directors and for proposing matters that can be acted upon at stockholder meetings;
- division of our board of directors into three classes, serving staggered terms of three years each; and
- the authority of the board of directors to issue preferred stock with such terms as the board of directors may determine.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, as amended, which prohibits a person who owns in excess of 15 percent 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 percent of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions would apply even if the proposed merger or acquisition could be considered beneficial by some stockholders.

We incur increased costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, we incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Select Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 in a timely manner or with adequate compliance, we may be subject to sanctions by regulatory authorities.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal control over financial reporting. If we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We evaluate our internal controls systems to allow management to report on the effectiveness of the operation of our internal controls.

However, if we are not able to comply with the requirements of Section 404, or if we or our independent registered public accounting firm identify deficiencies in our internal controls that are deemed to be material weaknesses, we could be subject to sanctions or investigations by The Nasdaq Global Select Market, the SEC or other regulatory authorities, which would entail expenditure of additional financial and management resources and could materially adversely affect our stock price. Deficient internal controls could also cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information, which could have a negative effect on our stock price.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

We may incur significant costs from class action litigation due to our expected stock volatility.

Our stock price may fluctuate for many reasons, including as a result of public announcements regarding the progress of our development efforts or the development efforts of future collaborators or competitors, the addition or departure of our key personnel, variations in our quarterly operating results and changes in market valuations of biopharmaceutical and biotechnology companies.

This risk is especially relevant to us because biopharmaceutical and biotechnology companies have experienced significant stock price volatility in recent years. When the market price of a stock has been volatile as our stock price may be, holders of that stock have occasionally brought securities class action litigation against the company that issued the stock. For example, in May 2020, a putative securities class action lawsuit was brought against us ("Class Action Lawsuit"). While we believe the Class Action Lawsuit is without merit, we cannot provide any assurance that we will be successful. Stockholder lawsuits of this type against us, even if it is without merit, could cause us to incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.

Our amended and restated bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws provide that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, as amended, our amended and restated certificate of incorporation or our amended and restated bylaws, any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws or any other action asserting a claim against us that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our amended and restated certificate of incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

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

Recent Sales of Unregistered Equity Securities

None

Use of Proceeds

None

Repurchases of Shares or of Company Equity Securities

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation.	8-K	10/19/2015	3.1	
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of CytomX Therapeutics, Inc.	8-K	6/23/2020	3.1	
3.3	Amended and Restated Bylaws.	8-K	10/19/2015	3.2	
4.1	Reference is made to Exhibits 3.1 through 3.2.				
4.2	Specimen Common Stock Certificate	S-1/A	9/28/2015	4.1	
4.3	Amended and Restated Investors' Rights Agreement dated as of June 12, 2015, by and among CytomX Therapeutics, Inc. and the investors named therein.	S-1	8/28/2015	4.2	
4.4	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.	10-Q	8/6/2020	4.4	
10.1††	Research Collaboration, Option and License Agreement dated as of May 30, 2013, by and between CytomX Therapeutics, Inc. and Pfizer, Inc.				X
10.2††	Collaboration and License Agreement dated as of May 23, 2014, by and between CytomX Therapeutics, Inc. and Bristol-Myers Squibb Company.				X
10.3†	Amendment No. 1 to the Collaboration and License Agreement, dated as of September 29, 2020, by and between CytomX Therapeutics, Inc. and Amgen, Inc.				X
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).				X
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).				X
32.1*	Certification of Chief Executive Officer 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
32.2*	Certification of Chief Financial Officer 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	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				X

† Certain confidential portions of this exhibit have been omitted from this exhibit in accordance with Regulation S-K 601(b)(10).

†† Certain confidential portions of this exhibit have been omitted from this exhibit in accordance with Regulation S-K 601(b)(10). Exhibit being refiled upon expiration of confidential treatment previously granted by the SEC.

* The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of CytomX Therapeutics, 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 Form 10-Q, irrespective of any general incorporation language contained in such filing.

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 hereunto duly authorized.

CytomX Therapeutics, Inc.

Date: November 5, 2020

By: /s/ Sean A. McCarthy

Sean A. McCarthy, D. Phil.
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 5, 2020

By: /s/ Carlos Campoy

Carlos Campoy
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.1

FOIA CONFIDENTIAL TREATMENT GRANTED

RESEARCH COLLABORATION, OPTION AND LICENSE AGREEMENT

BY AND BETWEEN

PFIZER INC.

AND

CYTOMX THERAPEUTICS, INC.

MAY 30, 2013

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

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*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

EXHIBITS

SCHEDULES

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

RESEARCH COLLABORATION, OPTION AND LICENSE AGREEMENT

This Research Collaboration, Option and License Agreement (the "**Agreement**") is entered into as of May 30, 2013 (the "**Effective Date**"), by and among Pfizer, Inc., a corporation organized and existing under the laws of the State of Delaware and having a place of business at 235 East 42nd Street, New York, New York, 10017 United States ("**Pfizer**") and CytomX Therapeutics, Inc., a corporation organized and existing under the laws of Delaware and having a place of business at 650 Gateway Blvd., Suite 125, South San Francisco, California, 94080 United States ("**CytomX**"). Pfizer and CytomX may each be referred to herein individually as a "**Party**" and collectively as the "**Parties**."

WHEREAS, Pfizer is engaged in the research, development and commercialization of pharmaceutical and health care products and has developed and owns proprietary rights to certain technology enabling antibody-drug conjugation, including technology relating to Linkers and Payloads;

WHEREAS, CytomX has developed and owns proprietary rights to certain technology relating to a proprietary platform to enable the development of fully recombinant, protease-activated monoclonal antibodies, including Probodies (as defined below); and

WHEREAS, Pfizer and CytomX desire to collaborate to discover and research novel Probodies and Probody drug conjugates active against certain designated targets and to provide for Pfizer to further research, develop, manufacture and commercialize Probody drug conjugates, as provided for herein.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. DEFINITIONS.

When used in this Agreement, the following capitalized terms shall have the meanings set forth in this Article 1. Any terms defined elsewhere in this Agreement shall be given equal weight and importance as though set forth in Article 1.

1.1. "**Acquirer**" is defined in Section 9.10.1(b).

1.2. "**ADC**" means an Antibody conjugated to a Payload using a Linker, other than a PDC.

1.3. "**Additional Target**" is defined in Section 2.1.6.

1.4. "**Additional Target Designation Date**" is defined in Section 2.1.6.

1.5. "**Additional Target Fee**" is defined in Section 2.1.6.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

1.6. "**Additional Third Party Licenses**" is defined in Section 5.5.2(b).

1.7. "**Affiliate**" means, with respect to any Person, any other Person that controls, is controlled by or is under common control with such Person. A Person shall be regarded as in control of another entity if it owns or controls at least fifty percent (50%) of the equity securities of the subject entity entitled to vote in the election of directors (or, in the case of an entity that is not a corporation, for the election of the corresponding managing authority), provided, however, that the term "Affiliate" shall not include subsidiaries or other entities in which a Party or its Affiliates owns a majority of the ordinary voting power necessary to elect a majority of the board of directors or other managing authority, but is restricted from electing such majority by contract or otherwise, until such time as such restrictions are no longer in effect.

1.8. "**Agreement**" is defined in the introduction to this Agreement.

1.9. "**Agreement PDC**" means any PDC incorporating an Agreement Probody Targeting a Research Project Target.

1.10. "**Agreement Probody**" means (a) an EGFR Probody, (b) any Probody that is identified, created or developed in the course of the Research Program as Targeting a Research Project Target and (c) any modification or derivative of a Probody referenced under clause (a) or (b) of this Section 1.10 that is (i) developed by Pfizer, (ii) Targets a Research Project Target and (iii) is claimed or covered by CytomX Technology or Developed IP.

1.11. "**Alliance Manager**" is defined in Section 2.5.

1.12. "**Annual Net Sales**" means, with respect to any Licensed Product in a Pfizer Year during the applicable Royalty Term for such Licensed Product, the aggregate Net Sales by Pfizer, its Affiliates and its Sublicensees from the sale of such Licensed Product in the Territory during such Pfizer Year.

1.13. "**Antibody**" means a molecule which comprises or contains: (a) one or more immunoglobulin variable domains; (b) fragments, variants, modifications or derivatives of such immunoglobulin variable domains irrespective of origin or source, including but not limited to antigen binding portions including Fab, Fab', F(ab')2, Fv, dAb and CDR fragments, single chain antibodies (scFv), chimeric antibodies, monospecific antibodies, diabodies and polypeptides (including humanized versions thereof) that contain at least a portion of an immunoglobulin that is sufficient to confer specific antigen binding to the polypeptide; or (c) the nucleic acid consisting of a sequence of nucleotides encoding (or complementary to a nucleic acid encoding) the foregoing molecules in (a) or (b). For clarity, as used in this Agreement, the term "Antibody" shall not include Probodies or PDCs.

1.14. "**Applicable Law**" means the laws, statutes, rules, regulations, guidelines, or other requirements that may be in effect from time to time and apply to a Party's activities to be performed under this Agreement, including any such laws, statutes, rules, regulations, guidelines or other requirements of the FDA or the EMA.

1.15. "**Asia**" means Japan and China.

1.16. "**Available**" means with respect to a proposed Second Target, Replacement Target or Additional Target, that such Target shall be available, as of the date of CytomX's receipt of the applicable Proposed Target Notice, for designation by Pfizer as a Research Project Target unless (a) CytomX has granted, is subject to a Binding Obligation that prevents it from granting, or has an agreement in principal to grant (as evidenced by an agreed term sheet or letter of intent setting forth the material terms related to such proposed Target) to a Third Party a license or rights to acquire a license to Develop or Commercialize Probodies or PDCs Targeting such proposed Target prior to the date of receipt of the written notice from Pfizer, (b) CytomX is engaged in confidential discussions, which have been active within sixty (60) days prior to Pfizer's written notice, with a Third Party (as evidenced by an executed nondisclosure agreement under which the identity of such proposed Target was disclosed to CytomX) related to the Development or Commercialization of Probodies or PDCs Targeting such proposed Target, prior to the date of receipt of the written notice from Pfizer, as certified in writing by CytomX's CEO, or (c) CytomX has initiated antibody discovery directed to such proposed Target, as evidenced by CytomX's written records, as of the date of receipt of the written notice from Pfizer.

1.17. "**Bankruptcy Code**" is defined in Section 4.6.

1.18. "**Binding Obligation**" means, with respect to a Party (a) any oral or written agreement or arrangement that binds or legally affects such Party's operations or property, including any assignment, license agreement, loan agreement, guaranty, or financing agreement; (b) the provisions of such Party's charter, bylaws or other organizational documents or (c) any order, writ, injunction, decree or judgment of any court or Governmental Authority entered against such Party or by which any of such Party's operations or property are bound.

1.19. "**Biosimilar Biologic Product**" is defined in Section 5.5.2(a).

1.20. "**Biosimilar Notice**" means a copy of any application submitted by a Third Party to the FDA under 42 U.S.C. § 262(k) of the PHS Act (or, in the case of a country of the Territory outside the United States, any similar law) for Regulatory Approval of a biological product, which application identifies a Licensed Product as the reference product with respect to such product, and other information that describes the process or processes used to manufacture the biological product.

1.21. "**Business Day**" means a day other than a Saturday, a Sunday or a day that is a national holiday in the United States.

1.22. "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31, for so long as this Agreement is in effect.

1.23. "**Calendar Year**" means each successive period of twelve (12) calendar months commencing on January 1 and ending on December 31.

1.24. "**CAN Status**" means the approval of candidate selection status for a particular Agreement PDC by Pfizer's Oncology Research Development Board or other governance body with the same or higher authority, based upon Pfizer's then prevailing criteria for early drug development activities, as documented in meeting minutes of such board or other body.

1.25. "**Change of Control**" means, with respect to a Party, (a) a merger, reorganization or consolidation of such Party with a Third Party which results in the voting securities of such Party outstanding immediately prior thereto ceasing to represent at least fifty (50%) of the combined voting power of the surviving entity immediately after such merger, reorganization or consolidation, (b) a Third Party becoming the beneficial owner of fifty (50%) or more of the combined voting power of the outstanding securities of such Party or (c) the sale or other transfer to a Third Party of all or substantially all of such Party's business or assets to which this Agreement relates.

1.26. "**Combination Product**" means a Licensed Product containing an Agreement PDC and one or more other therapeutically active ingredients or products. For clarity, a Payload conjugated into an Agreement PDC contained in a Licensed Product shall not be considered an additional therapeutically active ingredient or product for the purposes of determining whether such Licensed Product is a Combination Product under this Agreement.

1.27. "**Commercial License**" is defined in Section 4.1.3.

1.28. "**Commercialization**" or "**Commercialize**" means activities directed to marketing, promoting, distributing, importing, exporting, using for commercial purposes or selling or having sold a Licensed Product. Commercialization shall not include any activities related to Manufacturing or Development.

1.29. "**Commercially Reasonable Efforts**" means, with respect to the efforts to be expended by a Party with respect to any objective, those reasonable, good faith efforts to accomplish such objective as such Party would normally use to accomplish a similar objective under similar circumstances. With respect to any efforts relating to the Development, Regulatory Approval or Commercialization of an Agreement PDC or Licensed Product by a Party, generally or with respect to any particular country in the

Territory, a Party will be deemed to have exercised Commercially Reasonable Efforts if such Party has exercised those efforts normally used by such Party, in the relevant country, with respect to a compound, product or product candidate, as applicable, owned or Controlled by such Party, or to which such Party has similar rights, which compound, product or product candidate is of similar market potential in such country, and is at a similar stage in its development or product life cycle as the Agreement PDC or Licensed Product, taking into account all relevant factors in effect at the time such efforts are to be expended. It is expressly understood that the use of Commercially Reasonable Efforts may result in ceasing the Development, Regulatory Approval or Commercialization of an Agreement PDC or Licensed Product. Further, to the extent that the performance of a Party's obligations hereunder is adversely affected by the other Party's failure to perform its obligations hereunder, the impact of such performance failure will be taken into account in determining whether such Party has used its Commercially Reasonable Efforts to perform any such affected obligations.

1.30. "**Confidential Information**" of a Party means all Know-How or other information, including proprietary information and materials (whether or not patentable) regarding such Party's technology, products, business or objectives, that is communicated in any way or form by the Disclosing Party to the Receiving Party, either prior to or after the Effective Date of this Agreement (including any information disclosed pursuant to the Confidentiality Agreement), and whether or not such Know-How or other information is identified as confidential at the time of disclosure. The terms and conditions of this Agreement shall be deemed to be the Confidential Information of each Party. CytomX Improvements shall be deemed to be the Confidential Information of CytomX. Pfizer Improvements shall be deemed to be the Confidential Information of Pfizer. Confidential Information within the Developed IP conceived or generated in the course of performing Research Plan Activities with respect to a particular Research Plan Target shall be deemed to be the Confidential Information of both Parties until the earlier of expiration of the Option Period for such Research Plan Target or such time as such Research Plan Target ceases to be a Research Project Target for purposes of this Agreement; thereafter, Confidential Information within such Developed IP shall be deemed to be the Confidential Information of the Party owning such Developed IP or of both Parties in the case of Joint Developed IP, except that any such Confidential Information within the PDC Developed IP, upon assignment thereof to Pfizer pursuant to Section 6.1.1(d), shall be deemed to be the Confidential Information solely of Pfizer.

1.31. "**Confidentiality Agreement**" means that certain Confidentiality Agreement between the Parties dated July 27, 2012.

1.32. "**Control**" or "**Controlled**" means, with respect to any (a) item of information, including Know-How, or (b) intellectual property right, the possession (whether by ownership interest or license, other than pursuant to this Agreement) by a Party of the ability to grant to the other Party access to or a license under such item or right, as provided herein, without violating the terms of any agreement or other arrangements with any Third Party.

1.33. "**CytomX Improvement**" means any Patent Right, Know-How or other intellectual property right (i) that is conceived or generated in the course of performing Research Plan Activities during the applicable Research Term by or on behalf of employees, agents or independent contractors of a Party or any of its Affiliates, solely or jointly with the employees, agents or independent contractors of the other Party or any of its Affiliates, and (ii) that (A) consists of a modification or improvement relating to the CytomX Technology, (B) would be generally applicable to compounds other than PDCs or ADCs, (C) is not specifically directed to one or more of the Agreement PDCs or the Pfizer Technology and (D) could have reasonably been developed or discovered without the aid, use or application of Pfizer Technology, Pfizer Improvements or Pfizer's Confidential Information or any improvements or enhancements thereto. For clarity, the composition and use of Substrates and Masks so conceived or generated in the course of performing Research Plan Activities during the applicable Research Term, in each case that are not uniquely useful with an Agreement Probody, shall constitute CytomX Improvements and CytomX Improvements shall exclude PDC Developed IP.

1.34. "**CytomX Indemnified Party**" is defined in Section 10.2.

1.35. "**CytomX Insolvency Event**" means the occurrence of any of the following: (a) a case is commenced by or against CytomX under applicable bankruptcy, insolvency or similar laws, and is not dismissed within ninety (90) days, (b) CytomX files for or is subject to the institution of bankruptcy, reorganization, liquidation, receivership or similar proceedings, (c) CytomX assigns all or a substantial portion of its assets for the benefit of creditors, (d) a receiver or custodian is appointed for CytomX's business, (e) a substantial portion of CytomX's business is subject to attachment or similar process, or (f) anything analogous to any of the events described in the foregoing clauses (a) through (e) occurs under the laws of any applicable jurisdiction.

1.36. "**CytomX Know-How**" means any Know-How comprised in the CytomX Technology.

1.37. "**CytomX Letter**" is defined in Section5.5.2(c)(ii).

1.38. "**CytomX Patent Right**" means any Patent Right comprised in the CytomX Technology. The CytomX Patent Rights existing as of the Effective Date include those set forth on Schedule 8.2.3 attached hereto.

1.39. "**CytomX Proprietary Materials**" means biological materials (including any Probodies, Masks or Substrates) and other tangible research materials Controlled by CytomX and provided by CytomX to Pfizer under this Agreement.

1.40. "**CytomX Technology**" means any Patent Right, Know-How or other intellectual property right that is Controlled by CytomX or any Affiliate of CytomX as of the Effective Date or, subject to the provisions of Sections 5.5.2(c) and 9.10, that comes into the Control of CytomX or any Affiliate of CytomX at any time during the Term of this

Agreement that claims, covers or is specifically directed to the composition of, or any method of using or method of making or any Tools for Developing, any Probody, Mask or Substrate.

1.41. "**CytomX Third Party Agreement**" means: (i) any agreement between, on the one hand, CytomX or its Affiliate and, on the other hand, a Third Party, existing as of the Effective Date under which CytomX obtains rights in or to any Licensed Intellectual Property; and (ii) any agreement between, on the one hand, CytomX or its Affiliate and, on the other hand, a Third Party, entered into after the Effective Date under which CytomX or its Affiliate obtains rights in or to any Licensed Intellectual Property to the extent such Agreement is referenced under Section 5.5.2(b) or is elected by Pfizer as a CytomX Third Party Agreement pursuant to Section 5.5.2(c).

1.42. **"CytomX Usable Developed IP**" is defined in Section 7.2.1.

1.43. "**Develop**" or "**Development**" means to discover, research or otherwise develop a product, including conducting any pre-clinical, non-clinical or clinical research and any drug development activity, including discovery, research, toxicology, pharmacology and other similar efforts, test method development and stability testing, manufacturing process development, formulation development, delivery system development, quality assurance and quality control development, statistical analysis, clinical studies (including pre- and post-approval studies), development of diagnostic assays in connection with clinical studies, and all activities directed to obtaining any Regulatory Approval, including any marketing, pricing or reimbursement approval.

1.44. "**Developed IP**" means any Patent Right, Know-How or other intellectual property right, excluding CytomX Improvements and Pfizer Improvements, that is conceived or generated in the course of performing Research Plan Activities during the applicable Research Term (a) solely by or on behalf of employees, agents or independent contractors of CytomX or any of its Affiliates, (b) solely by or on behalf of employees, agents or independent contractors of Pfizer or any of its Affiliates or (c) jointly by or on behalf of (i) employees, agents or independent contractors of CytomX or any of its Affiliates and (ii) employees, agents or independent contractors of Pfizer or any of its Affiliates.

1.45. "**Development Milestone**" is defined in Section 5.4.1.

1.46. "**Development Milestone Payment**" is defined in Section 5.4.1.

1.47. "**Diligence Issue**" is defined in Section 3.2.4.

1.48. "**Disclosed Third Party Agreement**" is defined in Section 8.2.10.

1.49. "**Disclosing Party**" is defined in Section 7.1.

1.50. "**Effective Date**" is defined in the introduction to this Agreement.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

1.51. "**EGFR**" means the Target corresponding to epidermal growth factor receptor, as more specifically described on Schedule 1.51.

1.52. "**EGFR Continuation Product**" means all Agreement PDCs Targeting EGFR that are or have been under Development or Commercialization by Pfizer under this Agreement at the time of or prior to termination of this Agreement.

1.53. "**EGFR PDC**" means any Agreement PDC incorporating an EGFR Probody.

1.54. "**EGFR Probody**" means the Probody described on Schedule 1.54 and any other Probody Targeting EGFR that is developed under the Research Plan for EGFR or otherwise provided to Pfizer hereunder and which shall be added to the Schedule 1.54.

1.55. "**EMA**" means the European Medicines Agency, or any successor agency thereto.

1.56. "**FD&C Act**" means the United States Federal Food, Drug, and Cosmetic Act (21 U.S.C. § 301 et seq.), as amended, and the rules and regulations promulgated thereunder.

1.57. "**FDA**" means the United States Food and Drug Administration or any successor agency thereto.

1.58. "**Field**" means human and veterinary therapeutic, diagnostic, prophylactic and prognostic purposes.

1.59. "**First Commercial Sale**" means, with respect to any Licensed Product and any country of the world, the first sale of such Licensed Product under this Agreement by Pfizer, its Affiliates or its Sublicensees to a Third Party in such country, after such Licensed Product has been granted Regulatory Marketing Approval by the competent Regulatory Authorities in such country. When used without reference to a specified indication, First Commercial Sale means the First Commercial Sale for any indication.

1.60. "**FTE**" means a full time scientific equivalent person (with B.S., M.S. or Ph.D. level or equivalent degrees, including laboratory technicians with exams recognized according to European standards) year, consisting of a minimum of a total of one thousand eight hundred and eighty (1,880) hours per year of scientific work directly related to and in support of the Research Program by an employee or natural person engaged as an independent contractor of CytomX or any of its Affiliates.

1.61. "**FTE Rate**" means for the first three years after the Effective Date, [***] per FTE, and thereafter [***] per FTE.

1.62. "**GAAP**" means United States generally accepted accounting principles, consistently applied.

1.63. "**Generic Competition**" is defined in Section 5.5.2(a).

1.64. "**Governmental Authority**" means any court, agency, department, authority or other instrumentality of any national, state, county, city or other political subdivision.

1.65. "**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

1.66. "**IND**" means an Investigational New Drug Application, as defined in the FD&C Act, that is required to be filed with the FDA before beginning clinical testing of a Licensed Product in human subjects, or an equivalent foreign filing.

1.67. "**Indemnified Party**" is defined in Section 10.4.1.

1.68. "**Indemnifying Party**" is defined in Section 10.4.1.

1.69. "**Infringement**" is defined in Section 6.2.2(a).

1.70. "**Joint Developed IP**" is defined in Section 6.1.1(c).

1.71. "**Joint Patent Right**" is defined in Section 6.2.1(e).

1.72. "**Joint Research Committee**" or "**JRC**" is defined in Section 2.4.1.

1.73. "**Know-How**" means any proprietary invention, discovery, data, information, process, method, technique, material, technology, result or other know-how, whether or not patentable.

1.74. "**Liability**" is defined in Section 10.2.

1.75. "**Licensed Intellectual Property**" means any and all intellectual property (including Patent Rights and Know-How) Controlled by CytomX, including the CytomX Technology, the CytomX Improvements and CytomX's interest in the Developed IP, that is actually used by CytomX in developing Licensed Products under the applicable Research Plan or that is otherwise necessary or useful for Pfizer to make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported and otherwise exploit and Commercialize Licensed Products. Notwithstanding the foregoing, Licensed Intellectual Property shall not include: (a) any Tools, or (b) any other intellectual property generated after the end of the applicable Research Term that is not Necessary for the Development or Commercialization of the Licensed Products.

1.76. "**Licensed Product**" means any product containing an Agreement PDC, which would infringe a Valid Claim of any Licensed Intellectual Property in the absence of the Commercial License or that is claimed or covered by, or was made using or otherwise incorporates, any Licensed Intellectual Property or Developed IP.

1.77. **"Linker"**means a moiety or means used to conjugate a Payload to an Antibody or Probody.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

1.78. "**Litigation Conditions**" is defined in Section 10.4.2.

1.79. "**Major EU Market Country**" means any of France, Germany, Italy, Spain or the United Kingdom.

1.80. "**Major Market Country**" means any Major EU Market Country, Japan or the United States.

1.81. "**Manufacturing**" or "**Manufacture**" means activities directed to making, producing, manufacturing, processing, filling, finishing, packaging, labeling, quality assurance testing and release, shipping or storage of a product.

1.82. "**Marginal Royalty Rates**" is defined in Section 5.5.

1.83. **"Mask"** means a peptide linked to an Antibody that is capable of inhibiting the specific binding of the Antibody to its Target.

1.84. "**Milestone Payment**" means any Development Milestone Payment or Sales Milestone Payment.

1.85. "**Necessary**" is defined in Section 5.5.2(b).

1.86. "**Net Sales**" means, with respect to a Licensed Product that is not a Combination Product, gross receipts from sales by Pfizer and its Affiliates and Sublicensees of such Licensed Product to Third Parties in the Territory, less in each case (i) bad debts, (ii) sales returns and allowances actually paid, granted or accrued, including trade, quantity and cash discounts and any other adjustments, including those granted on account of price adjustments, billing errors, rejected goods, damaged or defective goods, recalls, returns, rebates, chargeback rebates, reimbursements or similar payments granted or given to wholesalers or other distributors, buying groups, health care insurance carriers, chain pharmacies, mass merchandisers, staff model HMO's, pharmacy benefit managers or other institutions in respect of the purchase price, (iii) adjustments actually paid, granted or accrued arising from consumer discount programs or other similar programs, (iv) customs or excise duties, sales tax, consumption tax, value added tax, and other taxes (except income taxes) or duties relating to sales, (v) any payment made by Pfizer, its Affiliates or Sublicensees in respect of sales to the United States government, any state government or any foreign government, or to any other Governmental Authority, or with respect to any government-subsidized program or managed care organization, and (vi) freight and freight insurance (to the extent that Pfizer bears the cost of freight and freight insurance for the Licensed Product), in each case in accordance with GAAP, as consistently applied by Pfizer with respect to sales of the Licensed Product (the deductions described above are referred to collectively herein as "Permitted Deductions"); and

1.86.1. in the event a Licensed Product is sold as a Combination Product in any country, the Net Sales of the Combination Product, for the purposes of

determining royalty payments, shall be determined by multiplying the Net Sales (as defined above in this Section) of the Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in such country of the Licensed Product when sold separately in finished form, and B is the aggregate weighted (by sales volume) average sale price in such country of the other therapeutically active ingredients included in such Combination Product when sold separately in finished form. In the event that such average sale price cannot be determined for both the Licensed Product and the other product(s) included in the Combination Product, Net Sales for purposes of determining royalty payments shall be agreed by the Parties based on the relative value contributed by each component, such agreement not to be unreasonably withheld or delayed.

1.86.2. Sales between Pfizer and its Affiliates or Sublicensees shall be excluded from the computation of Net Sales and no payments will be payable on such sales except where such Affiliates or Sublicensees are end users, but Net Sales shall include the subsequent final sales to Third Parties by such Affiliates or Sublicensees. Net Sales shall be determined from books and records maintained in accordance with GAAP, as consistently applied by Pfizer with respect to sales of the Licensed Product.

1.86.3. The Parties acknowledge that Pfizer does not currently intend to Commercialize any Licensed Product solely for *in vivo* diagnostic purposes and that the Parties anticipate that any sales of any Licensed Product for such diagnostic purposes will occur only in connection with or in support of sales of a Licensed Product for therapeutic purposes. Notwithstanding the foregoing, in the event Pfizer, its Affiliates or Sublicensees Commercialize any Licensed Product for *in vivo* diagnostic purposes, sales of such Licensed Product for such diagnostic purposes shall be included in the calculation of Net Sales provided that Pfizer and CytomX will negotiate in good faith a reasonable royalty applicable to Net Sales of any such Licensed Product for such diagnostic purposes during the applicable Royalty Term, which royalty shall be no greater than the Marginal Royalty Rates otherwise set forth for Licensed Products under this Agreement, and will negotiate any changes to the definition of the terms “Agreement PDC” or “Payload” necessary to cover the proposed Licensed Product for such diagnostic purposes if such Licensed Product does not contain a Payload.

1.87. “**Non-Disclosing Party**” is defined in Section 7.3.2.

1.88. “**Notice of Dispute**” is defined in Section 11.9.1.

1.89. “**Option**” is defined in Section 4.1.1.

1.90. “**Option Exercise Date**” is defined in Section 4.1.2.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

1.91. "**Option Exercise Fee**" is defined in Section 5.2.

1.92. "**Option Period**" means, on a Research Project Target-by-Research Project Target basis, the period commencing on the Effective Date and expiring upon the earlier of (a) sixty (60) days following Pfizer's first designation of CAN Status for the first Agreement PDC Targeting such Research Project Target or (b) with respect to EGFR, the third (3rd) year anniversary of the Effective Date or, with respect to the Second Target or the Replacement Target, as the case may be, the fifth (5^{th}) anniversary of the Effective Date, or (c) with respect to an Additional Target, the third (3^{rd}) anniversary of the Additional Target Designation Date with respect to such Additional Target.

1.93. "**Party**" and "**Parties**" is defined in the introduction to this Agreement.

1.94. "**Patent Rights**" means any and all (a) patents, (b) pending patent applications, including all provisional applications, substitutions, continuations, continuations-in-part, divisions and renewals, and all patents granted thereon, (c) all patents-of-addition, reissues, reexaminations and extensions or restorations by existing or future extension or restoration mechanisms, including patent term extensions, supplementary protection certificates or the equivalent thereof, (d) inventor's certificates, (e) any other form of government-issued right substantially similar to any of the foregoing and (f) all United States and foreign counterparts of any of the foregoing. The Patent Rights owned by either Party include any Patent Right assigned to such Party pursuant to the provisions of this Agreement.

1.95. "**Payload**" means a therapeutically active ingredient other than an Antibody.

1.96. "**PDC**" means a Probody conjugated to a Payload using a Linker.

1.97. "**PDC Developed IP**" means, with respect to a Research Project Target, Developed IP that is directed to the manufacture, composition or use of PDCs Targeting such Research Project Target.

1.98. "**Permitted Uses**" is defined in Section 7.2.1.

1.99. "**Person**" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a government or political subdivision or department or agency of a government.

1.100. "**Pfizer**" is defined in the introduction to this Agreement.

1.101. "**Pfizer Diligence Obligation**" is defined in Section 3.2.3.

1.102. "**Pfizer Improvements**" means any Patent Right, Know-How or other intellectual property right (i) that is conceived or generated in the course of performing Research

Plan Activities during the applicable Research Term by or on behalf of employees, agents or independent contractors of a Party or any of its Affiliates, solely or jointly with the employees, agents or independent contractors of the other Party or any of its Affiliates, and (ii) that (A) consists of a modification or improvement relating to the Pfizer Technology, (B) would be generally applicable to compounds other than PDCs or Probodies, (C) is not specifically directed to one or more Agreement PDCs and (D) could have reasonably been developed or discovered without the aid, use or application of CytomX Technology, CytomX Improvements, or CytomX's Confidential Information or any improvements or enhancements thereto. For clarity, the composition and use of Linkers and Payloads so conceived or generated in the course of performing Research Plan Activities during the applicable Research Term shall constitute Pfizer Improvements and Pfizer Improvements shall exclude PDC Developed IP.

1.103. "**Pfizer Indemnified Party**" is defined in Section 10.3.

1.104. "**Pfizer Know-How**" means any Know-How comprised in the Pfizer Technology.

1.105. "**Pfizer Linker**" means a Linker of which the composition, or any method of using or method of making, is Controlled by Pfizer or any Affiliate of Pfizer as of the Effective Date or that comes into the Control of Pfizer or any Affiliate of Pfizer at any time during the Term of this Agreement or is used in any Agreement PDC.

1.106. "**Pfizer Patent Right**" means any Patent Right comprised in the Pfizer Technology.

1.107. "**Pfizer Payload**" means a Payload of which the composition, or any method of using or method of making, is Controlled by Pfizer or any Affiliate of Pfizer as of the Effective Date or that comes into the Control of Pfizer or any Affiliate of Pfizer at any time during the Term of this Agreement or is used in any Agreement PDC.

1.108. "**Pfizer Proprietary Materials**" means any chemical, biological (including any Antibodies) and other tangible research materials Controlled by Pfizer and provided by Pfizer to CytomX under this Agreement.

1.109. "**Pfizer Quarter**" means each of the four thirteen week periods (a) with respect to the United States, commencing on January 1 of any Pfizer Year and (b) with respect to any country in the Territory other than the United States, commencing on December 1 of any Pfizer Year.

1.110. **"Pfizer Site-Specific Conjugation Technology"** means any Know-How or Confidential Information Controlled by Pfizer that is specifically directed to site-specific conjugation technology.

1.111. "**Pfizer Technology**" means any Patent Right, Know-How or other intellectual property right that is Controlled by Pfizer or any Affiliate of Pfizer as of the Effective Date or that comes into the Control of Pfizer or any Affiliate of Pfizer at any time during

the Term of this Agreement that claims, covers or is specifically directed to the composition of, or any method of using or method of making, any Antibody, ADC, Linker or Payload.

1.112. "**Pfizer Year**" means the 12 month fiscal periods observed by Pfizer (a) commencing on January 1 with respect to the United States and (b) commencing on December 1 with respect to any country in the Territory other than the United States

1.113. "**Phase I Clinical Study**" means a study of a Licensed Product in human subjects or patients with the endpoint of determining initial tolerance, safety, metabolism or pharmacokinetic information and clinical pharmacology of such product as and to the extent defined for the United States in 21 C.F.R. § 312.21(a), or its successor regulation, or the equivalent regulation in any other country.

1.114. "**Phase II Clinical Study**" means a study of a Licensed Product in human patients to determine the safe and effective dose range in a proposed therapeutic indication as and to the extent defined for the United States in 21 C.F.R. § 312.21(b), or its successor regulation, or the equivalent regulation in any other country.

1.115. "**Phase III Clinical Study**" means a study of a Licensed Product in human patients with a defined dose or a set of defined doses of a Licensed Product designed to (a) ascertain efficacy and safety of such Licensed Product for its intended use; (b) define warnings, precautions and adverse reactions that are associated with the Licensed Product in the dosage range to be prescribed; and (c) support preparing and submitting applications for Regulatory Marketing Approval to the competent Regulatory Authorities in a country of the world, as and to the extent defined for the United States in 21 C.F.R.§ 312.21(c), or its successor regulation, or the equivalent regulation in any other country. Phase III Clinical Study shall also include any other human clinical trial serving as a pivotal study from which the data are actually submitted to the applicable Regulatory Authority in connection with a Regulatory Marketing Approval Application, whether or not such trial is called a "Phase III" study.

1.116. "**PHS Act**" means the United States Public Health Service Act, as amended, and the rules and regulations promulgated thereunder.

1.117. **"Probody"** means an Antibody linked to a Substrate and a Mask that is claimed or covered by CytomX Technology, where such Antibody is not conjugated to a Payload using a Linker.

1.118. "**Proposed Target Notice**" means a written notice provided by Pfizer to CytomX that includes a confidential written description of the proposed Target, including the Genbank accession number and the amino acid sequence for the proposed Target.

1.119. "**Proprietary Material**" means any CytomX Proprietary Material or Pfizer Proprietary Material.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

1.120. "**Receiving Party**" is defined in Section 7.1.

1.121. "**Regulatory Approval**" means any technical, medical, scientific or other license, registration, authorization or approval of any Regulatory Authority (including any approval of a New Drug Application or Biologic License Application) necessary for the Development, Manufacture or Commercialization of a pharmaceutical product in any regulatory jurisdiction.

1.122. "**Regulatory Approval Application**" means any application submitted to an appropriate Regulatory Authority seeking any Regulatory Approval.

1.123. "**Regulatory Authority**" means, with respect to any national, supra-national, regional, state or local regulatory jurisdiction, any agency, department, bureau, commission, council or other governmental entity involved in the granting of a Regulatory Approval for such jurisdiction.

1.124. "**Regulatory Marketing Approval**" means, with respect to any pharmaceutical product and any Indication, Regulatory Approval (including any supplement thereto) to sell such pharmaceutical product for such Indication, including, in any jurisdiction other than the United States, to the extent required for any sale in such country, all pricing and reimbursement approvals to be obtained from the Regulatory Authority granting such Regulatory Approval or any affiliated Regulatory Authority.

1.125. "**Regulatory Marketing Approval Application**" means any Regulatory Approval Application submitted to an appropriate Regulatory Authority seeking any Regulatory Marketing Approval.

1.126. "**Replacement Target**" is defined in Section 2.1.5.

1.127. "**Representatives**" is defined in Section 7.2.1.

1.128. "**Research Plan**" is defined in Section 2.3.1.

1.129. "**Research Plan Activities**" is defined in Section 2.3.2.

1.130. "**Research Plan Change**" is defined in Section 2.3.3.

1.131. "**Research Program**" is defined in Section 2.2.

1.132. "**Research Project**" is defined in Section 2.3.1.

1.133. "**Research Project Target**" means each of EGFR and the Second Target, provided that if the Second Target is replaced by a Replacement Target pursuant to Section 2.1.4, then such Replacement Target shall thereafter be a Research Project Target and the Second Target shall cease to be a Research Project Target for purposes of this Agreement, and further provided that upon election of an available Additional Target pursuant to Section 2.1.8, then such Additional Target shall be a Research Project Target as of the Additional Target Designation Date.

1.134. "**Research Term**" means, on a Research Project Target-by-Research Project Target basis, three (3) years from the applicable Target Designation Date, provided that Pfizer, upon written notice to CytomX at least three (3) months prior to the end of the then-current Research Term, shall have the right to extend the Research Term for each Research Project Target on a quarterly basis for up to an additional four (4) Calendar Quarters, but in no case beyond the date on which Pfizer files an IND with the applicable Regulatory Authority for a Licensed Product Targeting such Research Project Target.

1.135. "**Royalty Term**" means, on a Licensed Product-by-Licensed Product and country-by-country basis, the period of time from the First Commercial Sale of such Licensed Product in such country until the later of (i) the expiration of the last Valid Claim that would, but for the license to or ownership by Pfizer hereunder, be infringed by the import or sale of such Licensed Product in such country or (ii) the tenth (10^{th}) anniversary of the date of the First Commercial Sale of such Licensed Product in such country, but in the case of (ii), in no event later than the twentieth (20^{th}) anniversary of the earlier of the date of the First Commercial Sale of such Licensed Product in the United States or the date of the First Commercial Sale of such Licensed Product in any Major EU Market Country.

1.136. "**Sales Milestone**" is defined in Section 5.4.2.

1.137. "**Sales Milestone Payment**" is defined in Section 5.4.2.

1.138. "**Sales Threshold**" is defined in Section 5.4.2.

1.139. "**SEC**" means the United States Securities and Exchange Commission.

1.140. **"Second Target"** is defined in Section 2.1.3.

1.141. "**Second Target Designation Date**" is defined in Section 2.1.3.

1.142. "**Second Target Window**" is defined in Section 2.1.2.

1.143. "**Second Tumor Type**" means the second Tumor Type for the applicable Licensed Product in the applicable country.

1.144. "**Subcontractors**" is defined in Section 2.9.

1.145. "**Sublicensee**" means any Person to whom Pfizer grants or has granted, directly or indirectly, a sublicense or license of rights licensed or assigned by CytomX to Pfizer under this Agreement, in accordance with the provisions of this Agreement.

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1.146. "**Substrate**" means a moiety that is linked to the Antibody and to the Mask of a Probody and is capable of being cleaved, reduced or photolysed.

1.147. "**Target**" means (a) a specific biological molecule that is identified by a GenBank accession number or similar information, or by its amino acid or nucleic acid sequence, (b) any naturally occurring mutant or allelic variant of a molecule disclosed in clause (a), including transcriptional and post-transcriptional isoforms (e.g., alternative splice variants), and post-translational modification variants (e.g., protein processing, maturation and glycosylation variants); and (c) truncated forms (including fragments thereof) which have a biological function substantially identical to that of any biological molecules disclosed in clause (a) or (b).

1.148. "**Target Designation Date**" means, (a) with respect to EGFR, the Effective Date, (b) with respect to the Second Target, the Second Target Designation Date, (c) with respect to a Replacement Target, such date as provided in Section 2.1.5 and (d) with respect to an Additional Target, the applicable Additional Target Designation Date.

1.149. "**Target Expansion Window**" is defined in Section 2.1.7.

1.150. "**Target Replacement Fee**" is defined in Section 2.1.5.

1.151. "**Targeting**" means, when used to describe the relationship between a molecule and a Target, that the molecule (a) selectively binds to the Target (or a portion thereof) and (b) is designed or being developed to exert its primary biological effect through binding to such Target (or such portion thereof).

1.152. "**Term**" is defined in Section 9.2.

1.153. "**Terminated Licensed Product**" is defined in Section 9.6.1(c).

1.154. "**Terminated Target**" is defined in Section 9.6.1.

1.155. "**Territory**" means the entire world.

1.156. "**Third Party**" means any Person other than Pfizer, CytomX or their respective Affiliates.

1.157. "**Third Party Claim**" is defined in Section 10.4.1.

1.158. "**Third Tumor Type**" means the third Tumor Type for the applicable Licensed Product in the applicable country.

1.159. "**Tools**" means any Patent Right, Know-How or other intellectual property right covering methods, processes, materials and tools to the extent generally applicable to the discovery of Masks, or Substrates, or their use in Probodies (but not specifically directed to PDCs), or assays of the activity relating to such discovery, including the cleavage,

photolysis or reduction of Substrates, thereof. Tools include the Patent Rights listed on Schedule 1.159, and any associated Know-How or materials, which are licensed to CytomX under the UCSB Agreement.

1.160. "**Trademark**" means any trademark, trade dress, design, logo, slogan, house mark or name used in connection with the Commercialization of any Licensed Product by Pfizer or its Affiliates or Sublicensees hereunder, including any registration or application for registration of any of the foregoing.

1.161. **"Tumor Type**" means any oncological disease or condition. For clarity, a distinct form of cancer (e.g., breast cancer) shall be considered a separate Tumor Type from other distinct forms of cancer (e.g., ovarian cancer), provided that, distinct patient populations within a disease or condition shall not be considered separate Tumor Types. For the avoidance of doubt, the treatment of the same Tumor Type in a different patient population, or as a different line of therapy, shall not be deemed to be a separate Tumor Type for purposes of this Agreement.

1.162. "**UCSB**" means The Regents of the University of California Acting Through Its Santa Barbara Campus.

1.163. **"UCSB Agreement"** means that certain Amended and Restated License Agreement between UCSB and CytomX for UC Case No. 2003-460, et al., effective as of August 19, 2010, as the same may be amended from time to time.

1.164. "**Useful**" is defined in Section 5.5.2(b).

1.165. "**Valid Claim**" means, with respect to a particular country, (a) a claim of an issued and unexpired patent right included within the Licensed Intellectual Property or Developed IP that (i) has not been held permanently revoked, unenforceable or invalid by a decision of a court or other governmental authority of competent jurisdiction, which decision is unappealed or unappealable within the time allowed for appeal, and (ii) has not been cancelled, withdrawn, abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise; or (b) a bona fide claim of a pending patent application included within the Licensed Intellectual Property or Developed IP that has not been (i) cancelled, withdrawn or abandoned without being refiled in another application in the applicable jurisdiction or (ii) finally rejected by an administrative agency action from which no appeal can be taken or that has not been appealed within the time allowed for appeal, provided that any claim in any patent application pending for more than seven (7) years from the earliest date on which such patent application claims priority shall not be considered a Valid Claim for purposes of the Agreement from and after such seven (7) year date unless and until a patent containing such claim issues from such patent application and solely if such patent issues while another Valid Claim covers the relevant Licensed Product in the relevant country.

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1.166. **Construction**. Except where the context expressly requires otherwise, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation," (c) the word "will" shall be construed to have the same meaning and effect as the word "shall," (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person shall be construed to include the Person's successors and assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to sections or exhibits shall be construed to refer to sections or exhibits of this Agreement, and references to this Agreement include all exhibits hereto, (h) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, (k) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), and (l) the term "or" shall be interpreted in the inclusive sense commonly associated with the term "and/or."

2. RESEARCH PROGRAM.

2.1. **Selection of Research Project Targets**.

2.1.1. **Research Project Targets**. Pfizer hereby designates EGFR as the Research Project Target for the first Research Project.

2.1.2. **Designation of a Second Research Project Target**. Pfizer shall have a one-time right to nominate a second Research Project Target, exercisable upon written notice to CytomX, at any time prior to the twelve (12) month anniversary ("**Second Target Window**") of the Effective Date, subject to availability of such Target as specified in Section 2.1.3.

2.1.3. **Availability of Second Target.** During the Second Target Window, if Pfizer desires to nominate a second Target, Pfizer shall provide CytomX with a

Proposed Target Notice (each such proposed Target, a "**Second Target**"). Within ten (10) Business Days following CytomX's receipt of such Proposed Target Notice, CytomX shall notify Pfizer in writing whether the exclusive Commercial License described in Section 4.1.3 of this Agreement is Available with respect to such Second Target as of CytomX's receipt of such Proposed Target Notice, including, if such Target is not Available, a written explanation of the reason therefor in accordance with Section 1.16, including a certification pursuant to Section 1.16(c), as applicable. To the extent such exclusive Commercial License is Available, then such Second Target shall automatically be considered a Research Project Target on the date CytomX so notifies Pfizer (such date, the "**Second Target Designation Date**" for such Second Target), and the Parties shall adopt a Research Plan for such Second Target in accordance with Section 2.3.1.

2.1.4. **Target Replacement Right**. If the Second Target Designation Date is on or before the three (3) month anniversary of the Effective Date, Pfizer shall have a one-time right to replace the Second Target, if such Second Target has become a Research Project Target, with a Replacement Target, exercisable upon written notice to CytomX, at any time prior to the eighteen (18) month anniversary ("**Replacement Window**") of the Effective Date, subject to availability of such Target and payment of the Target Replacement Fee, if applicable, as specified in Section 2.1.5. For clarity, Pfizer shall have no right to replace the Second Target with a Replacement Target if the Second Target Designation Date is after the three (3) month anniversary of the Effective Date.

2.1.5. **Availability of Replacement Target**. During the Replacement Window, if Pfizer desires to replace the Second Target with another Target, Pfizer shall provide CytomX with a Proposed Target Notice for the Target with which it desires to replace the Second Target (each such proposed Target, a "**Replacement Target**"). Within ten (10) Business Days following CytomX's receipt of such Proposed Target Notice, CytomX shall notify Pfizer in writing whether the exclusive Commercial License described in Section 4.1.3 of this Agreement is Available with respect to such Replacement Target as of CytomX's receipt of such Proposed Target Notice, including, if such Target is not Available, a written explanation of the reason therefor in accordance with Section 1.16, including a certification pursuant to Section 1.16(c), as applicable. To the extent such exclusive Commercial License is Available, then such Replacement Target shall automatically be considered a Research Project Target on the date CytomX so notifies Pfizer (such date, the "**Target Designation Date**" for such Replacement Target), subject to payment of a replacement fee in the amount of $1,500,000.00 (the "**Target Replacement Fee**") if such Target Designation Date is more than twelve (12) years after the Effective Date, due within thirty (30) days after such Target Designation Date, the Second Target shall thereupon cease to be a Research Project Target for all purposes under this Agreement and the Parties shall adopt a Research Plan for such Replacement Target in accordance with Section 2.3.1.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

2.1.6. Exclusivity of Research Project Targets. During the Option Period for each Research Project Target, neither CytomX nor any of its Affiliates shall (a) grant, or seek to grant, any right under any CytomX Technology or Developed IP to any Third Party with respect to such Research Project Target or (b) use any CytomX Technology or Developed IP to Develop (itself or through or with a Third Party) (x) Probodies Targeting such Research Project Target other than EGFR or (y) PDCs Targeting any Research Project Target.

2.1.7. **Additional Targets**. Pfizer shall have the right to add up to two (2) additional Targets (in addition to the Second Target and any Replacement Target designated pursuant to Sections 2.1.3 and 2.1.5, respectively), exercisable upon written notice to CytomX, at any time prior to the three year anniversary ("**Target Expansion Window**") of the Effective Date, subject to availability of such Target and payment of the Additional Target Fee, if applicable, as specified in Section 2.1.8.

2.1.8. **Availability of Additional Target.** During the Target Expansion Window, if Pfizer desires to add an additional Target, Pfizer shall provide CytomX with a Proposed Target Notice (each such proposed Target, an "**Additional Target**"). Within ten (10) Business Days following CytomX's receipt of such Proposed Target Notice, CytomX shall notify Pfizer in writing whether the exclusive Commercial License described in Section 4.1.3 of this Agreement is Available with respect to such Additional Target as of CytomX's receipt of such Proposed Target Notice, including, if such Target is not Available, a written explanation of the reason therefor in accordance with Section 1.16, including a certification pursuant to Section 1.16(c), as applicable. To the extent such exclusive Commercial License is Available, then such Additional Target shall automatically be considered a Research Project Target on the date CytomX so notifies Pfizer (such date, the "**Additional Target Designation Date**" for such Additional Target), subject to payment of an additional target fee in the amount of one million five hundred thousand dollars ($1,500,000.00) per Additional Target (the "**Additional Target Fee**"), due within thirty (30) days after such Target Designation Date, and the Parties shall adopt a Research Plan for such Additional Target in accordance with Section 2.3.1, which plan shall specify any additional FTE support to be provided by Pfizer to CytomX in support of the Research Plan, which support upon agreement of the Parties may be in excess of the six (6) FTE limit set forth in Section 5.3.1.

2.2. **Scope and Conduct of the Research Program.** Under the terms and conditions set forth herein, CytomX and Pfizer shall collaborate to conduct discovery and pre-clinical Development activities to generate and validate Agreement Probodies and generate Agreement PDCs to the Research Project Targets (the "**Research Program**").

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The Research Program shall be conducted in accordance with the Research Plan for each Research Project (as more fully provided in Section 2.3 below), and each Party shall use its Commercially Reasonable Efforts to perform all activities assigned to it and fulfill all of its obligations under each Research Plan. In addition, each Party shall conduct its activities under the Research Plan(s) in accordance with Applicable Law.

2.3. **Research Plans**.

2.3.1. **Adoption of Research Plans**. The Parties shall adopt a research plan (each a "**Research Plan**") for each Research Project Target; a "**Research Project**" shall mean the work to be performed pursuant to such a Research Plan. The Research Plan for EGFR is attached as Exhibit 2.3.1. The Research Plan for any other Research Project Target shall be prepared by the JRC and adopted within thirty (30) days of the Target Designation Date for such Research Project Target by the JRC, including in the case of a Second Target, Replacement Target or Additional Target, as applicable. Each Research Plan shall reference this Agreement and shall be subject to all of the provisions of this Agreement, in addition to the specific details set forth in such Research Plan. To the extent any provisions of a Research Plan conflict or are inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control. Unless otherwise expressly stated in a Research Plan, the provisions of each Research Plan shall be independent of and shall not affect the provisions of any other Research Plan. If the Parties are unable to agree on a Research Plan within the specified time period, the JRC may specify the Research Plan, and all disputes regarding the preparation or modification of any Research Plan (including the approval of any Research Plan Change) shall be resolved by the JRC; provided, however, that unless the Parties agree in writing, in no case will a Research Plan impose any financial obligations on a Party to this Agreement that, in aggregate, exceed the financial obligations set forth in this Agreement.

2.3.2. **Responsibilities**. Each Research Plan shall set forth the services and the obligations and responsibilities assigned to each Party under the corresponding Research Project (collectively the "**Research Plan Activities**"), and shall include the following minimum terms:

(a) For each Research Project Target other than EGFR, Pfizer shall provide Antibodies Targeting the applicable Research Project Target, which CytomX will use to generate Probodies that Target such Research Project Target. For each Research Project, CytomX will support the construction, expression and purification of all Agreement Probodies.

(b) CytomX will investigate and validate each Agreement Probody in accordance with the applicable Research Plan.

(c) Pfizer will conjugate the Agreement Probodies to Linkers and Payloads using the Pfizer Technology to generate Agreement PDCs.

(d) Pfizer will perform in vivo modeling and IND-enabling studies with respect to Agreement PDCs.

2.3.3. **Changes in Research Plans**. A Research Plan may be amended by a written amendment (a "**Research Plan Change**") to such Research Plan. Proposed Research Plan Changes shall be prepared in writing by the JRC and shall be subject to review and approval by the JRC. Each Research Plan Change shall set forth the agreed changes to the applicable task, protocol, specifications, responsibility, budget, timeline or other matter; provided that in no case will a Research Plan Change reduce the number of FTEs assigned to such Research Plan except in accordance with Section 5.3.1. As used in this Agreement, a Research Plan will be deemed to include any Research Plan Changes with respect thereto. Each Research Plan Change shall reference this Agreement and the Research Plan it relates to and shall be subject to the provisions of this Agreement. To the extent any provisions of a Research Plan Change conflict or are inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control. All Research Plan Changes shall be incorporated herein by reference and form a part hereof.

2.4. **Governance of the Research Program.**

2.4.1. **Formation of the Joint Research Committee**. CytomX and Pfizer shall establish a "**Joint Research Committee**" (or "**JRC**") to oversee and coordinate the activities of the Parties under this Agreement in regard to the Research Program. The JRC shall also serve as a forum to facilitate communications between the Parties regarding the Research Program. The JRC shall be comprised of three (3) representatives from each Party as appointed by such Party, with such representatives possessing appropriate expertise and seniority to carry out the Research Projects. The JRC may change its size from time to time by mutual consent of its members. A Party may replace one or more of its representatives from time to time upon written notice to the other Party. The initial members of the JRC will be: [***] on behalf of Pfizer, and [***] on behalf of CytomX. The JRC shall exist until expiration of the last to expire Option Period, unless the Parties otherwise agree in writing.

2.4.2. **Co-Chairpersons and Secretary of the Joint Research Committee**. Each Party shall designate a co-chairperson of the JRC, and a secretary of the JRC shall be designated in accordance with Section 2.5 below. A Party may change the designation of its co-chairperson from time to time upon written notice to the other Party. The co-chairpersons shall be responsible for scheduling meetings of the JRC, preparing agendas for meetings and sending to all JRC members notices of all regular meetings and agendas for such meetings at least five (5) Business

Days before such meetings. The co-chairpersons shall solicit input from both Parties regarding matters to be included on the agenda, and any matter either Party desires to have included on the agenda shall be included for discussion. Nothing herein shall be construed to prohibit the JRC from discussing or acting on matters not included on the applicable agenda. The secretary shall record the minutes of the meeting, circulate copies of meeting minutes to the Parties and each JRC member promptly following the meeting for review, comment and approval by the JRC members and finalize approved meeting minutes. The co-chairpersons shall be members of the JRC but the secretary need not be a member of the JRC. The initial co-chairpersons shall be: [***] on behalf of Pfizer and [***] on behalf of CytomX.

2.4.3. **Meetings**. The JRC shall meet at least once each Calendar Quarter until it has been terminated in accordance with Section 2.4.1 at dates and times mutually agreed by the JRC, unless otherwise mutually agreed by the Parties. The initial meeting of the JRC shall be held within thirty (30) days after the Effective Date. Either Party may call a special meeting of the JRC on fifteen (15) days written notice to the other Party's members of the JRC (or upon such shorter notice as exigent circumstances may require). Such written notice shall include an agenda for the special meeting. In-person meetings, including special meetings, of the JRC shall alternate between the offices of the Parties, unless otherwise agreed upon by the members of the JRC. Meetings of the JRC may be held telephonically or by video conference; provided, however, that at least two (2) meetings per year shall be held in-person. Meetings of the JRC shall be effective only if at least one (1) representative of each Party is in attendance or participating in the meeting. Members of the JRC shall have the right to participate in and vote at meetings held by telephone or video conference. In addition, the JRC may act on any matter or issue without a meeting if it is documented in a written consent signed by each member of the JRC.

2.4.4. **Responsibilities of the Joint Research Committee**. The JRC shall be responsible for (a) planning and supervising research and development under this Agreement, including establishing, reviewing and recommending modifications and updates to the Research Plans; (b) receiving and reviewing all data and other information obtained by either Party in connection with the Research Program and monitoring and reporting to the Parties on activities conducted pursuant to the Research Plans; (c) documenting and approving initiation and completion of each Research Project; (d) evaluating FTE requirements for the performance of the Research Plans; and (e) such other functions as expressly specified hereunder or as agreed by the Parties.

2.4.5. **Decisions by Consensus**. All decisions of the JRC shall be made by unanimous agreement of both Parties' representatives, with each Party having a single vote, irrespective of the number of JRC representatives in attendance at a meeting. If the JRC cannot or does not reach unanimous agreement on a matter

within the purview of the JRC, then Pfizer shall have the deciding vote on such matter; provided, however, that if a Party so requests, the designated officers of the Parties shall meet to attempt to resolve such matter in accordance with Section 11.9.4, except that, notwithstanding anything in Section 11.9, if such officers are unable to resolve such matter in ten (10) Business Days, then the matter shall be returned to the JRC and Pfizer's vote shall be deemed final.

2.5. **Alliance Managers**. In addition to the foregoing governance provisions, each of the Parties shall appoint a single individual to serve as that Party's alliance manager ("**Alliance Manager**"). The role of each Alliance Manager will be to participate and otherwise facilitate the relationship between the Parties as established by this Agreement. A Party may replace its Alliance Manager from time to time upon written notice to the other Party.

2.6. **Conformance with Law**. Each Party shall perform and discharge its obligations under this Agreement and the Research Program in conformance with (a) professional standards and practices, (b) this Agreement and the Research Plan(s) and (c) all Applicable Laws. Without limiting the generality of the foregoing, each Party shall retain all records relating to its performance of this Agreement and the Research Plan(s) for the time periods required by Applicable Laws.

2.7. **CytomX Personnel Matters.** CytomX acknowledges and agrees that it is solely responsible for the compensation of the personnel assigned to the Research Plan Activities, and shall be responsible for withholding all national, state, local or other applicable taxes and similar items for such personnel. CytomX also shall be responsible for all other employer related obligations, including providing appropriate insurance coverage and employee benefits, and making all other deductions required by law affecting the gross wages of each employee. CytomX personnel assigned to the Research Plan Activities are not nor shall they be deemed to be employees of Pfizer.

2.8. **Debarment Certification**. Neither Party nor any Person employed or retained to perform services by either Party has been debarred under Section 306(a) or (b) of the FD&C Act or any comparable provision of foreign law and no debarred Person shall in the future be employed or retained to perform services by either Party in connection with any work to be performed for or on behalf of the other Party. If, at any time after execution of this Agreement, either Party becomes aware that such Party or any Person employed or retained to perform services by such Party in connection with any work performed for or on behalf of such Party is, or is in the process of being, debarred, such Party shall so notify the other Party immediately.

2.9. **Subcontractors**. Except for natural persons engaged as independent contractors providing services as an FTE to CytomX, neither CytomX nor its Affiliate may engage any contractor, subcontractor or other vendor (a "**Subcontractor**") to perform any Research Plan Activities or Research Program activities without Pfizer's prior written consent. CytomX shall be responsible for the management of all permitted

Subcontractors. The engagement by CytomX or its Affiliate of any Subcontractor in compliance with this Section 2.9 shall not relieve CytomX of its obligations under this Agreement or any applicable Research Plan. Any agreement between CytomX or its Affiliate and a permitted Subcontractor pertaining to the Research Plan Activities shall be consistent with the provisions of this Agreement. Furthermore, as provided in Section 8.3.3, unless otherwise agreed by Pfizer in writing, prior to or at the time of engagement of any Subcontractor to perform any obligations hereunder, CytomX or its Affiliate shall cause such Subcontractor to agree in writing to be bound by terms providing for Pfizer rights no less favorable to Pfizer than the rights granted to Pfizer in this Agreement.

2.10. **Inspections.** Pfizer authorized representative(s), and Regulatory Authorities to the extent required by law and applicable to the scope of the Research Plan Activities performed, may, during regular business hours and, to the extent legally possible, at times arranged in advance with CytomX, audit, inspect and copy all data, records and written work products, and audit and inspect all CytomX facilities used in the performance of the Research Plan Activities, to the extent relating to the Research Plan Activities and CytomX's performance under this Agreement and the applicable Research Plan(s) (including all data, records, written work products and facilities of Subcontractors).

2.11. **Records**. Each Party shall prepare, maintain and retain complete and accurate written records, accounts, notes, reports and data of the Research Plan Activities and its performance under this Agreement and the Research Plan(s), in a form and of quality reasonably acceptable to both Parties. All such information, to the extent it specifically pertains to Agreement PDCs, shall be treated as Confidential Information of Pfizer for the purpose of this Agreement, for clarity, not including CytomX Improvements.

2.12. **Transfer and Use of Proprietary Materials**.

2.12.1. **Transfer**. From time to time, pursuant to a Research Plan, or otherwise, Pfizer may provide CytomX with Pfizer Proprietary Materials and CytomX may provide Pfizer with CytomX Proprietary Materials. Each Party's Proprietary Materials are provided by such Party on an "as-is" basis without representation or warranty of any type, express or implied, including any representation or warranty of merchantability, non-infringement, title or fitness for a particular purpose, each of which is hereby disclaimed by such providing Party.

2.12.2. **Use of Proprietary Materials**. Each Party shall use the other Party's Proprietary Materials solely in connection with conducting the specific activities under this Agreement for which such other Party's Proprietary Materials are provided to the receiving Party, including, if applicable, the provisions of any specific Research Plan under which such Proprietary Materials are provided, and for no other purpose. Without limiting the generality of the foregoing, except as expressly set forth in this Agreement or in any applicable Research Plan, neither Party shall make or attempt to make analogues, progeny or derivatives of, or modifications to, the Pfizer Proprietary Materials or CytomX Proprietary

Materials, as the case may be, using the other Party's Confidential Information or the tangible materials provided by the other Party, and each Party shall not use the other Party's Proprietary Materials for the benefit of any Third Party or of its own internal research programs outside of the Research Program; provided that after exercising the Option with respect to a Research Project Target pursuant to Section 4.1.2, Pfizer may use CytomX Proprietary Materials related to such Research Project Target to the extent assigned or licensed to Pfizer. CytomX shall not administer any of the Pfizer Proprietary Materials to any human. Each Party shall comply with all Applicable Laws regarding the handling and use of the other Party's Proprietary Materials. Each Party agrees to retain possession over the other Party's Proprietary Materials and not to provide the other Party's Proprietary Materials to any Third Party without the providing Party's prior written consent, except as required to perform the Research Program.

2.12.3. **Unauthorized Use of Materials**. In the event that either Party uses the other Party's Proprietary Materials for any purpose other than the purposes authorized herein, the results of such unauthorized research, and any discoveries or inventions that arise from such unauthorized research, whether patentable or not, shall belong solely and exclusively to the Party providing its Proprietary Materials. If required in order to perfect or enforce a Party's ownership of such results, discoveries or inventions, each hereby assigns and agrees to assign to the other Party all of its right, title and interest in and to all such results, discoveries or inventions made through unauthorized research with the other Party's Proprietary Materials. Each Party agrees to cooperate with the other Party, and to execute and deliver any and all documents that the providing Party reasonably deems necessary, to perfect and enforce its rights hereunder.

2.12.4. **Title to Proprietary Materials**. All right, title and interest in the Pfizer Proprietary Materials shall remain the sole property of Pfizer notwithstanding the transfer to and use by CytomX of the same. Except as provided in Section 6.1.1(d), all right, title and interest in the CytomX Proprietary Materials shall remain the sole property of CytomX notwithstanding the transfer to and use by Pfizer of the same.

2.12.5. **Return of Proprietary Materials**. Upon completion of the activities for which the Pfizer Proprietary Materials have been provided, or upon expiration or termination of this Agreement or the applicable Research Plan, if earlier, CytomX shall, at Pfizer's option, either destroy or return to Pfizer all unused Pfizer Proprietary Materials, provided that if any materials provided by Pfizer to CytomX include both CytomX Proprietary Materials and Pfizer Proprietary Materials, then such materials shall be destroyed. Upon completion of the activities for which the CytomX Proprietary Materials have been provided, or upon expiration or termination of this Agreement or the applicable Research Plan, if earlier, Pfizer shall, at CytomX's option, either destroy or return to CytomX all unused CytomX Proprietary Materials, provided that if any materials provided by

CytomX to Pfizer include both CytomX Proprietary Materials and Pfizer Proprietary Materials, then such materials shall be destroyed. For clarity, however, the foregoing obligation shall not apply to Agreement Probodies Targeting a Research Project Target for which Pfizer exercises its Option.

3. PRODUCT DEVELOPMENT, MANUFACTURING, COMMERCIALIZATION AND REGULATORY MATTERS.

3.1. **General**. Except as expressly set forth in Article 2, and subject to Pfizer exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2, Pfizer shall have sole authority over and control of the Development, Manufacture and Commercialization of Licensed Products Targeting such Research Project Target, and shall bear all costs associated with such Development, Manufacture and Commercialization.

3.2. **Diligence.**

3.2.1. **Development Diligence**. Pfizer will use Commercially Reasonable Efforts to Develop (including to seek Regulatory Approval for) at least one (1) Licensed Product in one (1) Major Market Country for each Research Project Target for which Pfizer exercises its Option. Except as provided in Section 2.2 and this Section 3.2.1, Pfizer will have no other diligence obligations with respect to the Development or Regulatory Approval of Licensed Products under this Agreement. For avoidance of doubt, any actions taken by Pfizer's Affiliates or Sublicensees under this Agreement shall be treated as actions taken by Pfizer in regard to satisfaction of the requirements of this Section 3.2.1.

3.2.2. **Commercial Diligence**. Subject to Pfizer exercising an Option pursuant to Section 4.1.2, on a Research Project Target-by-Research Project Target basis, Pfizer will use Commercially Reasonable Efforts to Commercialize one (1) Licensed Product in one (1) Major Market Country in the Field for one (1) Tumor Type where Pfizer has received Regulatory Approval for such Licensed Product in such country. Pfizer will have no other diligence obligations with respect to the Commercialization of Licensed Products under this Agreement. For avoidance of doubt, any actions taken by Pfizer's Affiliates or Sublicensees under this Agreement shall be treated as actions taken by Pfizer in regard to satisfaction of the requirements of this Section 3.2.2.

3.2.3. **Exceptions to Diligence Obligations**. Notwithstanding any provision of this Agreement to the contrary, Pfizer will be relieved from and will have no obligation to undertake any efforts with respect to any diligence obligation under Section 3.2.1 or Section 3.2.2 with respect to a given Agreement PDC or Licensed Product (each, a "Pfizer Diligence Obligation") in the event that:

(a) Pfizer or CytomX receives or generates any safety, tolerability or other data reasonably indicating or signaling, as measured by Pfizer's safety and efficacy evaluation criteria and methodology, that an Agreement PDC or a Licensed Product has or would have an unacceptable risk-benefit profile or is otherwise not reasonably suitable for initiation or continuation of clinical trials in humans;

(b) Pfizer or CytomX receive any notice, information or correspondence from any applicable Regulatory Authority, or any applicable Regulatory Authority takes any action, that reasonably indicates that a Licensed Product is unlikely to receive Regulatory Approval; or

(c) CytomX materially breaches any of its Development or other obligations under a Research Plan or this Agreement related to such Licensed Product upon which performance of the applicable Pfizer Diligence Obligation is dependent.

3.2.4. **Assertion of Pfizer Diligence Obligation Claims**. If CytomX is, becomes or reasonably should be aware of facts that might form a reasonable basis to allege that Pfizer has failed to meet any Pfizer Diligence Obligation, then CytomX will promptly notify Pfizer in writing of such potential alleged performance failure (each such potential alleged performance failure, a "**Diligence Issue**"). Promptly upon Pfizer's receipt of any notice of a Diligence Issue pursuant to this Section 3.2.4, the Pfizer Alliance Manager will contact the CytomX Alliance Manager to discuss the specific nature of such Diligence Issue and seek to identify an appropriate corrective course of action. If, no later than thirty (30) days after Pfizer's receipt of such a notice, (a) the Parties have not reached consensus regarding whether Pfizer has failed to satisfy the Pfizer Diligence Obligations and (b) the Parties' respective Alliance Managers have not agreed upon an appropriate corrective course of action for such Diligence Issue, then such Diligence Issue will be escalated and resolved pursuant to the dispute resolution provisions set forth in Section 11.9. If CytomX fails to notify Pfizer of a Diligence Issue pursuant to this Section 3.2.4 within ninety (90) days after the date on which CytomX receives the minutes of the JRC meeting or the written report provided under Section 3.6.2, as applicable, on which the alleged Diligence Issue is based, then Pfizer will be deemed to have satisfied its Diligence Obligations with respect to such Diligence Issue.

3.2.5. **Remedies for Breach of Pfizer Diligence Obligations**. If Pfizer materially breaches any Pfizer Diligence Obligation and fails to remedy such breach within ninety (90) days of Pfizer's receipt of notice of such breach from CytomX, then CytomX may, in its sole discretion, elect to either (a) terminate this Agreement pursuant to the provisions of Section 9.3 on a Licensed Product-by-Licensed Product and country-by-country basis, but only to the extent that a

Licensed Product in a given country in the Territory is directly and adversely impacted by such uncured material breach or (b) convert any exclusive licenses granted to Pfizer under this Agreement with respect to a Licensed Product in a given country in the Territory into non-exclusive licenses, but only to the extent that such Licensed Product in such country is directly and adversely impacted by such uncured material breach. CytomX acknowledges and agrees that the elections set forth in this Section 3.2.5 (i) have been negotiated by the Parties to fully address any harm that CytomX may incur as a result of Pfizer's material breach of any Pfizer Diligence Obligation and (ii) constitute CytomX's sole and exclusive remedies with respect to any breach by Pfizer of the Pfizer Diligence Obligations.

3.3. **Regulatory Approvals**. Subject to Pfizer exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2, Pfizer or its designated Affiliate(s) shall file, in its own name, all Regulatory Approval applications for Licensed Products Targeting such Research Project Target where Pfizer, in its sole discretion, determines it is commercially advantageous to do so. Pfizer, or its designated Affiliate(s), shall have the sole responsibility for, and sole authority with respect to, communications with any Regulatory Authority regarding any Regulatory Approval Application or any Regulatory Approval for a Licensed Product once granted. Except to the extent necessary to fulfill its obligations under Section 3.2.1, neither Pfizer nor any of its Affiliates shall have any obligation to seek Regulatory Approval for any Licensed Product.

3.4. **Control of Commercialization Activities**. Subject to Pfizer exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2:

3.4.1. **General**. Pfizer shall have sole and exclusive control over all matters relating to the Commercialization of Licensed Products Targeting such Research Project Target; and

3.4.2. **Trademarks**. Pfizer shall select and own all Trademarks used in connection with the Commercialization of any such Licensed Products, including all goodwill associated therewith. Neither CytomX nor its Affiliates shall use or seek to register, anywhere in the world, any trademarks which are confusingly similar to any Trademarks used by or on behalf of Pfizer, its Affiliates or Sublicensees in connection with any Licensed Product. Nothing in this Section 3.4.2 shall be construed to prevent CytomX from granting Pfizer any license or right in and to any trademark, trade dress, design, logo, slogan, house mark or name Controlled by CytomX.

3.5. **Manufacturing**. Subject to Pfizer exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2, Pfizer shall have the exclusive right to Manufacture Licensed Products Targeting such Research Project Target itself or through one or more Affiliates or Third Parties selected by Pfizer for both clinical purposes and for Commercialization of such Licensed

Product. Pfizer shall have no diligence obligations with respect to the Manufacture of Licensed Products except to the extent necessary to fulfill the Pfizer Diligence Obligations. For the avoidance of doubt, CytomX shall retain the right to manufacture any EGFR Probody other than for incorporation in a PDC.

3.6. **Progress Reporting**.

3.6.1. During the Research Term and thereafter, until the last-to-expire Option Period for each applicable Research Project Target, Pfizer shall keep the JRC reasonably informed of its progress in researching and Developing Agreement PDCs Targeting such Research Project Target.

3.6.2. After Pfizer's exercise of the Option with respect to an applicable Research Project Target, Pfizer shall provide CytomX with a semi-annual written report with respect to EGFR, and an annual written report with respect to any other Research Project Target, and update on Pfizer's activities to Develop or Commercialize Licensed Products Targeting such Research Project Target, and, upon CytomX's request, not more than two times per Calendar Year, the Parties agree to meet, such meeting to be held at a mutually agreed upon time, location and meeting method, within sixty (60) days after CytomX's request, to discuss such report and updates. Any information or written report provided by Pfizer to CytomX pursuant to this Section 3.6 shall be deemed to be Pfizer's Confidential Information subject to the provisions of Article 7.

3.7. **Regulatory Information**. To the extent either Party receives a communication or request for information from a Regulatory Authority that pertains to an EGFR Probody and the receiving Party reasonably believes that (a) such communication has or could have an impact on an EGFR Probody that the other Party currently has in Development or (b) information or data being developed by such other Party could be necessary or useful to the receiving Party in responding to such communication or request for information, then such receiving Party shall notify the other Party of such communication or request, which may include, at the receiving Party's discretion, a copy of such communication or request redacted, if necessary, to omit information not pertaining to such EGFR Probody, and such other Party shall promptly respond and provide reasonable assistance to the receiving Party in responding to such communication or request for information. For the avoidance of doubt, any such communication or request provided or disclosed in any form to such other Party shall be, subject to the provisions of Article 7, treated as Confidential Information of the providing Party.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

4. LICENSES AND RELATED GRANTS OF RIGHTS.

4.1. **Grants to Pfizer**.

4.1.1. **Research License and Option Grants**. Subject to the terms and conditions of this Agreement and during the Research Term with respect to each Research Project Target, CytomX hereby grants to Pfizer and its Affiliates (a) a non-exclusive, worldwide, sublicensable, royalty-free license under the Licensed Intellectual Property to perform the activities assigned to Pfizer under the applicable Research Plan, and (b) during the applicable Option Period, an exclusive option (each, an "**Option**") to obtain the Commercial License with respect to Licensed Products Targeting such Research Project Target as set forth in Section 4.1.3.

4.1.2. **Exercise of Option**. On a Research Project Target-by-Research Project Target basis, the Options granted to Pfizer under Section 4.1 may be exercised by Pfizer at any time during the applicable Option Period by providing CytomX with written notice of its election to so exercise the Option(s), together with payment of the applicable Option Exercise Fee (the date of any such Option exercise, the "**Option Exercise Date**"). If Pfizer does not exercise the Option with respect to any Research Project Target in the applicable Option Period, then the Target shall no longer be considered a Research Project Target, and any Probody Targeting such Research Project Target shall no longer be considered an Agreement Probody, without limiting CytomX's obligations under Article 7. Upon the exercise of an Option as provided in this Section 4.1.2, if Pfizer believes that a filing under the HSR Act is necessary, Pfizer shall promptly inform CytomX and each Party shall make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the exercise of such Option as promptly as practicable and shall supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and use Commercially Reasonable Efforts to take, or cause to be taken, all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act (including any extensions thereof) as soon as practicable, including keeping the other Party informed in all material respects and on a reasonably timely basis of any material communication received by such Party from, or given by such Party to, the Federal Trade Commission, the Antitrust Division of the Department of Justice or any other Governmental Authority in connection therewith.

4.1.3. **Commercial License**. Subject to the terms and conditions of this Agreement, on a Research Project Target-by-Research Project Target basis and effective on the Option Exercise Date for such Research Project Target, CytomX hereby grants to Pfizer and its Affiliates an exclusive (even as to CytomX, except to the extent necessary for CytomX to perform its obligations under the Research Program) license under the Licensed Intellectual Property, to make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported and otherwise exploit and Commercialize Licensed Products in the Field in the Territory, with the right to sublicense as provided in Section 4.1.6 (the "**Commercial License**").

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

4.1.4. **License to CytomX Improvements**. Subject to the terms and conditions of this Agreement, CytomX hereby grants to Pfizer and its Affiliates a non-exclusive, worldwide, sublicensable, royalty-free, perpetual and irrevocable license under any CytomX Improvements that were solely or jointly invented by the employees, agents or independent contractors of Pfizer or its Affiliates to (a) make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported and otherwise exploit and Commercialize any products and processes other than Probodies alone or as incorporated in a PDC and (b) make, have made, use and have used any Probodies alone or incorporated in a PDC for research purposes.

4.1.5. **Licenses to Certain Developed IP**.

(a) Subject to the terms and conditions of this Agreement and without limiting any other license granted to Pfizer under this Agreement, CytomX hereby grants to Pfizer and its Affiliates a non-exclusive, worldwide, sublicensable, royalty-free, perpetual and irrevocable license under any Developed IP solely owned by CytomX to (i) make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported and otherwise exploit and Commercialize any products and processes other than Probodies alone or as incorporated in a PDC and (ii) make, have made, use and have used any Probodies alone or as incorporated in a PDC for research purposes.

(b) Subject to the terms and conditions of this Agreement and without limiting any other license granted to Pfizer under this Agreement, in the event Pfizer does not exercise the Option for a Research Project Target, to the extent CytomX solely owns any Developed IP that consists of (i) conjugation chemistry or conjugation methods that are unique to Pfizer Linkers or Pfizer Payloads or (ii) a conjugated ADC using Pfizer Linkers or Pfizer Payloads made using the chemistry or methods referenced under clause (a), CytomX shall grant and hereby does grant to Pfizer and its Affiliates a non-exclusive, worldwide, sublicensable, royalty-free, perpetual and irrevocable license under such Developed IP to make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported and otherwise exploit and Commercialize ADCs containing Pfizer Linkers or Pfizer Payloads.

4.1.6. **Right to Sublicense**. Pfizer shall have the right to grant sublicenses to its Affiliates and Third Parties of any and all licenses granted to Pfizer under this Agreement by CytomX, provided that (a) Pfizer shall be jointly and severally responsible with its Sublicensees to CytomX for failure by its Sublicensees to comply with the terms and conditions of this Agreement and (b) Pfizer shall remain responsible for the payment to CytomX of all Milestone Payments and royalties payable with respect to the activities and Net Sales of any Sublicensee.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

4.1.7. **Direct License to Affiliates**. Pfizer may at any time request and authorize CytomX to grant licenses directly to Affiliates of Pfizer by giving written notice designating to which Affiliate a direct license is to be granted. Upon receipt of any such notice, CytomX shall enter into and sign a separate direct license agreement with such designated Affiliate of Pfizer. All such direct license agreements shall be within the scope of the licenses granted in Section 4 and shall be consistent with the terms and conditions of this Agreement, except for such modifications as may be required by the laws and regulations in the country in which the direct license will be exercised. The Parties further agree to make any amendments to this Agreement that are necessary to conform the combined terms of such direct license agreements and this Agreement to the terms of this Agreement as set forth on the Effective Date. In countries where the validity of such direct license agreements requires prior governmental approval or registration, such direct license agreements shall not become binding between the parties thereto until such approval or registration is granted, which approval or registration shall be obtained by Pfizer. All costs of making such direct license agreement(s), including CytomX's reasonable attorneys' fees, under this Section 4.1.7 shall be borne by Pfizer.

4.1.8. **Right of Reference**. CytomX hereby grants to Pfizer a "Right of Reference," as that term is defined in 21 C.F.R. § 314.3(b), to any data Controlled by CytomX or its Affiliates (a) to the extent that it specifically pertains to a Probody contained in the Agreement PDCs, the Licensed Products or preclinical studies with respect to the Licensed Products and (b) that Pfizer reasonably believes may be necessary or useful to the Development, Manufacturing or Commercialization of any Agreement PDC or any Licensed Product pursuant to this Agreement, and CytomX will provide a signed statement to the foregoing effect, if so requested by Pfizer in accordance with 21 C.F.R. § 314.50(g)(3).

4.1.9. **Technology Transfer Assistance**. CytomX shall provide reasonable assistance, at no additional cost to Pfizer beyond reimbursement of FTE costs for CytomX personnel providing such assistance as provided in Section 5.3.1, to effect the timely and orderly transfer to Pfizer of the Know-How included in the Licensed Intellectual Property necessary for Pfizer's use in performing its responsibilities under the Research Plans, and, if Pfizer exercises an Option granted to it under Section 4.1.1, for the Development, Manufacturing and Commercialization of Licensed Products pursuant to the Commercial License.

4.2. **Grants to CytomX**.

4.2.1. **Research License**. Subject to the terms and conditions of this Agreement and during the Research Term with respect to each Research Project Target, Pfizer hereby grants to CytomX a non-exclusive, worldwide, royalty-free license, with no right to grant sublicenses, under the Pfizer Technology to perform the activities assigned to CytomX under the applicable Research Plan.

4.2.2. **License to Certain Developed IP**. Subject to the terms and conditions of this Agreement, Pfizer hereby grants to CytomX a non-exclusive, worldwide, royalty-free, perpetual and irrevocable license under any Developed IP solely owned by Pfizer that (a) consists of conjugation chemistry or conjugation methods that are unique to and generally applicable to Probodies (i.e., not specifically directed to Agreement PDCs) or (b) covers PDCs that do not otherwise incorporate Pfizer Technology or Pfizer Improvements, to make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import, have imported and otherwise exploit and Commercialize Probodies and PDCs that do not otherwise incorporate Pfizer Technology or Pfizer Improvements, excluding (i) during the Research Term with respect to a Research Project Target, Probodies and PDCs Targeting such Research Project Target and (ii) after the applicable Research Term, if Pfizer has exercised the Option with respect to a Research Project Target, then Probodies and PDCs Targeting such Research Project Target. CytomX shall have the right to grant sublicenses of the foregoing license to Affiliates and Third Party collaborators only if: (x) [***] or (y) CytomX and Pfizer have agreed in writing upon reasonable terms and conditions with respect to such right to sublicense to such Third Party collaborator, which the Parties agree to negotiate in good faith.

4.3. **Reciprocal Non-Exclusive Research License for Disclosed Know-How and Confidential Information**. Without limiting any other license granted to either Party under this Agreement and subject to the terms of Section 7:

4.3.1. CytomX hereby grants to Pfizer and its Affiliates a non-exclusive, irrevocable, perpetual, royalty-free, fully paid-up, worldwide license to use any and all Know-How included in the Licensed Intellectual Property and CytomX Confidential Information disclosed to Pfizer during the Term of this Agreement solely for internal research purposes, other than research on Substrates, it being understood and agreed that Pfizer will have no right under this Section 4.3.1 to use any such CytomX Know-How or CytomX Confidential Information in connection with the sale or manufacture for sale of any pharmaceutical product or process.

4.3.2. Pfizer hereby grants to CytomX and its Affiliates a non-exclusive, irrevocable, perpetual, royalty-free, fully paid-up, worldwide license to use any and all Pfizer Know-How and Pfizer Confidential Information (other than any information regarding the identity of or Pfizer's reasons for selecting any Research Project Target, Replacement Target or Additional Target, which shall only be disclosed by CytomX to its Representatives as necessary to comply with the terms of this Agreement) disclosed to CytomX during the Term of this Agreement solely for internal research purposes, other than Pfizer Site-Specific Conjugation Technology, it being understood and agreed that CytomX will have no right under this Section 4.3.2 to use any Pfizer Know-How or Pfizer Confidential Information in connection with the sale or manufacture for sale of any pharmaceutical product or process.

4.3.3. Notwithstanding the foregoing, neither Pfizer nor CytomX shall have any right under this Section 4.3 to (a) make or use any physical material supplied by the other Party for use in the Research Program other than for use in the Research Program or (b) practice under any Patent Right Controlled by the other Party.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

4.4. **Retained Rights**. For the avoidance of doubt, except as expressly provided in regard to the licenses contained in this Article 4 or in the provisions of Section 6.1.1, neither Party will have any rights in the other Party's Antibodies, in the case of Pfizer, or Probodies, in the case of CytomX, and each Party will retain ownership of all of its Pfizer Technology or CytomX Technology, as applicable, covering any Antibody or Probody, as applicable, that such Party contributes to the Research Program.

4.5. **Exclusivity**.

4.5.1. **Exclusivity Covenant**. During the Term of this Agreement, except to the extent required for CytomX to fulfill its obligations under the Agreement, CytomX and its Affiliates will not engage in, and will not license or otherwise grant any right to, or enter into any collaborative arrangement with, any Third Party to engage in, any activity where a goal of such activity is to Develop or Commercialize any Probody or PDC Targeting any Research Project Target for which Pfizer has exercised its Option for use in the Field, except that Pfizer acknowledges and agrees that CytomX and its Affiliates may continue Development of and Commercialize (and to license and enter into collaborative arrangements regarding) an EGFR Probody as a Probody but not as a PDC.

4.5.2. **Other Pfizer Programs**. CytomX understands and acknowledges that Pfizer may have present or future initiatives or opportunities, including initiatives or opportunities with its Affiliates or Third Parties, involving similar products, programs, technologies or processes that are similar to or that may compete with a product, program, technology or process covered by this Agreement. CytomX acknowledges and agrees that nothing in this Agreement will be construed as a representation, warranty, covenant or inference that Pfizer will not itself Develop, Manufacture or Commercialize or enter into business relationships with one or more of its Affiliates or Third Parties to Develop, Manufacture or Commercialize products, programs, technologies or processes that are similar to or that may compete with any product, program, technology or process covered by this Agreement.

4.6. **Section 365(n) of Bankruptcy Code**. All rights and licenses now or hereinafter granted by CytomX to Pfizer under or pursuant to any section of this Agreement, including Sections 4.1.1, 4.1.3, 4.1.4, 4.1.5 and 4.3.1, are rights to "intellectual property" (as defined in Section 101(35A) of Title 11 of the United States Code, as amended (such

Title 11, the "**Bankruptcy Code**")). The Parties hereto acknowledge and agree that the payments provided for under Sections 5.1, 5.2, 5.3 and 5.4, and all other payments by Pfizer to CytomX under this Agreement, other than royalty payments pursuant to Section 5.5, do not constitute royalties within the meaning of Section 365(n) of the Bankruptcy Code or relate to licenses of intellectual property under this Agreement.

4.7. **No Implied Rights**. Except as expressly provided in this Agreement, neither Party shall be deemed, by estoppel, implication or otherwise, to have granted the other Party any license or other right with respect to any intellectual property of such Party.

5. PAYMENTS TO CYTOMX.

5.1. **Upfront and Option Fee**. Within thirty (30) days after the Effective Date, Pfizer shall pay to CytomX the non-creditable, non-refundable amount of Six Million Dollars ($6,000,000).

5.2. **Option Exercise Fee.** Upon exercise of the Option for a Research Project Target pursuant to Section 4.1.2, Pfizer shall pay to CytomX the "Option Exercise Fee" for such Research Project Target, as set forth in the table below.

Research Project Target	Option Exercise Fee
EGFR	$[***]
Second Target or Replacement Target	$[***]
Each Additional Target	$[***]

5.3. **Research Support Funding**.

5.3.1. **FTE Reimbursement**. During the applicable Research Term, Pfizer shall reimburse CytomX for the costs of CytomX FTEs incurred in performing its Research Plan Activities at the FTE Rate. Pfizer shall be obligated to reimburse CytomX for not more than six (6) FTEs in aggregate per Calendar Year. Subject to the foregoing, the JRC shall determine the specific number of FTEs that shall perform Research Plan Activities for CytomX from time to time. By July 1 of each Calendar Year of the applicable Research Term, the JRC shall estimate the number of projected CytomX FTE's to be utilized in the subsequent twelve (12) month period of such Research Term, provided that the JRC shall evaluate and revise, as applicable, such estimate at each Calendar Quarterly meeting for the following Calendar Quarter, provided, further, that the JRC shall not reduce the number of FTEs set forth in such estimate unless Pfizer has provided CytomX with sixty (60) days' advanced written notice of its intention to reduce such number from the most recent annual estimate. Notwithstanding the foregoing, Pfizer shall only be obligated to reimburse CytomX for the number of FTEs actually incurred and reported pursuant to Section 5.3.3 in the performance of its Research Plan Activities.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

5.3.2. **Other Expenses**. Except as expressly set forth in Section 5.3.1, CytomX shall be solely responsible for all costs and expenses it incurs in performing its obligations under the Research Program, except as specifically set forth in the applicable Research Plan; provided, however, that CytomX shall not be required to assign any FTEs to the performance of the Research Plan Activities in excess of the number of FTEs that Pfizer is obligated to reimburse.

5.3.3. **Reports and Reimbursement Payments**. Within thirty (30) days after the end of each Calendar Quarter of the applicable Research Term, CytomX shall provide Pfizer with a quarterly report containing a detailed account of activities performed together with an invoice for amounts payable under Section 5.3.1, with respect to such Calendar Quarter. Each report must be accompanied by a certificate executed by a duly appointed officer of CytomX confirming the actual total number of FTEs supplied by CytomX during such Calendar Quarter, and the percent effort of the FTEs in performing Research Plan Activities engaged during such Calendar Quarter. Payment shall be due within forty-five (45) days after Pfizer receives such an invoice from CytomX.

5.3.4. **Audit Rights**. During the applicable Research Term and for a period of twenty four (24) months thereafter, CytomX shall keep and maintain accurate and complete records showing the time devoted and general activities performed (on a monthly basis) by each FTE in performing CytomX's obligations under the Research Program. Upon ten (10) days prior written notice from Pfizer, CytomX shall permit an independent certified public accounting firm of nationally recognized standing selected by Pfizer and reasonably acceptable to CytomX to examine, at Pfizer's sole expense, the relevant books and records of CytomX as may be reasonably necessary to verify the accuracy of the invoices submitted to Pfizer under Section 5.3.3 for the number of FTEs applied to the performance of CytomX's obligations under the Research Program. An examination by Pfizer under this Section 5.3.4 shall occur not more than once in any Calendar Year and shall be limited to the pertinent books and records for any Calendar Year ending not more than twenty four (24) months before the date of the request. Such examination shall be conducted during CytomX's normal business hours at CytomX's facility(ies) where such books and records are normally kept. CytomX may require the accounting firm to sign a reasonable and customary non-disclosure agreement. The accounting firm shall provide both CytomX and Pfizer a written report disclosing whether the invoices submitted by CytomX are correct or incorrect and the specific details concerning any discrepancies. If the audit establishes that the number of FTEs actually utilized by CytomX was less than the number funded by Pfizer during the period covered by the audit, CytomX shall, at Pfizer's sole discretion, either (a) refund the excess payments to Pfizer within sixty (60) days of its receipt of the auditor's report so concluding or (b) immediately offset all such excess payments against any outstanding or future amounts payable by Pfizer to CytomX under this Agreement until Pfizer has received full credit for all such overpayments. Additionally, if the amount to be

refunded exceeds more than five percent (5%) of the amount that was properly payable, CytomX shall reimburse Pfizer for the reasonable out-of-pocket cost of the audit. If CytomX reasonably and in good faith disputes the result of any audit under this Section 5.3, the payments of disputed amounts due under this Section 5.3 shall be tolled until resolution of such dispute pursuant to Section 11.9.

5.4. **Milestones**

5.4.1. **Development Milestones**. Within ten (10) Business Days following the first occurrence of each event (each, a "Development Milestone") described below for each Research Project Target, Pfizer shall provide written notice to CytomX identifying the Research Project Target and the Development Milestone achieved, and Pfizer shall pay to CytomX the amount set forth below within forty-five (45) days of receipt of CytomX's invoice with respect to such Development Milestone (each such amount, a "**Development Milestone Payment**") to be payable only once with respect to each Research Project Target regardless of how many Agreement PDCs or Licensed Products Targeting such Research Project Target achieve such Development Milestone. Notwithstanding anything to the contrary in this Agreement, Development Milestone Payments shall only be owed pursuant to this Section 5.4.1 for those Agreement PDCs and Licensed Products of which the manufacture or sale is covered by a Valid Claim. For the avoidance of doubt, if any Development Milestone Payment is paid for an Agreement PDC or Licensed Product Targeting the Second Target, such Development Milestone Payment will not be owed by Pfizer if an Agreement PDC or Licensed Product Targeting a Replacement Target (but not an Additional Target) later achieves the same Development Milestone.

Development Milestone	Development Milestone Payment for Licensed Products Targeting EGFR	Development Milestone Payment for Licensed Products Targeting the Second Target or a Replacement Target or an Additional Target
(A) Dosing of first subject in a Phase I Clinical Study with an Agreement PDC Targeting such applicable Research Project Target	[***]	[***]
(B) Dosing of first subject in a Phase II Clinical Study with an Agreement PDC Targeting such applicable Research Project Target	[***]	[***]
(C) Dosing of first subject in a Phase III Clinical Study with an Agreement PDC Targeting such applicable Research Project Target	[***]	[***]
(D) First Commercial Sale of a Licensed Product containing an Agreement PDC Targeting such applicable Research Project Target in the United States	[***]	[***]
(E) First Commercial Sale of a Licensed Product containing an Agreement PDC Targeting such applicable Research Project Target in a Major EU Market Country	[***]	[***]
(F) First Commercial Sale of a Licensed Product containing an Agreement PDC Targeting such applicable Research Project Target in Asia	[***]	[***]
(G) First Commercial Sale of a Licensed Product in a Second Tumor Type containing an Agreement PDC Targeting such applicable Research Project Target in the United States	[***]	[***]
(H) First Commercial Sale of a Licensed Product in a Second Tumor Type containing an Agreement PDC Targeting such applicable Research Project Target in a Major EU Market Country	[***]	[***]
(I) First Commercial Sale of a Licensed Product in a Second Tumor Type containing an Agreement PDC Targeting such applicable Research Project Target in Asia	[***]	[***]
(J) First Commercial Sale of a Licensed Product in a Third Tumor Type containing an Agreement PDC Targeting such applicable Research Project Target in the United States	[***]	[***]
(K) First Commercial Sale of a Licensed Product in a Third Tumor Type containing an Agreement PDC Targeting such applicable Research Project Target in a Major EU Market Country	[***]	[***]
(L) First Commercial Sale of a Licensed Product in a Third Tumor Type containing an Agreement PDC Targeting such applicable Research Project Target in Asia	[***]	[***]

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For clarity, if a Subsequent Milestone is achieved and any Previous Milestone for such Research Project Target has not yet been achieved for any reason, notwithstanding anything herein to the contrary such Previous Milestone(s) shall be deemed to have been achieved and the corresponding Development Milestone Payment set forth in the table above shall be payable simultaneously with the Development Milestone Payment for the achievement of the Subsequent Milestone. For purposes of the foregoing, each Development Milestone B through F shall be deemed a "**Subsequent Milestone**" for each Development Milestone A through C prior in alphabetical order in the above table (each, a "**Previous Milestone**"); provided that Development Milestones D, E, and F shall each be deemed Subsequent Milestones only of Development Milestones A through C. For example, if Development Milestone C were achieved before Development Milestone B, then the Development Milestone Payment for Development Milestone B would be due and payable on such achievement of Development Milestone C.

5.4.2. **Sales Milestones**. Pfizer shall pay to CytomX the following one-time payments (each, a "**Sales Milestone Payment**") when aggregate Annual Net Sales of a Licensed Product in the Territory in a Pfizer Year first reach the respective threshold (a "**Sales Threshold**") indicated below (each, a "**Sales Milestone**"); provided that such Sales Threshold with respect to a Licensed Product must be reached within the first seven (7) full Pfizer Years following the First Commercial Sale of such Licensed Product in the United States.

Total Annual Net Sales	**Sales Milestone Payment for Licensed Products Targeting EGFR**	**Sales Milestone Payment for Licensed Products Targeting the Second Target or a Replacement Target**	**Sales Milestone Payment for Licensed Products Targeting an Additional Target**
Total Annual Net Sales exceeding $500,000,000	[***]	[***]	[***]
Total Annual Net Sales exceeding $1,000,000,000	[***]	[***]	[***]
Total Annual Net Sales exceeding $2,000,000,000	[***]	[***]	[***]
Total Annual Net Sales exceeding $3,000,000,000	[***]	[***]	[***]

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If more than one unmet Sales Threshold is achieved with respect to the same Pfizer Year, payment will be made with respect to the higher or highest Sales Threshold achieved in such Pfizer Year and all other previously unmet Sales Thresholds achieved with respect to such Pfizer Year will remain eligible to be met in future Pfizer Years. Any Sales Milestone Payment with respect to any Pfizer Year shall be payable within sixty (60) days of the end of such Pfizer Year in the United States. Each Sales Milestone Payment is payable a maximum of one time only, regardless of the number of Licensed Products that achieve a particular Sales Threshold.

5.5. **Royalties**. With respect to each Research Project Target and subject to the provisions of Section 5.5.2, Pfizer shall pay CytomX royalties in the amount of the applicable rates ("**Marginal Royalty Rates**") set forth below of Annual Net Sales of any Licensed Product Targeting such Research Project Target during the Royalty Term:

Annual Net Sales	**Marginal Royalty Rate for Licensed Products Targeting EGFR (% of the Annual Net Sales)**	**Marginal Royalty Rate for Licensed Products Targeting the Second Target or a Replacement Target or an Additional Target (% of the Annual Net Sales)**
Annual Net Sales of such Licensed Product during a given Pfizer Year up to and including $750,000,000	[***]	[***]
Annual Net Sales of such Licensed Product during a given Pfizer Year above $750,000,000, up to and including $1,500,000,000	[***]	[***]
Annual Net Sales of such Licensed Product during a given Pfizer Year above $1,500,000,000, up to and including $2,250,000,000	[***]	[***]
Annual Net Sales of such Licensed Product during a given Pfizer Year above $2,250,000,000	[***]	[***]

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

5.5.1. **Marginal Royalty Rate Application**. Each Marginal Royalty Rate set forth in the table above shall apply only to that portion of the Annual Net Sales of a given Licensed Product in the Territory during a given Pfizer Year that falls within the indicated range.

5.5.2. **Royalty Adjustments**. The following adjustments shall be made, on a Licensed Product-by-Licensed Product and country-by-country basis, to the royalties payable pursuant to this Section 5.5:

(a) **Generic Competition**. Royalties payable following establishment of Generic Competition with respect to the sale by a Third Party of a product that is a Biosimilar Biologic Product to such Licensed Product in such country shall be payable at fifty percent (50%) of the otherwise applicable rate prior to application of this Section 5.5.2(a). "**Generic Competition**" means, with respect to a given Calendar Year with respect to a Licensed Product in any country, that during such Calendar Year, (x) one (1) or more Third Parties have received Regulatory Marketing Approval to sell in such country a Biosimilar Biologic Product, (y) such Biosimilar Biologic Product(s) shall be commercially available in such country and (z) such Biosimilar Biologic Product(s) shall have, in the aggregate, a twenty-five percent (25%) or more market share of the aggregate of such Licensed Product and Biosimilar Biologic Product(s) (based on data provided by IMS International, or if such data is not available, such other reliable data source as reasonably designated by Pfizer) as measured by the number of prescriptions. In the event IMS International data (or such other designated data source) is not sufficient to determine the percentage market share for each country in the European Union, the percent market share for the European Union countries for which data is not available will be deemed to be the average percent market share for those European Union countries in which the data is

available. A product shall be a "**Biosimilar Biologic Product**" with respect to a Licensed Product if such product (1) has been licensed as a biosimilar or interchangeable product by FDA pursuant to Section 351(k) of the Public Health Service Act (42 U.S.C. 262(k)), as may be amended, or any subsequent or superseding law, statute or regulation, (2) has been licensed as a similar biological medicinal product by EMA pursuant to Directive 2001/83/EC, as may be amended, or any subsequent or superseding law, statute or regulation, or (3) has otherwise achieved analogous Regulatory Marketing Approval from another applicable Regulatory Authority. In no event will the royalty payable to CytomX for such Licensed Product be reduced below three percent (3%) by operation of this Section 5.5.2(a).

(b) **Third Party Patents**. If, after the Effective Date, it is Necessary or Useful for Pfizer to license one or more Patent Rights from one or more Third Parties in order to Develop, Manufacture, Commercialize or use any Licensed Product, whether directly or through any Pfizer Affiliate or Sublicensee, then Pfizer may, in its sole discretion, negotiate and obtain a license under such Patent Right(s) (each such Third Party license referred to herein as an "**Additional Third Party License**"). Any royalty otherwise payable to CytomX under this Agreement with respect to Net Sales of any Licensed Product by Pfizer, its Affiliates or Sublicensees shall be reduced by fifty percent (50%) of the royalties payable to Third Parties pursuant to any Additional Third Party Licenses with respect to such Licensed Product, such reduction to continue until all such royalties have been expended, provided that in no event (other than in the case of CytomX's breach of any representation, warranty or covenant hereunder) shall the total royalty payable to CytomX for such Licensed Product be less than fifty percent (50%) of the royalty amounts otherwise payable for such Licensed Product and in no event will the royalty payable to CytomX for such Licensed Product be reduced below three percent (3%). For purposes of this Section 5.5.2(b), (i) "Necessary" means that, without a license to use the Patent Right in question, the Development, Manufacture, Commercialization or use of any Licensed Product in the form such Licensed Product exists at the time that the Additional Third Party License is executed would, in Pfizer's opinion, infringe such Patent Right and (ii) "Useful" means that Pfizer has determined that such Third Party's Patent Right would reasonably enhance the commercial sales potential of such Licensed Product, provided that Third Party Patent Rights covering the Manufacture or formulation of such Licensed Product shall only be considered Useful to the extent they cover the form of such Licensed Product as it exists at the time that the Additional Third Party License is executed. For the avoidance of doubt, the Parties agree and acknowledge that this Section 5.5.2(b) shall not apply with respect to royalties payable by Pfizer to any Third Party under any agreement in existence as of the Effective Date.

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(c) **CytomX Third Party Agreements**.

(i) With respect to any CytomX Third Party Agreements that are in effect as of the Effective Date, CytomX shall be solely responsible for all obligations (except as expressly set forth in this Agreement) and payments (including royalties) thereunder.

(ii) With respect to any CytomX Third Party Agreement that CytomX enters into after the Effective Date with respect to the Third Party Patent Rights listed on the letter from CytomX to Pfizer dated as of the Effective Date (the "CytomX Letter"), CytomX shall be solely responsible for all payments (including royalties) thereunder.

(iii) If CytomX or any of its Affiliates enters into an agreement with a Third Party (other than as provided in subsection (ii) above) after the Effective Date to acquire rights to intellectual property that: (A) covers or could be reasonably expected to cover one or more Licensed Products then being Developed, Manufactured or Commercialized by Pfizer or (B) CytomX intends to use in the course of performing any Research Plan Activities or incorporate into any Agreement Probody being developed by CytomX under the applicable Research Plan, then CytomX shall disclose the terms and conditions of such agreement to enable Pfizer to evaluate and elect, in its sole discretion, whether or not to include such additional intellectual property within the Licensed Intellectual Property. If Pfizer so elects to include such Third Party intellectual property as Licensed Intellectual Property, then the agreement shall be deemed a CytomX Third Party Agreement, and Pfizer shall be responsible for royalties with respect to sales of Licensed Products by Pfizer and its Affiliates and Sublicensees that become due under such CytomX Third Party Agreement, with the right to reduce any royalty otherwise payable to CytomX under this Agreement on account of such Third Party royalties pursuant to Section 5.5.2(b). If Pfizer does not elect to include such Third Party intellectual property as Licensed Intellectual Property, then (1) CytomX shall not use such Third Party intellectual property in the course of performing any Research Plan Activities, (2) CytomX shall not incorporate such Third Party intellectual property in any Agreement Probody being developed by CytomX under the applicable Research Plan, (3) such Third Party intellectual property shall not be deemed Licensed Intellectual

Property, (4) Pfizer shall have no right or license under any rights granted under such agreement, and (5) such agreement shall not be considered a CytomX Third Party Agreement under this Agreement.

5.5.3. **Fully Paid-Up, Royalty Free License**. After expiration of the Royalty Term for any Licensed Product in a country in the Territory, no further royalties shall be payable in respect of sales of such Licensed Product in such country and thereafter the Commercial License with respect to such Licensed Product in such country shall be a fully paid-up, perpetual, exclusive, irrevocable, royalty-free license.

5.6. **Reports and Payments**.

5.6.1. **Cumulative Royalties**. The obligation to pay royalties under Section 5.5 shall be imposed only once with respect to a single unit of a Licensed Product regardless of how many Valid Claims in Patent Rights included within the Licensed Intellectual Property would, but for this Agreement, be infringed by the use or sale of such Licensed Product in the country in which such Licensed Product is used or sold.

5.6.2. **Royalty Statements and Payments**. Within sixty (60) days after the end of each Pfizer Quarter, Pfizer shall deliver to CytomX a report setting forth for such Pfizer Quarter the following information, on a Licensed Product-by-Licensed Product basis: (a) the Net Sales of each Licensed Product, (b) the basis for any adjustments to the royalty payable for the sale of each Licensed Product and (c) the royalty due hereunder for the sale of each Licensed Product. No such reports shall be due for any Licensed Product before the First Commercial Sale of such Licensed Product in the Territory. The total royalty due for the sale of Licensed Products during such Pfizer Quarter shall be remitted at the time such report is delivered to CytomX.

5.6.3. **Taxes and Withholding**. It is understood and agreed between the Parties that any payments made this Agreement are inclusive of any value added or similar tax imposed upon such payments. In addition, in the event any of the payments made by Pfizer pursuant to this Agreement become subject to withholding taxes under the Applicable Law of any jurisdiction, Pfizer shall deduct and withhold the amount of such taxes for the account of CytomX, to the extent required by Applicable Law, such amounts payable to CytomX shall be reduced by the amount of taxes deducted and withheld, and Pfizer shall pay the amounts of such taxes to the proper Governmental Authority in a timely manner and promptly transmit to CytomX an official tax certificate or other evidence of such tax obligations together with proof of payment from the relevant Governmental Authority of all amounts deducted and withheld sufficient to enable CytomX to claim such payment of taxes. Any such withholding taxes

required under Applicable Law to be paid or withheld shall be an expense of, and borne solely by, CytomX. Pfizer will provide CytomX with reasonable assistance to enable CytomX to recover such taxes as permitted by Applicable Law.

5.6.4. **Currency**. All amounts payable and calculations hereunder shall be in United States dollars, and all payments due under this Agreement shall be made by wire transfer in immediately available funds to an account designated by the Party owed such payment, or by other mutually acceptable means. As applicable, Net Sales and any royalty deductions shall be converted into United States dollars in accordance with Pfizer's customary and usual conversion procedures, consistently applied.

5.6.5. **Additional Provisions Relating to Payments**. CytomX acknowledges and agrees that nothing in this Agreement (including any schedules and exhibits hereto) shall be construed as representing an estimate or projection of either (a) the number of Licensed Products that shall or may be successfully Developed or Commercialized or (b) anticipated sales or the actual value of any Licensed Product. PFIZER MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, THAT IT SHALL BE ABLE TO SUCCESSFULLY DEVELOP OR COMMERCIALIZE ANY PRODUCT OR, IF COMMERCIALIZED, THAT IT WILL ACHIEVE ANY PARTICULAR SALES LEVEL OF SUCH PRODUCT(S), PROVIDED THAT THE FOREGOING SHALL NOT LIMIT PFIZER'S OBLIGATIONS UNDER THIS AGREEMENT.

5.7. **Maintenance of Records; Audits**.

5.7.1. **Record Keeping**. Pfizer shall keep, and cause its Affiliates and Sublicensees to keep, accurate books of account and records in connection with the sale of Licensed Products, in sufficient detail to permit accurate determination of all figures necessary for verification of royalties to be paid hereunder. Pfizer shall maintain, and cause its Affiliates and Sublicensees to maintain, such records for a period of at least three (3) years after the end of the Calendar Year in which they were generated.

5.7.2. **Audits**. Upon thirty (30) days prior written notice from CytomX, Pfizer shall permit an independent certified public accounting firm of internationally recognized standing selected by CytomX and reasonably acceptable to Pfizer to examine, at CytomX's sole expense, the relevant books and records of Pfizer during the period covered by such examination, as may be reasonably necessary to verify the accuracy of the reports submitted by Pfizer in accordance with Section 5.6 and the payment of royalties hereunder. An examination by CytomX under this Section 5.7.2 shall occur not more than once in any Calendar Year and shall be limited to the pertinent books and records for any Calendar Year ending not more than three (3) years before the date of the request. The accounting firm

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shall be provided access to such books and records at Pfizer's or its Affiliates' facilities where such books and records are kept and such examination shall be conducted during Pfizer's normal business hours. Pfizer may require the accounting firm to sign a reasonable and customary non-disclosure agreement before providing the accounting firm access to Pfizer's facilities or records. Upon completion of the audit, the accounting firm shall provide both Pfizer and CytomX a written report disclosing whether the reports submitted by Pfizer are correct or incorrect, whether the royalties paid are correct or incorrect and, in each case, the specific details concerning any discrepancies. No other information shall be provided to CytomX.

5.7.3. **Underpayments/Overpayments**. If such accounting firm concludes that additional royalties were due to CytomX, Pfizer shall pay to CytomX the additional royalties within forty-five (45) days of the date Pfizer receives such accountant's written report so concluding. If such underpayment exceeds five percent of the royalties that were to be paid to CytomX, Pfizer also shall reimburse CytomX for all reasonable charges of such accountants for conducting the audit. If such accounting firm concludes that Pfizer overpaid royalties to CytomX, CytomX shall repay such amount to Pfizer in full within forty-five (45) days of the receipt of such accountant's report, or, at Pfizer's option, Pfizer shall be entitled to offset all such overpayments against any outstanding or future amounts payable to CytomX hereunder until Pfizer has received full credit for such overpayments.

5.7.4. **Confidentiality**. All financial information of Pfizer which is subject to review under this Section 5.7.4**.** shall be deemed to be Pfizer's Confidential Information subject to the provisions of Article 7 hereof, and CytomX shall not disclose such Confidential Information to any Third Party or use such Confidential Information for any purpose other than verifying payments to be made by Pfizer to CytomX hereunder.

6. INTELLECTUAL PROPERTY.

6.1. **Inventions**.

6.1.1. **Ownership**. All determinations of inventorship under this Agreement shall be made in accordance with the laws of the United States.

(a) **Pfizer Improvements**. Pfizer shall own all Pfizer Improvements.

(b) **CytomX Improvements**. CytomX shall own all CytomX Improvements.

(c) **Developed IP**. Except as provided in Section 6.1.1(d), (i) a Party shall own all Developed IP that is conceived or generated solely by or on

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behalf of employees, agents or independent contractors of such Party or any of its Affiliates and (ii) each Party shall jointly own all Developed IP that is conceived or generated jointly by or on behalf of (A) employees, agents or independent contractors of CytomX or any of its Affiliates and (B) employees, agents or independent contractors of Pfizer or any of its Affiliates ("Joint Developed IP"). Subject to the Parties' other rights and obligations under this Agreement, each Party shall be free to exploit and assign, either itself or through the grant of licenses to Third Parties, all Joint Developed IP throughout the world without restriction, without the need to obtain further consent from or provide notice to the other Party and without any duty to account or otherwise make any payment of any compensation to the other Party.

(d) **Assignment of PDC Developed IP**. On a Research Project Target-by-Research Project Target basis, contingent upon and effective as of the Option Exercise Date for such Research Project Target, including payment of the applicable Option Exercise Fee, CytomX shall assign, and hereby does assign, to Pfizer all of CytomX's and its Affiliates' right, title and interest in and to all PDC Developed IP directed to PDCs Targeting such Research Project Target and thereafter any such PDC Developed IP shall be the sole and exclusive property of Pfizer and shall constitute Confidential Information of Pfizer.

(e) **Implementation**. Each Party shall assign, and does hereby assign, to the other Party such Patent Rights, Know-How or other intellectual property rights as necessary to achieve ownership as provided in this Section 6.1.1. Each assigning Party shall execute and deliver all documents and instruments reasonably requested by the other Party to evidence or record such assignment or to file for, perfect or enforce the assigned rights. Each assigning Party shall make its relevant employees, agents and independent contractors (and their assignments and signatures on such documents and instruments) reasonably available to the other Party for assistance in accordance with this Section 6.1.1 at no charge.

6.1.2. **Disclosure**. Each Party shall, no less than thirty (30) days before filing any initial Patent Right disclosing such intellectual property, disclose to the other Party any Developed IP, CytomX Improvement and Pfizer Improvement, or any other Patent Right that contains the other Party's Confidential Information, including all invention disclosures or other similar documents submitted to such Party by its, or its Affiliates', employees, agents or independent contractors describing such Developed IP, CytomX Improvement or Pfizer Improvement, and the proposed inventorship of any new Patent Rights intended to be filed. The other Party shall promptly raise any issue regarding inventorship of any such Patent Rights, and the Parties agree to use their best efforts to determine in good faith the correct inventorship of any Patent Rights.

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6.2. **Patent Rights**.

6.2.1. **Filing, Prosecution and Maintenance of Patent Rights**.

(a) **Patent Filing Rights Prior to Option Exercise.** On a Research Project Target-by-Research Project Target basis, except as otherwise agreed in writing by the Parties, neither Party shall file any Patent Right on or disclosing Developed IP prior to the Option Exercise Date for such Research Project Target, including payment of the applicable Option Exercise Fee. For clarity, if Pfizer does not exercise its Option with respect to a Research Project Target, except as otherwise agreed upon in writing by the Parties, neither Party shall file any Patent Right on any PDC Developed IP directed to PDCs Targeting such Research Project Target at any time after the end of the applicable Research Term. For the avoidance of doubt, the foregoing shall not apply to any PDC Developed IP that is assigned to Pfizer pursuant to Section 6.1.1(d), commencing as of the effective date of such assignment, and Pfizer may thereafter file and prosecute such assigned PDC Developed IP (in CytomX's name if necessary) after payment of the applicable Option Exercise Fee, even if the assignment has not yet been perfected. Prior to the applicable Option Exercise Date (and thereafter if the applicable Option is never exercised), neither Party shall, without the prior written consent of the other Party, refer to or disclose in or in connection with any patent application the other Party's Confidential Information (including unpublished Know-How that is solely or jointly owned by such other Party).

(b) **Cooperation**. Without limiting any other rights and obligations of the Parties under this Agreement, the Parties shall cooperate with respect to the timing, scope and filing of patent applications and patent claims relating to any CytomX Improvements, Pfizer Improvements and Developed IP to preserve and enhance the patent protection for Agreement PDCs, including the manufacture and use thereof. In prosecuting Patent Rights in the PDC Developed IP, Pfizer will not file or prosecute claims in such Patent Rights that claim subject matter other than the composition, use or manufacture of PDCs Targeting such Research Project Target, subject to the following sentence. If**,** following Option exercise, the ownership rights in any Patent Rights included in CytomX Improvements or Developed IP are substantially impeding or would substantially impede Pfizer's prosecution of PDC Developed IP assigned to Pfizer pursuant to Section 6.1.1(d), the Parties shall negotiate in good faith an amendment of the ownership of such Patent Rights included in CytomX Improvements or Developed IP while preserving for each Party substantially the same rights, including all Milestone Payments and royalty payments, as are afforded in this Agreement, and in the case of CytomX Improvements or Developed IP that are owned by CytomX, preserving CytomX's ability to grant licenses to Third Parties to such CytomX Improvements or Developed IP consistent with the other terms and conditions of this Agreement.

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(c) **Pfizer Patent Rights**. Pfizer, at its own expense, shall have the sole right, but not the obligation, to prepare, file, prosecute and maintain, throughout the world, any Patent Rights that it solely owns, including Pfizer Patent Rights and Patent Rights in the Pfizer Improvements and PDC Developed IP (to the extent assigned to Pfizer pursuant to Section 6.1.1(d)). Pfizer shall keep CytomX informed regarding any Patent Right comprised in any such PDC Developed IP and shall consider in good faith any recommendations made by CytomX in regard to the filing, prosecution or maintenance of any such Patent Right. To the extent Pfizer decides not to file, and except in a case in which the decision not to file, prosecute or maintain any such Patent Right is made by Pfizer in the ordinary course of filing continuation applications or as part of an overall strategy to optimize the scope or other aspects of the intellectual property protecting the relevant Agreement PDCs, Pfizer shall provide CytomX with thirty (30) days prior written notice to such effect (i.e., at least thirty (30) days prior to the date on which any such filing or other action is due), in which event CytomX may elect to file or continue prosecution or maintenance of such Patent Right, at CytomX's expense, and Pfizer, upon CytomX's written request received within such thirty (30) day period, shall execute such documents and perform such acts, at CytomX's expense, as may be reasonably necessary to permit CytomX to file, prosecute and maintain such Patent Right. Any such Patent Right that is prosecuted or maintained by CytomX pursuant to this Section 6.2.1(c)(i) will continue to be owned by Pfizer, and (ii) subject to the Parties' other rights and obligations under this Agreement, may be licensed by Pfizer to one or more Third Parties. If Pfizer does not file a Patent application with respect to a particular invention within the PDC Developed IP with respect to Licensed Products Targeting a Research Project Target within twelve (12) years after the Option Exercise Date for such Research Project Target and either cannot provide a reasonable explanation to CytomX for such (and any further) delay or notifies CytomX that it has made a final decision not to file such Patent application, then for purposes of the foregoing, Pfizer shall be deemed to have elected not to file such a Patent, and CytomX may do so as provided in this Section 6.2.1(c).

(d) **CytomX Patent Rights**. CytomX, at its own expense, shall have the sole right, but not the obligation, to prepare, file, prosecute and maintain, throughout the world, any Patent Rights included in Licensed Intellectual Property that it solely owns, including CytomX Patent Rights and Patent Rights comprised in the CytomX Improvements. CytomX shall not disclose any Pfizer Confidential Information in any Patent Rights that it files, or in connection with the prosecution of any such Patent Rights,

without Pfizer's prior written consent. CytomX shall notify Pfizer promptly, and no later than ninety (90) days after request by Pfizer of any Patent Right after the Effective Date that covers the Development, Manufacture, Commercialization or use of any Licensed Product. In the absence of such prompt notification, any such Patent Rights shall be excluded from the Valid Claim definition. CytomX shall keep Pfizer informed regarding each Patent Right included in the Licensed Intellectual Property that CytomX or any Third Party licensor is prosecuting and shall consider in good faith any recommendations made by Pfizer in regard to the filing, prosecution or maintenance of any such Patent Right. To the extent CytomX decides not to prosecute or maintain any Patent Right of CytomX that CytomX reasonably believes covers or may cover the Development, Manufacture, Commercialization or use of any Licensed Product (other than any such Patent Right owned or co-owned by a Third Party licensor or the filing of any such new initial Patent Right) and except in the case in which the decision not to file, prosecute or maintain such Patent Right is made by CytomX in the ordinary course of filing continuation applications or as part of an overall strategy to optimize the scope or other aspects of the Licensed Intellectual Property, CytomX shall provide Pfizer written notice to such effect at least thirty (30) days prior to the date on which any filing or other action is due, in which event Pfizer may elect to continue prosecution or maintenance of such Patent Right, at Pfizer's sole expense, and CytomX, upon Pfizer's written request, shall execute such documents and perform such acts, at Pfizer's expense, as may be reasonably necessary to permit Pfizer to file, prosecute and maintain, at its own discretion, such Patent Right. Notwithstanding anything to the contrary, (a) CytomX shall maintain the recent PCT application on the EGFR Probody, International Application Number PCT/US2013/038540, filed April 26, 2013 (the "EGFR PCT") for its full life; and (b) CytomX shall, on or before the deadline for entry of the EGFR PCT into the national phase, file applications in the countries/regions listed in Schedule 6.2.1, parts A and B, provided that if CytomX does not wish to file in any region or country on Schedule 6.2.1 as set forth in part (b) of this sentence, CytomX shall notify Pfizer at least ninety (90) days prior to the deadline for such filing and Pfizer may elect to file, prosecute and maintain such Patent Rights in such countries, at Pfizer's sole expense, and CytomX, upon Pfizer's written request, shall execute such documents and perform such acts, at Pfizer's expense, as may be reasonably necessary to permit Pfizer to file, prosecute and maintain, at its own discretion, such Patent Rights. CytomX will continue to own any Patent Rights that are filed, prosecuted or maintained by Pfizer pursuant to this Section 6.2.1(d) provided that (x) such Patent Rights in such countries will be excluded from the Valid Claim definition; and (y) in addition to the exclusive licenses granted to Pfizer under Section 4,

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CytomX will and does hereby grant to Pfizer (subject to any existing Third Party rights) a non-exclusive, sublicensable, perpetual, irrevocable, royalty-free, fully paid-up, worldwide license to practice and exploit such Patent Rights in such countries for any and all purposes, provided that for any national applications claiming priority to the EGFR provisional applications cited in the EGFR PCT in the countries listed in Schedule 6.2.1, part B that are initially filed by Pfizer pursuant to the foregoing sentence, this part (y) shall not apply, on a country-by-country basis, if CytomX agrees to pay and does pay, within forty-five (45) days of receipt of an invoice from Pfizer, fifty percent (50%) of Pfizer's out-of-pocket expenses for all filing, prosecution and maintenance costs of such applications. Except in the ordinary course of filing continuation applications or as part of an overall strategy to optimize the scope or other aspects of the intellectual property protecting the relevant Agreement PDCs, CytomX shall not decline to pay for or participate in the filing, prosecution or maintenance of any Patent Right under any CytomX Third Party Agreement, to the extent CytomX is obligated to pay for such or has the right to participate in such filing, prosecution or maintenance, that is included in the Licensed Intellectual Property and that, in Pfizer's reasonable discretion, covers a Licensed Product Developed or Commercialized by Pfizer or its Affiliates, and the loss of which would result in loss of right to or would materially diminish the overall protection of such Licensed Product, without Pfizer's prior written consent, not to be unreasonably withheld or delayed.

(e) **Joint Patent Rights**. In the event the Parties conceive or generate any Joint Developed IP, other than any Joint Developed IP that constitutes PDC Developed IP and is assigned to Pfizer pursuant to Section 6.1.1(d), the Parties shall promptly meet to discuss and determine, based on mutual consent, whether to seek patent protection thereon. Neither Party will file any Patent Right covering or claiming any such Joint Developed IP (a "**Joint Patent Right**") without the consent of the other Party, provided that following the Option Exercise Date for a Research Project Target, including payment of the applicable Option Exercise Fee, Pfizer shall have the first right to file on and control prosecution of any Patent Right covering or claiming any Joint Developed IP used in the development, manufacture, composition or use of any PDC Targeting such Research Project Target, that does not claim or cover any invention that is generally applicable to Probodies or PDCs other than a PDC Targeting such Research Project Target. If Pfizer controls prosecution of any such Joint Developed IP, Pfizer shall keep CytomX informed regarding each Patent Right that Pfizer is prosecuting and shall consider in good faith any recommendations made by CytomX in regard to the filing, prosecution or maintenance of any such Patent Right. For avoidance of doubt, "prosecution" as used in this Section 6.2.1 includes oppositions, nullity or revocation actions, post-grant reviews and other patent office proceedings involving the referenced Patent Rights.

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(f) **Liability**. To the extent that a Party is obtaining, prosecuting or maintaining a Patent Right included in the Licensed Intellectual Property or Developed IP (including PDC Developed IP) or otherwise exercising its rights under this Section 6.2.1, such Party, and its Affiliates, employees, agents or representatives, shall not be liable to the other Party in respect of any act, omission, default or neglect on the part of any such Party, or its Affiliates, employees, agents or representatives, in connection with such activities undertaken in good faith.

(g) **Extensions**. The decision to file for a patent term extension and particulars thereof (including which patent(s) to extend) will be made with the goal of obtaining the optimal patent term and scope of protection for Licensed Products. Pfizer shall have the right after it has submitted for Regulatory Approval of a Licensed Product, but not the obligation, to request permission from CytomX to seek, in CytomX's name if so required, patent term extensions, supplemental protection certificates and the like available under applicable law, including 35 U.S.C. § 156 and applicable foreign counterparts, (each, an "extension") for any patent included in the Licensed Intellectual Property (a "Licensed Patent") that covers such Licensed Product. CytomX agrees to grant Pfizer such permission on request, unless at the time of such request CytomX has determined to seek such extension under such Licensed Patent for a product for which CytomX has sole development and commercialization rights or for which CytomX is obligated to a Third Party to seek such extension for the Third Party's or a collaboration product (each an "**Other Product**"), in each case where the Other Product has advanced to at least Phase III clinical testing and the Other Product is covered by a Valid Claim of the Licensed Patent. If Pfizer does not seek to extend any Licensed Patent in relation to a Licensed Product but CytomX is interested in doing so, then CytomX shall notify Pfizer of such interest and CytomX may only seek to do so if in Pfizer's reasonable legal determination such Licensed Patent may be extended under applicable law in relation to a Licensed Product without limiting Pfizer's right to extend any other patent in relation to the Licensed Product or to extend the same Licensed Patent with respect to another Licensed Product.

(h) **Joint Research Agreement**. This Agreement shall be understood to be a joint research agreement under 35 U.S.C. § 103(c)(3) entered into for the purpose of researching, identifying and Developing Agreement PDCs and Licensed Products.

(i) **Recording**. If Pfizer deems it necessary or desirable to register or record this Agreement or evidence of this Agreement with any patent office or other appropriate government authorities in one or more jurisdictions in the Territory, then Pfizer shall submit to CytomX any proposed evidence of such recording and the Parties will comply with the terms of Section 7.2.3 in respect of such filing. CytomX shall execute and deliver to Pfizer any documents necessary or desirable, in Pfizer's reasonable judgment, to complete such registration or recordation in accordance with the terms of Section 7.2.3.

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6.2.2. **Enforcement of Patent Rights**.

(a) **Notice**. If either Pfizer or CytomX becomes aware of any infringement anywhere in the world of any issued Patent Right within the Licensed Intellectual Property or Developed IP by any Third Party PDC that Targets a Research Project Target (an "**Infringement**") or by any Third Party Probody that Targets a Research Project Target, such Party shall promptly notify the other Party in writing to that effect.

(b) **Infringement of Certain Patent Rights**.

(i) Subject to Pfizer exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2, and subject to the terms and conditions of any applicable CytomX Third Party Agreements, in the event of any Infringement of a Patent Right included in the Licensed Intellectual Property or Developed IP, Pfizer shall have the first right, and in the case of PDC Developed IP or other Developed IP solely owned by Pfizer, the sole right, but not the obligation, to take action to obtain a discontinuance of Infringement or bring suit against a Third Party infringer of such Patent Right within six (6) months from the date of notice and to join CytomX as a party plaintiff.

(ii) Pfizer shall bear all the expenses of any suit brought by it claiming infringement of any such Patent Right. CytomX shall cooperate with Pfizer in any such suit and shall have the right to consult with Pfizer and to participate in and be represented by independent counsel in such litigation at its own expense. Pfizer shall incur no liability to CytomX as a consequence of such litigation or any unfavorable decision resulting therefrom, including any decision holding any such Patent Right invalid or unenforceable, and Pfizer shall not, without CytomX's prior written consent, enter into any settlement or consent decree that requires any payment by or admits or imparts any other liability to CytomX or admits the invalidity or unenforceability or limits the scope of any such Patent Right.

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(iii) If Pfizer has not obtained a discontinuance of such Infringement by, or filed suit against, any such Third Party infringer within the six (6) month period set forth in subsection (i) above, then CytomX shall have the right, but not the obligation, to bring suit against such Third Party infringer, at CytomX's sole expense, under any Licensed Intellectual Property or under any Developed IP owned by CytomX. Pfizer shall reasonably cooperate with CytomX in any such litigation, at CytomX's expense, provided that Pfizer shall not be required to join such litigation as a party and Pfizer may, at its sole discretion, elect to be represented by independent counsel in such litigation at its own expense. CytomX shall incur no liability to Pfizer as a consequence of such litigation or any unfavorable decision resulting therefrom, including any decision holding any such CytomX Patent Right or Joint Patent Right invalid or unenforceable; and CytomX shall not, without Pfizer's prior written consent, enter into any settlement or consent decree that requires any payment by or admits or imparts any other liability to Pfizer or admits the invalidity or unenforceability or limits the scope of any such Patent Right.

(iv) The enforcing Party shall keep the other Party reasonably informed of all material developments in connection with any such suit. Subject to the terms and conditions of any applicable CytomX Third Party Agreements, any recoveries obtained by either Party as a result of any proceeding against such a Third Party infringer shall be allocated as follows:

(A) Such recovery shall first be used to reimburse each Party for all out-of-pocket litigation costs in connection with such litigation paid by that Party; and

(B) With respect to any remaining portion of such recovery, if Pfizer was the enforcing Party, CytomX shall receive an amount equal to the royalty that would be payable, pursuant to Section 5.5, on an amount of Net Sales of the relevant Licensed Product(s) in the country(ies) where such Infringement occurred equal to such remaining portion of such recovery, and Pfizer shall receive any remaining portion of such recovery; or

(C) With respect to any remaining portion of such recovery, if CytomX was the enforcing Party, CytomX shall receive any remaining portion of such recovery, except to the extent such recovery for such Infringement was calculated based on lost sales of Pfizer, in which case the allocation of such remaining portion shall be made as provided in Section 6.2.2(b)(iv)(B).

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(c) **Other Infringement**. For any infringement of any Licensed Intellectual Property other than an Infringement, CytomX retains the sole right (as between the Parties), but not the obligation, to enforce the Licensed Intellectual Property.

(d) **Other Infringement of Joint Patent Rights**. With respect to any notice of a Third Party infringer of any Joint Patent Right other than in the case of a Joint Patent Right subject to Section 6.2.2(b), the Parties shall meet as soon as reasonably practicable to discuss such infringement and determine an appropriate course of action and the Parties' respective rights and responsibilities with respect to any enforcement thereof.

6.2.3. **Biosimilar Notices**.

(a) Upon Pfizer's request any time after completion of the first Phase II Clinical Study for any Licensed Product, CytomX shall use reasonable efforts to assist and cooperate with Pfizer in establishing a strategy for responding to requests for information from Regulatory Authorities and Third Party requestors and preparing submissions responsive to any Biosimilar Notices received by Pfizer; provided that Pfizer shall make the final decisions with respect to such strategy and any such responses.

(b) Biosimilar Notices. Pfizer shall comply with the applicable provisions of 42 U.S.C. § 262(l) (or any amendment or successor statute thereto), any similar statutory or regulatory requirement enacted in the future regarding biologic products in the United States, or any similar statutory or regulatory requirement in any non-U.S. country or other regulatory jurisdiction, in each case, with respect to any Biosimilar Notice received by Pfizer from any Third Party regarding any Licensed Product that is being Commercialized in the applicable jurisdiction, and the exchange of information between any Third Party and Pfizer pursuant to such requirements; provided that, prior to any submission of information by Pfizer to a Third Party, CytomX shall have the right to review the patent information included in such proposed submission, solely with respect to Patent Rights Controlled by CytomX, and to make suggestions as to any changes to such patent information that CytomX reasonably believes to be necessary; provided further that Pfizer shall determine the

final content of any such submission. In the case of a Licensed Product approved in the United States under the PHS Act (or, in the case of a country in the Territory other than the United States, any similar law), to the extent permitted by Applicable Law, Pfizer, as the sponsor of the application for the Licensed Product, will be the "reference product sponsor" under the PHS Act. Pfizer shall give written notice to CytomX of receipt of a Biosimilar Notice received by Pfizer with respect to a Licensed Product, and Pfizer shall consult with CytomX with respect to the selection of the Patent Rights to be submitted pursuant to 42 U.S.C. § 262(l) (or any similar law in any country of the Territory outside the United States); provided that Pfizer shall have final say on such selection of Patent Rights. CytomX agrees to be bound by the confidentiality provisions of 42 U.S.C. § 262(l)(1)(B)(iii). In order to establish standing in connection with any action brought by Pfizer under this Section 6.2.3, CytomX, upon Pfizer's request, shall reasonably cooperate with Pfizer in any such action, including timely commencing or joining in any action brought by Pfizer under this Section 6.2.3 solely to the extent any Patent Rights Controlled by CytomX are involved in any such action, and the Parties rights and responsibilities regarding any action shall be determined in accordance with Section 6.2.2(b).

6.3. **Interference, Opposition, Revocation and Declaratory Judgment Actions**. If the Parties mutually determine that, based upon the review of a Third Party's patent or patent application or other intellectual property rights, it may be desirable in connection with any Agreement PDC or Licensed Product to provoke or institute an interference, opposition, revocation, post-grant review or other patent office proceedings or declaratory judgment action with respect thereto, then the Parties shall consult with one another and shall reasonably cooperate in connection with such an action. Unless otherwise mutually determined by the Parties and except for any interferences involving any Licensed Intellectual Property or other Patent Rights Controlled by CytomX which shall be governed by Section 6.2, Pfizer shall control such action and shall select counsel for such action. The rights and obligations of the Parties under Section 6.4 are expressly subject to this Section 6.3. Notwithstanding anything to the contrary, CytomX shall retain all rights to control any actions initiated by CytomX prior to the Effective Date, provided that CytomX shall keep Pfizer reasonably informed of, and shall consider in good faith, any recommendations made by Pfizer in connection with such actions.

6.4. **Infringement of Third Party Patent Rights**. If the Development, Manufacture or Commercialization of any Licensed Product is alleged by a Third Party to infringe a Third Party's patent or other intellectual property rights, the Party becoming aware of such allegation shall promptly notify the other Party. The Party that is alleged to infringe the Third Party's patent or intellectual property rights shall have the right to take such action as it deems appropriate in response to such allegation, and shall be solely responsible for all damages, costs and expenses in connection therewith, subject to Article 10.

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7. CONFIDENTIALITY

7.1. **Confidentiality**. Except to the extent expressly authorized by this Agreement, the Parties agree that, during the Term and for five (5) years thereafter, each Party (the "**Receiving Party**") receiving any Confidential Information of the other Party (the "**Disclosing Party**") hereunder shall: (a) keep the Disclosing Party's Confidential Information confidential; (b) not disclose, or permit the disclosure of, the Disclosing Party's Confidential Information; and (c) not use, or permit to be used, the Disclosing Party's Confidential Information for any purpose, in each case, except for the performance of its obligations or exercise of its rights under this Agreement, provided, however, that a Receiving Party may use or disclose Confidential Information of the Disclosing Party to the extent that such Confidential Information (i) was already known by the Receiving Party (other than under an obligation of confidentiality to the Disclosing Party) at the time of disclosure by the Disclosing Party; (ii) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party; (iii) became generally available to the public or otherwise part of the public domain after its disclosure to the Receiving Party, other than through any act or omission of the Receiving Party in breach of its obligations under this Agreement; (iv) was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to the Receiving Party; or (v) was independently discovered or developed by or on behalf of the Receiving Party without the use of any Confidential Information of the Disclosing Party.

7.2. **Authorized Disclosure**.

7.2.1. **Disclosure to Party Representatives**. Notwithstanding the foregoing provisions of Section 7.1, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party to the Receiving Party's, its Affiliates' and its Sublicensees' officers, directors, employees, consultants, contractors, or agents (collectively, "**Representatives**") who (a) have a need to know such Confidential Information in connection with the performance of the Receiving Party's obligations or the exercise of the Receiving Party's rights under this Agreement and (b) have agreed in writing to non-disclosure and non-use provisions with respect to such Confidential Information that are at least as restrictive as those set forth in this Article 7. For clarity, notwithstanding the foregoing, CytomX may use and disclose Confidential Information within the Developed IP that is (i) owned by CytomX, or (ii) licensed to CytomX pursuant to Section 4.2.2 within the scope of such license (the "**CytomX Usable Developed IP**"), to any entities that have a need to know such Confidential Information in connection with the Development, Manufacture or Commercialization of Probodies and PDCs that do not otherwise incorporate Pfizer Technology or

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Pfizer Improvements, or with respect to information licensed under Section 4.2.2, within the scope of such license (the "**Permitted Uses**"), and have entered into an agreement as described in (b) above, subject in each case to the exclusive rights expressly granted to Pfizer under Sections 2.1.6 and 4.5 above and, with respect to Developed IP disclosed as provided in (ii) above, the restrictions in Section 4.2.2.

7.2.2. **Disclosure to Third Parties**.

(a) Notwithstanding the foregoing provisions of Section 7.1, the Parties may disclose Confidential Information belonging to the other Party:

(i) to Governmental Authorities (A) in the case of Pfizer, subject to Pfizer exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2, to the extent reasonably necessary to obtain or maintain INDs or Regulatory Approvals for any Licensed Product Targeting such Research Project Target within the Territory, (B) in the case of CytomX, with respect to CytomX Usable Developed IP, to the extent reasonably necessary to obtain or maintain INDs or Regulatory Approvals for any Probodies and PDCs within the Permitted Uses, and (C) in the case of either Party, in order to respond to inquiries, requests, investigations, orders or subpoenas of Governmental Authorities relating to this Agreement;

(ii) (A) in the case of Pfizer, subject to Pfizer exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2, to outside consultants, contractors, advisory boards, managed care organizations, and non-clinical and clinical investigators, in each case to the extent reasonably necessary to Develop, Manufacture or Commercialize any Licensed Product Targeting such Research Project Target and under reasonable obligations of confidentiality, and (B) in the case of CytomX, with respect to CytomX Usable Developed IP, to outside consultants, contractors, advisory boards, managed care organizations, and non-clinical and clinical investigators, in each case to the extent reasonably necessary to Develop, Manufacture or Commercialize any Probodies and PDCs within the Permitted Uses and under reasonable obligations of confidentiality;

(iii) subject to Section 6.2.1(c), to the extent reasonably necessary, in connection with filing or prosecuting Patent Rights or Trademark rights as permitted by this Agreement;

(iv) to the extent reasonably necessary, in connection with prosecuting or defending litigation as permitted by this Agreement;

(v) (A) regarding the existence of this Agreement, this Agreement itself or the material and financial terms of this Agreement, to its accountants, lawyers, and other advisers, and to actual or potential investors, lenders, acquirers, investment bankers, or agents of the foregoing in connection with a financing, merger, or acquisition, and (B) to any other third parties in connection with the events in (A) with the consent of the disclosing Party, such consent not to be unreasonably withheld, in each case (A)-(B) under confidentiality obligations no less restrictive than those set forth in this Agreement;

(vi) subject to Section 7.3.2, in connection with or included in scientific presentations and publications relating to Licensed Products, including abstracts, posters, journal articles and the like, and posting results of and other information about clinical trials to clinicaltrials.gov or PhRMA websites; and

(vii) to the extent necessary in order to enforce its rights under this Agreement.

All disclosures by CytomX under this Section 7.2.2(a) are subject in each case: to the exclusive rights expressly granted to Pfizer under Sections 2.1.6 and 4.5 above and, with respect to Developed IP licensed to CytomX under Section 4.2.2, to the restrictions in Section 4.2.2.

(b) In the event a Party deems it reasonably necessary to disclose Confidential Information belonging to the other Party pursuant to Section 7.2.2(a)(i)(C), the Disclosing Party shall to the extent possible give reasonable advance written notice of such disclosure to the other Party and take all reasonable measures to ensure confidential treatment of such information.

7.2.3. **SEC Filings and Other Disclosures**. Notwithstanding any provision of this Agreement to the contrary, either Party may disclose the terms of this Agreement to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with applicable Law, including the rules and regulations promulgated by the United States Securities and Exchange Commission or any equivalent governmental agency in any country in the Territory. Notwithstanding the foregoing, before disclosing this Agreement or any of the terms hereof pursuant to this Section 7.2.3, the Parties will consult with one another on the terms of this Agreement to be redacted in making any such disclosure. Further, if

a Party discloses this Agreement or any of the terms hereof in accordance with this Section 7.2.3, such Party shall, at its own expense, use Commercially Reasonable Efforts to seek such confidential treatment of confidential portions of this Agreement and such other terms, as may be reasonably requested by the other Party.

7.3. **Public Announcements; Publications**.

7.3.1. **Announcements**. Except as may be expressly permitted under Section 7.2.3, neither Party will make any public announcement regarding this Agreement without the prior written approval of the other Party. For the sake of clarity, nothing in this Agreement shall prevent (a) either Party from making any public disclosure relating to this Agreement if the contents of such public disclosure have previously been made public other than through a breach of this Agreement by the issuing Party or its Affiliates; or (b) Pfizer, subject to its exercising the Option with respect to the applicable Research Project Target pursuant to Section 4.1.2, from making any scientific publication or public announcement with respect to any Licensed Product Targeting such Research Project Target under this Agreement; provided, however, that, except as permitted under Section 7.2, Pfizer shall not disclose any of CytomX's Confidential Information in any such publication or announcement without obtaining CytomX's prior written consent to do so. The Parties agree that CytomX may release the announcement attached hereto as Schedule 7.3.1 regarding the signing of this Agreement following the Effective Date. The Parties agree that CytomX may issue future announcements concerning Pfizer's achievement of any significant milestones, including the selection of a clinical candidate, under this Agreement, provided that the content of any such announcement has been mutually agreed upon by the Parties.

7.3.2. **Publications**. During the Term, each Party shall submit to the other Party (the "**Non-Disclosing Party**") for review and approval any proposed academic, scientific and medical publication or public presentation which contains the Non-Disclosing Party's Confidential Information. In addition, each Party shall submit to the other Party for review and approval any proposed publication or public presentation relating to data generated under the Research Program, provided that Pfizer shall not be required to submit any proposed publication or public presentation to CytomX for review and approval pursuant to this sentence to the extent such publication or presentation relates to any Research Project Target for which Pfizer has exercised its Option pursuant to this Agreement and to the extent consistent with Pfizer's normal and customary publication practices. In both instances, such review and approval will be conducted for the purposes of preserving the value of the Licensed Intellectual Property and PDC Developed IP and the rights granted to Pfizer hereunder and determining whether any portion of the proposed publication or presentation containing the Non-Disclosing Party's Confidential Information should be modified or deleted. Written copies of such

proposed publication or presentation required to be submitted hereunder shall be submitted to the Non-Disclosing Party no later than thirty (30) days before submission for publication or presentation (the "**Review Period**"). The Non-Disclosing Party shall provide its comments with respect to such publications and presentations within twenty (20) days after its receipt of such written copy, and the other Party shall delete any Confidential Information of the Non-Disclosing Party upon request. The Review Period may be extended for an additional sixty (60) days in the event the Non-Disclosing Party can, within fifteen (15) days of receipt of the written copy, demonstrate reasonable need for such extension, including for the preparation and filing of patent applications. CytomX and Pfizer will each comply with standard academic practice regarding authorship of scientific publications and recognition of contribution of other parties in any publication governed by this Section 7.3.2.

7.4. **Obligations in Connection with Change of Control**. If CytomX is subject to a Change of Control, CytomX will, and it will cause its Affiliates and Representatives to, ensure that no Confidential Information of Pfizer, other than with respect to the status of Development or Commercialization of a Licensed Product, is released to (a) any Affiliate of CytomX that becomes an Affiliate as a result of the Change of Control or (b) any Representatives of CytomX (or of the relevant surviving entity of such Change of Control) who become Representatives as a result of the Change of Control, unless such Representatives have signed individual confidentiality agreements which include equivalent obligations to those set out in this Article 7. If any Change of Control of CytomX occurs, CytomX shall promptly notify Pfizer, share with Pfizer the policies and procedures it plans to implement in order to protect the confidentiality of Pfizer's Confidential Information prior to such implementation and make any adjustments to such policies and procedures that are reasonably requested by Pfizer. Notwithstanding the foregoing, this Section 7.4 shall not be deemed to limit CytomX's right to disclose Developed IP that CytomX would otherwise have a right to use and disclose to a Third Party (i.e., if such Third Party did not acquire CytomX).

8. REPRESENTATIONS AND WARRANTIES.

8.1. **Mutual Representations and Warranties**. Each of CytomX and Pfizer hereby represents and warrants to the other Party that:

8.1.1. it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

8.1.2. the execution, delivery and performance of this Agreement by such Party has been duly authorized by all requisite action under the provisions of its charter, bylaws and other organizational documents, and does not require any action or approval by any of its shareholders or other holders of its voting securities or voting interests;

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8.1.3. it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

8.1.4. this Agreement has been duly executed and is a legal, valid and Binding Obligation on each Party, enforceable against such Party in accordance with its terms; and

8.1.5. the execution, delivery and performance by such Party of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of or default under any Binding Obligation existing as of the Effective Date.

8.2. **Representations and Warranties of CytomX**. CytomX hereby represents and warrants to Pfizer that as of the Effective Date:

8.2.1. CytomX is the sole and exclusive owner of, or otherwise Controls pursuant to a CytomX Third Party Agreement listed on Schedule 8.2.1, the CytomX Technology existing as of the Effective Date, all of which is free and clear of any claims, liens, charges or encumbrances;

8.2.2. it has and will have the full right, power and authority to grant all of the right, title and interest in the licenses and other rights granted or to be granted to Pfizer or Pfizer's Affiliates under this Agreement;

8.2.3. as of the Effective Date (a) Schedule 8.2.3 sets forth a true and complete list of all CytomX Patent Rights, (b) to CytomX's knowledge after reasonable inquiry, each such Patent Right outside of the United States owned by CytomX is in full force and effect and (c) each such Patent Right in the United States owned by CytomX is in full force and effect and (d) to CytomX's knowledge, each such Patent Right Controlled by CytomX pursuant to the UCSB Agreement is in full force and effect;

8.2.4. to its knowledge: (i) the CytomX Patent Rights existing as of the Effective Date, are, or, upon issuance, will be, valid and enforceable patents and (ii) as of the Effective Date, no Third Party (a) is infringing any CytomX Patent Right or (b) has challenged or threatened to challenge the extent, validity or enforceability of any CytomX Patent Right (including, by way of example, through the institution or threat of institution of interference, nullity or similar invalidity proceedings before the United States Patent and Trademark Office or any analogous foreign Governmental Authority);

8.2.5. to its knowledge, it and its counsel, and to its knowledge, UCSB and its counsel with respect to the Patent Rights subject to the UCSB Agreement, have complied with all Applicable Laws, including any disclosure requirements, in connection with the filing, prosecution and maintenance of the CytomX Patent Rights existing as of the Effective Date;

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8.2.6. CytomX has independently developed all CytomX Know-How existing as of the Effective Date or otherwise has a valid right to use, and to permit Pfizer, Pfizer's Affiliates and Pfizer's Sublicensees to use, such CytomX Know-How for all permitted purposes under this Agreement;

8.2.7. it (or UCSB, with respect to the Patent Rights subject to the UCSB Agreement) has obtained from all inventors of CytomX Technology existing as of the Effective Date, valid and enforceable agreements assigning to CytomX (or to UCSB, with respect to the Patent Rights subject to the UCSB Agreement) each such inventor's entire right, title and interest in and to all such CytomX Technology;

8.2.8. except as expressly disclosed in Schedule 8.2.8, no CytomX Technology existing as of the Effective Date is subject to any funding agreement with any Governmental Authority;

8.2.9. except as expressly disclosed in Schedule 8.2.9, neither CytomX nor any of its Affiliates are subject to any agreement or obligation that limits any ownership or license right granted to Pfizer or its Affiliates under this Agreement, including any right granted to Pfizer or its Affiliates to access, practice, grant any licenses or sublicenses under, or provide Pfizer's Sublicensees with access to any intellectual property right or material (including any Patent Right, Know-How or other data or information), in each case, that would, but for such agreement or obligation, be included in the rights licensed or assigned to Pfizer or its Affiliates pursuant to this Agreement;

8.2.10. (a) there are no agreements between CytomX and any Third Party existing as of the Effective Date under which CytomX obtains rights in or to any Licensed Intellectual Property, other than the CytomX Third Party Agreements expressly disclosed in Schedule 8.2.10 (each, a "**Disclosed Third Party Agreement**"), true and complete copies of which have been provided to Pfizer, (b) except as provided in the Disclosed Third Party Agreements, no Third Party has any right, title or interest in or to, or any license under, any CytomX Technology, (c) no rights granted by or to CytomX or its Affiliates under any Disclosed Third Party Agreement conflict with any right or license granted to Pfizer or its Affiliates hereunder and (d) CytomX and its Affiliates are in compliance in all respects with all Disclosed Third Party Agreements, including all due diligence obligations of CytomX under the Disclosed Third Party Agreements;

8.2.11. to its knowledge, the use, practice or application by CytomX or Pfizer (or their respective Affiliates or Sublicensees) of any CytomX Technology does not and will not infringe any valid claim of an issued and unexpired patent of any

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Third Party (excluding, for clarity, any potential infringement that might arise solely as a result of the combination of any CytomX Technology with any other technology or intellectual property); and

8.2.12. there is no (a) claim, demand, suit, proceeding, arbitration, inquiry, investigation or other legal action of any nature, civil, criminal, regulatory or otherwise, pending or, to the knowledge of CytomX, threatened against CytomX or any of its Affiliates or (b) judgment or settlement against or owed by CytomX or any of its Affiliates, in each case in connection with the CytomX Technology or relating to the transactions contemplated by this Agreement.

8.2.13. The CytomX Letter and the Patent Rights licensed under the UCSB Agreement together set forth all Third Party Patent Rights of which CytomX is aware that are or may be relevant to the Licensed Intellectual Property, including the composition of, or any method of using or method of making or any Tools for Developing, any Probody, Mask, Substrate or PDC.

8.3. **CytomX Covenants**. In addition to the covenants made by CytomX elsewhere in this Agreement, CytomX hereby covenants to Pfizer that, from the Effective Date until expiration or termination of this Agreement:

8.3.1. except in CytomX's ordinary course of prosecution or in the course of enforcement of Patent Rights in accordance with the provisions of Article 6, or with Pfizer's prior written consent, it will not (a) take any action that conflicts with the rights under the Licensed Intellectual Property or Developed IP granted or assigned to Pfizer or Pfizer's Affiliates under this Agreement or (b) fail to take any action that is reasonably necessary to avoid a conflict with the rights under the Licensed Intellectual Property or Developed IP granted or assigned to Pfizer or Pfizer's Affiliates under this Agreement;

8.3.2. it will (a) not enter into any CytomX Third Party Agreement that conflicts with or limits (i) the rights granted to Pfizer or Pfizer's Affiliates hereunder or (ii) CytomX's ability to fully perform its obligations hereunder; (b) not amend, terminate or otherwise modify any CytomX Third Party Agreement (including any Disclosed Third Party Agreement) or consent or waive rights with respect thereto in any manner that adversely affects (i) the rights granted to Pfizer or Pfizer's Affiliates hereunder or (ii) CytomX's ability to fully perform its obligations hereunder; (c) promptly furnish Pfizer with copies of all (i) amendments to the Disclosed Third Party Agreements and (ii) CytomX Third Party Agreements and related amendments executed following the Effective Date; (d) fulfill, and cause its Affiliates to fulfill, all of their respective obligations under all CytomX Third Party Agreements (including Disclosed Third Party Agreements) so as not to be in breach of such agreements; (e) furnish Pfizer with copies of all notices received by CytomX or its Affiliates relating to any actual or alleged breach by CytomX or its Affiliates under any CytomX Third Party

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Agreement (including any Disclosed Third Party Agreement), and all other notices received by CytomX or its Affiliates in connection with any CytomX Third Party Agreement (including any Disclosed CytomX Third Party Agreement) that pertain to the rights granted to Pfizer or Pfizer's Affiliates hereunder, within five (5) Business Days after receipt thereof; and (f) in the event that CytomX does not resolve any such actual or alleged breach, notify Pfizer within a sufficient period of time before the expiration of the cure period for such actual or alleged breach under such CytomX Third Party Agreement such that Pfizer is able to cure or otherwise resolve such actual or alleged breach or default, and if Pfizer makes any payments to any Third Party in connection with the cure or other resolution of such breach or default, then Pfizer may credit the amount of such payments against any royalties or other amounts payable to CytomX pursuant to this Agreement.

8.3.3. it will not enter into any agreement or arrangement which limits the ownership rights of Pfizer or its Affiliates with respect to any Developed IP, or limits the ability of Pfizer or its Affiliates to grant a license, sublicense or access, or provide or provide access or other rights in, to or under, any intellectual property right or material (including any Patent Right, Know-How or other data or information), in each case, that is within the Licensed Intellectual Property, subject to the terms of CytomX Third Party Agreements accepted by Pfizer in accordance with Section 5.5.2(c) above; and

8.3.4. it will maintain agreements with all Persons acting by or on behalf of CytomX or its Affiliates under this Agreement which require such Persons to assign to CytomX their entire right, title and interest in and to all Patent Rights, Know-How or other intellectual property rights that are conceived or generated in the course of performing Research Plan Activities.

8.4. **Representation by Legal Counsel**. Each Party hereto represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption shall exist or be implied against the Party which drafted such terms and provisions.

8.5. **Disclaimer**. THE FOREGOING REPRESENTATIONS AND WARRANTIES OF EACH PARTY ARE IN LIEU OF ANY OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY SPECIFICALLY EXCLUDED AND DISCLAIMED.

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9. GOVERNMENT APPROVALS; TERM AND TERMINATION.

9.1. **Government Approvals**. Each of CytomX and Pfizer shall cooperate with the other Party and use Commercially Reasonable Efforts to make all registrations, filings and applications, to give all notices and to obtain as soon as practicable all governmental or other consents, transfers, approvals, orders, qualifications authorizations, permits and waivers, if any, and to do all other things necessary or desirable for the consummation of the transactions as contemplated hereby.

9.2. **Term**. The term of this Agreement (the "**Term**") shall commence on the Effective Date and shall extend, unless this Agreement is terminated earlier in accordance with this Article 9, on a Licensed Product-by-Licensed Product and country-by-country basis, until such time as the Royalty Term with respect to the sale of such Licensed Product in such country expires. Notwithstanding the foregoing, this Agreement shall terminate upon the expiration of the last-to-expire Option Exercise Period if Pfizer has not elected to exercise any Option under Section 4.1.2 prior to such time.

9.3. **Termination by Either Party for Cause**. Except as otherwise provided in Section 3.2.5, either Party may terminate this Agreement, in its entirety or, at the terminating Party's option, on a Research Project Target-by-Research Project Target basis, at any time during the Term of this Agreement by giving written notice to the other Party if the other Party commits a material breach of its obligations under this Agreement and such breach remains uncured for ninety (90) days, measured from the date written notice of such breach is given to the breaching Party. Notwithstanding the foregoing, a Party shall have the right to terminate this Agreement pursuant to this Section 9.3 (a) in part with respect to an individual Research Project Target only if the other Party's material breach giving rise to such termination right relates to such Research Project Target or (b) in its entirety only if such material breach fundamentally frustrates the objectives of or transactions contemplated by this Agreement taken as a whole or affects substantially all of the Research Program.

9.4. **Termination by Pfizer for Convenience**. At any time after the one (1) year anniversary of the Effective Date, Pfizer shall have the right to terminate this Agreement for any or no reason, either in its entirety or on a Research Project Target-by-Research Project Target basis, by providing sixty (60) days advance written notice of such termination to CytomX.

9.5. **Termination on Insolvency of CytomX**. This Agreement may be terminated upon written notice by Pfizer at any time in the event of a CytomX Insolvency Event.

9.6. **Effects of Termination**.

9.6.1. **Effect of Termination by Pfizer for Cause**. If Pfizer terminates this Agreement with respect to any or all Research Project Targets pursuant to Section 9.3 (each, a "**Terminated Target**"):

(a) all work under the applicable Research Plan with respect to each Terminated Target shall cease, and CytomX shall have no further obligation to: (i) perform any of its obligations under the applicable Research Plan with respect to such Terminated Target, (ii) to provide any additional assistance under Section 4.1.9 related to such Terminated Target, or (iii) to disclose or provide any rights with respect to the Terminated Target under any Third Party agreements entered into after the date of termination pursuant to Section 5.5.2(c)(iii);

(b) if the Terminated Target is the Second Target, then Pfizer's Target replacement right under Section 2.1.4 shall terminate as of the date of such termination notice;

(c) all options and licenses granted to Pfizer with respect to such Terminated Target and any Licensed Product Targeting such Terminated Target (each, a "**Terminated Licensed Product**"), including under Section 4.1, shall continue and become irrevocable and perpetual and the Parties rights and obligations under Section 8.3 shall continue;

(d) Pfizer shall have no further obligations to CytomX under this Agreement with respect to any such Terminated Target or Terminated Licensed Product, other than (i) those obligations that expressly survive termination in accordance with Section 9.8, or (ii) as provided in this Section 9.6.1;

(e) Pfizer shall have an obligation to pay (i) except if such termination arises as a result of CytomX's breach of Sections 2.1.6, 4.5, 7 and 8.2.3 through 8.2.13, fifty percent (50%) of any Option Fee that becomes due with respect to such Terminated Target pursuant to Section 5.2; (ii) except if such termination arises as a result of CytomX's breach of Sections 2.1.6, 4.5, 7 and 8.2.3 through 8.2.13, fifty percent (50%) of Milestone Payments with respect to Terminated Licensed Products and (iii) royalties with respect to Net Sales of Terminated Licensed Products in accordance with the terms and conditions of this Agreement, in an amount equal to fifty percent (50%) of the amount that would otherwise have been payable under this Agreement, provided that in no event will the royalty payable to CytomX for any Licensed Product be reduced below three percent (3%).

(f) Pfizer shall have the right to offset, against any payment owing to CytomX under subparagraph (b) above, any damages found or agreed by the Parties to be owed by CytomX to Pfizer;

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(g) CytomX shall remain entitled to receive payments that accrued before the effective date of such termination;

(h) nothing in this Section 9.6.1 shall limit any other remedy Pfizer may have for CytomX's breach of this Agreement;

(i) the rights and obligations of the Parties with respect to all Research Project Targets other than any such Terminated Target shall remain in full force and effect; and

(j) for the avoidance of doubt, all licenses granted by Pfizer to CytomX under Section 4.2.1 shall terminate as of the effective date of such termination with respect to any such Terminated Target, and, if this Agreement is terminated in its entirety, all rights granted by Pfizer under Section 4.2.1 shall terminate as of the effective date of such termination. For clarity, the licenses granted by Pfizer to CytomX under Sections 4.2.2 and 4.3.2 shall survive any such termination.

9.6.2. **Effect of Termination by Pfizer on Insolvency of CytomX**. If Pfizer terminates this Agreement pursuant to Section 9.5:

(a) CytomX shall have no further obligation to perform any of its obligations under this Agreement (including CytomX's obligations under the Research Program and CytomX's obligations related to CytomX Third Party Agreements) other than those obligations that expressly survive termination of this Agreement in accordance with Sections 9.6.2(b) and 9.8 and without limiting Pfizer's right to cure or otherwise resolve any breach or alleged breach under any CytomX Third Party Agreement pursuant to Section 8.3.2;

(b) All options and licenses granted to Pfizer, including under Section 4.1.3 (but only with respect to a particular Research Project Target if Pfizer exercised its Option and paid the applicable Option Fee), shall continue and become, subject only to the royalty obligation set forth below in this Section 9.6.2(b), irrevocable and perpetual, the Parties' rights and obligations under Section 8.3 shall continue, and Pfizer shall have no further obligations to CytomX under this Agreement other than (i) those obligations that expressly survive termination in accordance with Section 9.8 and (ii) an obligation to pay royalties with respect to Net Sales of Licensed Products under Section 5.5 in accordance with the terms and conditions of this Agreement;

(c) CytomX shall remain entitled to receive payments that accrued before the effective date of such termination;

(d) Pfizer shall have the right to offset, against any payment owing to CytomX under subparagraph (b) above, any damages found or agreed by the Parties to be owed by CytomX to Pfizer; and

(e) nothing in this Section 9.6.2 shall limit any other remedy Pfizer may have for CytomX's breach of this Agreement.

9.6.3. **Effect of Termination by CytomX for Cause or by Pfizer for Convenience**.

(a) If CytomX terminates this Agreement with respect to any Research Project Target pursuant to Section 9.3, or if Pfizer terminates this Agreement with respect to any Research Project Target pursuant to Section 9.4, then all licenses and options granted by CytomX to Pfizer under Sections 4.1.1 and 4.1.3 with respect to any such Research Project Target and any Licensed Product Targeting such Research Project Target shall terminate. Upon any such termination, the following provisions shall apply:

(i) CytomX shall have no further obligation to perform any of its obligations under the Research Program, or provide any additional assistance under Section 4.1.9, with respect to such Research Project Target;

(ii) any Research Project Target with respect to which this Agreement has been terminated shall no longer be considered a Research Project Target for all purposes of this Agreement, including Sections 2.1.6, 3.5, 4.5.1, and 6.2.2, without limiting any obligations under Section 7;

(iii) CytomX shall remain entitled to receive payments that accrued before the effective date of such termination; and

(iv) If the termination is with respect to the Second Target and Pfizer has not exercised its Target replacement right under Section 2.1.4 prior to the date of the termination notice, then such Target replacement right shall terminate as of the date of such termination notice.

(b) If CytomX terminates this Agreement in its entirety pursuant to Section 9.3, or if Pfizer terminates this Agreement in its entirety pursuant to Section 9.4: (i) all licenses and options granted by CytomX to Pfizer under this Agreement, excluding those granted under Sections 4.1.4, 4.1.5 and 4.3.1, shall terminate, (ii) the licenses granted by Pfizer to CytomX under Sections 4.2.2 and 4.3.2 shall survive such termination, and (iii)

CytomX shall have no further obligations to Pfizer, and Pfizer no further rights, under this Agreement other than those rights and obligations that expressly survive termination in accordance with Section 9.8.

(c) If Pfizer, pursuant to Section 9.4, terminates this Agreement in its entirety or solely with respect to EGFR after the initiation of dosing of the first subject in a Phase I Clinical Study with respect to a Licensed Product Targeting EGFR, then the Parties, upon CytomX's written request made within thirty (30) days after the effective date of termination, shall for a period of one hundred twenty (120) days negotiate in good faith the terms and conditions of a license to CytomX, under relevant Pfizer Technology and Developed IP Controlled by Pfizer (including any PDC Developed IP), to Develop and Commercialize the EGFR Continuation Product, such terms and conditions to be mutually agreeable, reasonable and customary.

(d) If Pfizer, pursuant to Section 9.4, terminates this Agreement with respect to any Research Project Target (either by terminating this Agreement in its entirety or solely with respect to such Research Project Target) after Pfizer exercises its Option with respect to such Research Project Target and prior to initiation of dosing of the first subject in a Phase I Clinical Study of a Licensed Product Targeting such Research Project Target, then the Parties, upon CytomX's written request made within thirty (30) days after the effective date of termination, shall for a period of one hundred twenty (120) days negotiate in good faith the terms and conditions of a license to CytomX, under relevant Developed IP Controlled by Pfizer, to Develop and Commercialize PDCs Targeting such Research Project Target; provided that, for clarity, such license shall not include any rights under any Pfizer Technology or Pfizer Improvement.

(e) For the avoidance of doubt, if CytomX terminates this Agreement with respect to any Research Project Target pursuant to Section 9.3, or if Pfizer terminates this Agreement with respect to any Research Project Target pursuant to Section 9.4, in each case including all Research Project Targets in the event that this Agreement is terminated in its entirety, any such Research Project Target will no longer be considered to be a Research Project Target for the purpose of this Agreement.

9.6.4. **Satisfaction of Obligations During Notice Period**. During the period from providing a notice of termination through the termination of the Agreement, the Parties shall continue to perform their obligations under this Agreement.

9.6.5. **Pending Dispute Resolution**. If a Party gives notice of termination under Section 9.3 and the other Party disputes whether such notice was proper, then the issue of whether this Agreement has been terminated shall be resolved in accordance with Section 11.9 and this Agreement shall remain in effect pending

the resolution of such dispute. If as a result of such dispute resolution process it is determined that the notice of termination was proper, then such termination shall be effective immediately. If as a result of such dispute resolution process it is determined that the notice of termination was improper, then no termination shall have occurred and this Agreement shall remain in effect.

9.7. **Disposition of Inventories of Products**. Following termination of this Agreement with respect to one or more Research Project Targets, Pfizer, its Affiliates and its Sublicensees shall have the right to continue to sell their existing inventories of Licensed Product(s) Targeting such Research Project Targets that have received Regulatory Marketing Approval prior to such termination for a period not to exceed six (6) months after the effective date of such termination or expiration and Pfizer shall pay any royalties payable in connection with such sales in accordance with Section 5.5.

9.8. **Survival of Certain Obligations**. Expiration or termination of this Agreement shall not relieve the Parties of any obligation that accrued before such expiration or termination. The following provisions shall survive expiration or termination of this Agreement: Sections 2.11, 2.12.3, 2.12.4, 2.12.5, 4.1.4, 4.1.5, 4.1.7 (solely with respect to any licenses that survive such expiration or termination), 4.2.2, 4.3, 4.4, 4.6, 5.3.4 (for the period set forth therein), 5.6 (for any payment obligations accrued prior to such termination or expiration), 5.7.1 (for the period set forth therein), 5.7.2 (for the period set forth therein), 5.7.3, 5.7.4, 6.1, 6.2.1(a), 6.2.1(e), and Articles 1, 7, 10 (provided that obligations under Section 10.5 shall only survive for five (5) years after termination or expiration), and 11. For avoidance of doubt, any other Section that explicitly states it survives expiration or termination of this Agreement shall so survive.

9.9. **Right to Termination of Research Project(s) or Research Program by Pfizer upon Change of Control of CytomX**. If a Change of Control of CytomX is consummated during any Research Term, Pfizer shall have the right to terminate any Research Project or the Research Program in its entirety (in each case, without terminating the associated Option(s)), upon written notice to CytomX within sixty (60) days after consummation of such Change of Control of CytomX, such termination effective sixty (60) days after Pfizer's notice. Such termination of any Research Project or the Research Program (a) shall not constitute termination of this Agreement, (b) shall not affect the Parties' rights and obligations under this Agreement other than those relating to such Research Project or the Research Program and (c) shall not relieve either Party of any obligation that arose prior to such termination. Following any such termination of any Research Project or the Research Program, as applicable, Pfizer shall have no further funding obligation under Article 2 or Section 5.3 with respect to such Research Project or the Research Program, as applicable, other than that which may have accrued prior to such termination. In addition, if, at any time following a Change of Control of CytomX consummated during any Research Term, CytomX or its successor fails to perform its obligations under the Research Program in any material respect, then, effective upon written notice to CytomX or its successor, Pfizer shall have the right to terminate any Research Project or the Research Program in its entirety pursuant to this

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Section 9.9, and CytomX, upon Pfizer's request, shall promptly transfer to a Third Party designated by Pfizer, at no additional cost to Pfizer, such CytomX Know-How and CytomX Improvements, including related materials, as is necessary for such Third Party to complete all activities allocated to CytomX under such Research Project or the Research Program, as applicable (which Third Party shall agree in writing to be bound by terms providing for Pfizer rights no less favorable to Pfizer than the rights granted to Pfizer in this Agreement). For the avoidance of doubt, in the event that Pfizer terminates a Research Project or the Research Program in accordance with this Section 9.9, such termination will not be deemed to be a termination for cause under Section 9.3 or a termination for convenience under Section 9.4, and the only effects of such termination are as set forth in this Section 9.9. Notwithstanding any provision of this Agreement to the contrary, nothing in this Section 9.9 shall limit, or preclude Pfizer from seeking, any other remedy Pfizer may have for CytomX's breach of this Agreement; provided that Pfizer may not seek remedy under both this Section 9.9 and Section 9.3 with respect to the same performance failure by CytomX or its successor.

9.10. **Effects of CytomX Change of Control**. In the event of a CytomX Change of Control during the Term, the following provisions of this Section 9.10 shall apply:

9.10.1. **Certain Terms Regarding Intellectual Property**.

(a) **CytomX Intellectual Property.** All Developed IP, CytomX Technology and Licensed Intellectual Property Controlled by CytomX immediately prior to such CytomX Change of Control shall continue to be CytomX Developed IP, CytomX Technology, and Licensed Intellectual Property for purposes of this Agreement.

(b) **Existing Acquirer Intellectual Property.** Patent Rights and Know-How that were Controlled by the entity acquiring CytomX or such entity's Affiliates that were not Affiliates of CytomX prior to such CytomX Change of Control (collectively, the "Acquirer") shall not be included within the Licensed Intellectual Property.

(c) **Independent Intellectual Property**. Patent Rights and Know-How that, following such CytomX Change of Control, are developed, made or otherwise acquired or Controlled by the Acquirer outside of the Research Program and without use of Pfizer's Confidential Information or Developed IP, CytomX Improvements or CytomX Technology shall not be included within the Developed IP, CytomX Technology, Licensed Intellectual Property or CytomX Third Party Agreements (it being understood, however, for the avoidance of doubt, that all CytomX Technology, Developed IP, and Licensed Intellectual Property developed by CytomX or the Acquirer in the course of, or used by CytomX or the Acquirer under any Research Plan shall continue to be Licensed Intellectual Property for all purposes of this Agreement). In addition, if

rights to Licensed Intellectual Property were granted to the Acquirer prior to the Change of Control, then the use of such Licensed Intellectual Property in accordance with such grant (and consistent with the exclusive licenses granted under this Agreement) shall not be deemed use of Confidential Information as described above for purposes of this Section 9.10.1(c).

9.10.2. **Effect on Certain Agreement Provisions.** From and after the effective date of a CytomX Change of Control, the Acquirer shall not be considered an "Affiliate" for the purpose of (a) Section 4.1.8 with respect to data that was not generated in the course of any Research Plan and (b) Section 4.5.1, provided that the Acquirer does not engage in any activities otherwise restricted under Section 4.5.1 using any Developed IP, Pfizer Technology, Pfizer Improvements or Confidential Information of Pfizer.

10. LIMITATION ON LIABILITY, INDEMNIFICATION AND INSURANCE.

10.1. **No Consequential Damages**. Except with respect to liability arising from a breach of Article 7, from any willful misconduct or intentionally wrongful act, or to the extent such Party may be required to provide indemnification under this Article 10, in no event will either Party, its Affiliates, its Sublicensees or any of its, its Affiliates' or its Sublicensees' respective Representatives be liable under this Agreement for any special, indirect, incidental, consequential or punitive damages, whether in contract, warranty, tort, negligence, strict liability or otherwise, including loss of profits or revenue suffered by either Party or any of its respective Affiliates or Representatives. Without limiting the generality of the foregoing, "consequential damages" will be deemed to include, and neither Party will be liable to the other Party or any of such other Party's Affiliates, Representatives or stockholders for, any damages based on or measured by loss of projected or speculative future sales of the Licensed Products, any Milestone Payment due upon any unachieved event under Section 5.4, any unearned royalties under Section 5.5 or any other unearned, speculative or otherwise contingent payments provided for in this Agreement.

10.2. **Indemnification by Pfizer**. Pfizer will indemnify, defend and hold harmless CytomX, its Affiliates and each of its and their respective employees, officers, directors and agents (each, a "**CytomX Indemnified Party**") from and against any and all liability, loss, damage, expense (including reasonable attorneys' fees and expenses) and cost (collectively, a "**Liability**") that the CytomX Indemnified Party may be required to pay to one or more Third Parties resulting from or arising out of:

10.2.1. Development, Manufacture, Commercialization or use of any Licensed Product by, on behalf of, or under the authority of, Pfizer (other than by any CytomX Indemnified Party), other than claims for which CytomX is required to indemnify Pfizer pursuant to Section 10.3; or

10.2.2. the material breach by Pfizer of any of its representations, warranties or covenants set forth in this Agreement;

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except, in each case, to the extent caused by the negligence, recklessness or intentional acts of CytomX or any CytomX Indemnified Party.

10.3. **Indemnification by CytomX.** CytomX will indemnify, defend and hold harmless Pfizer, its Affiliates, Sublicensees, contractors, distributors and each of its and their respective employees, officers, directors and agents (each, a "**Pfizer Indemnified Party**") from and against any and all Liabilities that the Pfizer Indemnified Party may be required to pay to one or more Third Parties resulting from or arising out of:

10.3.1. any claim that the exercise of rights under the Licensed Intellectual Property by, on behalf of, or under the authority of Pfizer (other than by any CytomX Indemnified Party) to Develop, Manufacture, Commercialize or use any Licensed Product infringes any Third Party Patent Rights listed on the CytomX Letter; provided that all amounts due any Third Party under this Section 10.3.1, including damages awarded, and any royalties payable under any license or settlement entered into by Pfizer related to any such Liability (together with litigation expenses of Pfizer in undertaking the defense of any such claim) shall be deemed payments under an Additional Third Party License and fifty percent (50%) of such amounts shall be offset against royalties due CytomX under this Agreement as set forth in Section 5.5.2(b) (subject to the three percent (3%) minimum specified therein). Notwithstanding Section 10.4.2, such right of offset under Section 5.5.2(b) shall be the sole and exclusive remedy with respect to the indemnity under this Section 10.3.1;

10.3.2. other than for claims described in Section 10.3.1 or claims arising from or directed to the Development, Manufacture, Commercialization or use of any Licensed Product by a Pfizer Indemnitee (whether or not the Licensed Product was developed by CytomX in the performance of Research Plan Activities), the use of any Licensed Intellectual Property for the Development, Manufacture, Commercialization or use of any products by, on behalf of, or under the authority of, CytomX (other than by any Pfizer Indemnified Party); or

10.3.3. the material breach by CytomX of any of its representations, warranties or covenants set forth in this Agreement;

except to the extent caused by the negligence, recklessness or intentional acts of Pfizer or any Pfizer Indemnified Party.

10.4. **Procedure**.

10.4.1. **Notice**. Each Party will notify the other Party in writing in the event it becomes aware of a claim for which indemnification may be sought hereunder. In

the event that any Third Party asserts a claim or other proceeding (including any governmental investigation) with respect to any matter for which a Party (the "**Indemnified Party**") is entitled to indemnification hereunder (a "**Third Party Claim**"), then the Indemnified Party shall promptly notify the Party obligated to indemnify the Indemnified Party (the "**Indemnifying Party**") thereof; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then only to the extent that) the Indemnifying Party is prejudiced thereby.

10.4.2. **Control**. Subject to Pfizer's right to control any actions described in Section 6.2 (even where CytomX is the Indemnifying Party), the Indemnifying Party shall have the right, exercisable by notice to the Indemnified Party within ten (10) Business Days after receipt of notice from the Indemnified Party of the commencement of or assertion of any Third Party Claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the Third Party Claim (including the right to settle the claim solely for monetary consideration) with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party; provided that (a) the Indemnifying Party has sufficient financial resources, in the reasonable judgment of the Indemnified Party, to satisfy the amount of any adverse monetary judgment that is sought, (b) the Third Party Claim seeks solely monetary damages and (c) the Indemnifying Party expressly agrees in writing that as between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be solely obligated to satisfy and discharge the Third Party Claim in full (the conditions set forth in clauses (a), (b) and (c) above are collectively referred to as the "Litigation Conditions"). Within ten (10) Business Days after the Indemnifying Party has given notice to the Indemnified Party of its exercise of its right to defend a Third Party Claim, the Indemnified Party shall give notice to the Indemnifying Party of any objection thereto based upon the Litigation Conditions. If the Indemnified Party reasonably so objects, the Indemnified Party shall continue to defend the Third Party Claim, at the expense of the Indemnifying Party, until such time as such objection is withdrawn. If no such notice is given, or if any such objection is withdrawn, the Indemnifying Party shall be entitled, at its sole cost and expense, to assume direction and control of such defense, with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. During such time as the Indemnifying Party is controlling the defense of such Third Party Claim, the Indemnified Party shall cooperate, and shall cause its Affiliates and agents to cooperate upon request of the Indemnifying Party, in the defense or prosecution of the Third Party Claim, including by furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials or appeals as may reasonably be requested by the Indemnifying Party. In the event that the Indemnifying Party does not satisfy the Litigation Conditions or does not notify the Indemnified Party of the Indemnifying Party's intent to defend any Third Party Claim within ten (10) Business Days after notice thereof, the

Indemnified Party may (without further notice to the Indemnifying Party) undertake the defense thereof with counsel of its choice and at the Indemnifying Party's expense (including reasonable, out-of-pocket attorneys' fees and costs and expenses of enforcement or defense). The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to join in (including the right to conduct discovery, interview and examine witnesses and participate in all settlement conferences), but not control, at its own expense, the defense of any Third Party Claim that the other Party is defending as provided in this Agreement.

10.4.3. **Settlement**. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, enter into any compromise or settlement that commits the Indemnified Party to take, or to forbear to take, any action. The Indemnified Party shall have the sole and exclusive right to settle any Third Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third Party Claim involves equitable or other non-monetary relief, but shall not have the right to settle such Third Party Claim to the extent such Third Party Claim involves monetary damages without the prior written consent of the Indemnifying Party. Each of the Indemnifying Party and the Indemnified Party shall not make any admission of liability in respect of any Third Party Claim without the prior written consent of the other Party, and the Indemnified Party shall use reasonable efforts to mitigate Liabilities arising from such Third Party Claim.

10.5. **Insurance**. Each Party shall obtain and maintain, during the Term, commercial general liability insurance, including products liability insurance, with reputable and financially secure insurance carriers (or pursuant to a program of self-insurance reasonably satisfactory to the other Party) to cover its indemnification obligations under Section 10.2 or Section 10.3, as applicable, in each case with limits of not less than $3,000,000 per occurrence and in the aggregate. Insurance (other than permitted self-insurance) shall be procured with carriers having an A.M. Best Rating of A-VII or better.

11. MISCELLANEOUS.

11.1. **Assignment**. CytomX may not assign this Agreement without the prior written consent of Pfizer, which consent will not be unreasonably withheld or delayed; provided, however, that CytomX may, without the written consent of Pfizer, assign this Agreement in connection with the transfer or sale of all or substantially all of its business, through merger, sale of assets or sale of stock or ownership interest. Pfizer may not assign this Agreement or any interest hereunder without the prior written consent of CytomX, which consent will not be unreasonably withheld or delayed, except that this Agreement may be assigned as follows: (a) Pfizer may assign its rights and obligations under this Agreement by way of sale of itself or the sale of the portion of its business to which this Agreement relates, through merger, sale of assets or sale of stock or ownership interest and (b) Pfizer may assign its rights and obligations under this Agreement to any of its Affiliates; provided that if such assignment would result in withholding or other similar taxes

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becoming due on payments to CytomX under this Agreement, then any such assignment will require CytomX's prior written consent absent an express agreement by Pfizer or the assignee to pay or reimburse CytomX for any such taxes resulting from such assignment, such consent not to be unreasonably withheld or delayed. This Agreement shall be binding upon the successors and permitted assigns of the Parties and the name of a Party appearing herein shall be deemed to include the names of such Party's successors and permitted assigns to the extent necessary to carry out the intent of this Agreement. Any assignment not in accordance with this Section 11.1 shall be void.

11.2. **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 the Agreement.

11.3. **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 Commercially Reasonable Efforts to resume performance. For purposes of this Agreement, "force majeure" shall include conditions beyond the control of the Parties, including an act of God, voluntary or involuntary compliance with any Applicable Law or order of any government, war, act of terror, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, or destruction of production facilities or materials by fire, earthquake, storm or like catastrophe.

11.4. **Notices**. Any notice or notification required or permitted to be provided pursuant to the terms and conditions of this Agreement (including any notice of force majeure, breach, termination, change of address, etc.) shall be in writing and shall be deemed given upon receipt if delivered personally or by facsimile transmission (receipt verified), five days after deposited in the mail if mailed by registered or certified mail (return receipt requested) postage prepaid, or on the next Business Day if sent by overnight delivery using a nationally recognized express courier service and specifying next Business Day delivery (receipt verified), to the Parties at the following addresses or facsimile numbers (or at such other address or facsimile number for a Party as shall be specified by like notice, provided, however, that notices of a change of address shall be effective only upon receipt thereof):

All correspondence to Pfizer shall be addressed as follows:

Pfizer Inc.
Notices: R&D Business Development
235 East 42nd Street
New York, NY 10017
Attn.: R&DBD Contract Notice

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with a copy to:

Pfizer Inc.
Notices: Pfizer Legal Division
235 East 42nd Street
New York, NY 10017
Attn.: Chief Counsel, R&D
[***]

To help expedite Pfizer's awareness and response, copies of notices may be provided to Pfizer by email but must be supplemented by one of the following methods: (a) personal delivery, (b) first class certified mail with return receipt requested, or (c) next-day delivery by major international courier, with confirmation of delivery. Electronic copies may be sent via email to [***].

All correspondence to CytomX shall be addressed as follows:

CytomX Therapeutics, Inc.
650 Gateway Blvd., Suite 125
South San Francisco, CA 94080-7014
Attn: CEO

Fax: 1-650-351-0353

with a copy to:

Kenneth A. Clark
Wilson, Sonsini, Goodrich & Rosati LLP
650 Page Mill Road
Palo Alto, CA 94303
Fax: 1-650-493-6811

11.5. **Amendment**. No amendment, modification or supplement of any provision of this Agreement shall be valid or effective unless made in writing and signed by a duly authorized officer of each Party.

11.6. **Waiver**. No provision of this Agreement shall be waived by any act, omission or knowledge of a Party or its agents or employees except by an instrument in writing expressly waiving such provision and signed by a duly authorized officer of the waiving Party. The waiver by either of the Parties of any breach of any provision hereof by the other Party shall not be construed to be a waiver of any succeeding breach of such provision or a waiver of the provision itself.

11.7. **Severability**. If any clause or portion thereof in this Agreement is for any reason held to be invalid, illegal or unenforceable, the same shall not affect any other portion of

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this Agreement, as it is the intent of the Parties that this Agreement shall be construed in such fashion as to maintain its existence, validity and enforceability to the greatest extent possible. In any such event, this Agreement shall be construed as if such clause or portion thereof had never been contained in this Agreement, and there shall be deemed substituted therefor such provision as will most nearly carry out the intent of the Parties as expressed in this Agreement to the fullest extent permitted by Applicable Law.

11.8. **Descriptive Headings**. The descriptive headings of this Agreement are for convenience only and shall be of no force or effect in construing or interpreting any of the provisions of this Agreement.

11.9. **Dispute Resolution**. If any dispute or disagreement arises between Pfizer and CytomX in respect of this Agreement, they shall follow the following procedures in an attempt to resolve the dispute or disagreement:

11.9.1. The Party claiming that such a dispute exists shall give notice in writing (a "**Notice of Dispute**") to the other Party of the nature of the dispute.

11.9.2. Within fourteen (14) days of receipt of a Notice of Dispute, the Pfizer Alliance Manager and the CytomX Alliance Manager shall meet in person or by teleconference and exchange written summaries reflecting, in reasonable detail, the nature and extent of the dispute, and at this meeting they shall use their reasonable endeavors to resolve the dispute.

11.9.3. If the Alliance Managers are unable to resolve the dispute during the meeting described in Section 11.9.2 or if for any reason such meeting does not take place within the period specified in Section 11.9.2, then the dispute will be referred to the JRC which shall meet no later than forty-five (45) days following the initial receipt of the Notice of Dispute and use reasonable endeavors to resolve the dispute.

11.9.4. If the JRC is unable to resolve the dispute during the meeting described in Section 11.9.3 or if for any reason such meeting does not take place within the period specified in Section 11.9.3, then the Senior Vice President and Chief Scientific Officer, Oncology Research Unit, of Pfizer and the Chief Executive Officer of CytomX shall meet at a mutually agreed-upon time and location for the purpose of resolving such dispute.

11.9.5. If, within a further period of thirty (30) days, or if in any event within ninety (90) days of initial receipt of the Notice of Dispute, the dispute has not been resolved, or if, for any reason, the meeting described in Section 11.9.4 has not been held within ninety (90) days of initial receipt of the Notice of Dispute, then the Parties agree that either Party may initiate litigation to resolve the dispute.

11.9.6. Notwithstanding any provision of this Agreement to the contrary, either Party may immediately initiate litigation in any court of competent jurisdiction seeking any remedy at law or in equity, including the issuance of a preliminary, temporary or permanent injunction, to preserve or enforce its rights under this Agreement. The provisions of this Section 11.9 will survive for five (5) years from the date of termination or expiration of this Agreement.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

11.10. **Governing Law**. This Agreement, and all claims arising under or in connection therewith, shall be governed by and interpreted in accordance with the substantive laws of the State of Delaware, without regard to conflict of law principles thereof.

11.11. **Consent to Jurisdiction**. Each Party to this Agreement, by its execution hereof, (a) hereby irrevocably submits to the exclusive jurisdiction of the state courts of the State of Delaware or the United States District Court for the District of Delaware for the purpose of any and all actions, suits or proceedings arising in whole or in part out of, related to, based upon or in connection with this Agreement or the subject matter hereof, (b) hereby waives to the extent not prohibited by Applicable Law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such action brought in one of the above-named courts should be dismissed on grounds of forum non conveniens, should be transferred to any court other than one of the above-named courts, or should be stayed by reason of the pendency of some other proceeding in any other court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (c) hereby agrees not to commence any such action other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise.

11.12. **Entire Agreement**. This Agreement, including its Exhibits and Schedules, constitutes and contains the complete, final and exclusive understanding and agreement of the Parties and cancels and supersedes any and all prior negotiations, correspondence, understandings and agreements, whether oral or written, between the Parties respecting the subject matter hereof and thereof, including the Confidentiality Agreement which is hereby terminated effective as of the Effective Date, provided that such Confidentiality Agreement will continue to govern the treatment of Confidential Information disclosed by the Parties prior to the Effective Date in accordance with its terms.

11.13. **Independent Contractors**. Both Parties are independent contractors under this Agreement. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties hereto or any of their agents or employees, or any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

11.14. **Counterparts**. This Agreement may be executed in two counterparts, each of which shall be an original and both of which shall constitute together the same document. Counterparts may be signed and delivered by facsimile or PDF file, each of which shall be binding when received by the applicable Party.

11.15. **No Third Party Rights or Obligations**. No provision of this Agreement shall be deemed or construed in any way to result in the creation of any rights or obligation in any Person not a Party to this Agreement. However, Pfizer may decide, in its sole discretion, to use one or more of its Affiliates to perform its obligations and duties hereunder, provided that Pfizer shall remain liable hereunder for the performance by any such Affiliates of any such obligations.

[The remainder of this page has been intentionally left blank. The signature page follows.]

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

IN WITNESS WHEREOF, duly authorized representatives of the Parties have duly executed this Agreement to be effective as of the Effective Date.

PFIZER INC.	CYTOMX THERAPEUTICS, INC.
By: /s/ Mikael Dolsten	By: /s/ Sean McCarthy
Name: Mikael Dolsten	Name: Sean McCarthy
Title: Worldwide Research and Development	Title: CEO

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit 2.3.1
EGFR Research Plan

[***][†]

† **Four pages of text have been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Attachment A to Schedule 2.3.1(a):
Certificate of Testing for Antibody Drug Conjugates

Lot Number (PF Number & Batch)	
Reagent Name	
PF sheet	<hyperlink>
Purpose of preparation	In vivo

Prepared from:

Antibody # & name	
Linker+Payload # & type	
Payload # & mechanism	

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Preparation Conditions:

Site of conjugation	
Antibody preparation for conjugation:	
Conjugation reaction conditions	
Formulation	PBS
Recommended Storage Conditions	4ºC
Material Use	For Research Use Only

Prepared by:

Submitter Name (Last, First)	
Date prepared	
Date purified	
Notebook & Page	

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Lot Number
Reagent Name

[***]†

† **Two pages of text have been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 1.51

EGFR

[***]†

† **Three pages of text have been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 1.54

EGFR Probody

[***]†

† **One page of text has been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 1.159
Tool Patent Rights

Title	CYTX Ref No.	CY	Serial No. / Issue No.	Filing / Issue Dates	Priority Dates	Status	Assignee	Pub No.	Pub Date
			[***][†]						

† **One page of text has been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 6.2.1(d)
Countries for Filing National Phase Applications (Part A and Part B)

[***]†

† **One page of text has been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 7.3.1
Press Release

CytomX Announces Global Strategic Collaboration with Pfizer to Develop and Commercialize Multiple Probody™-Drug Conjugates in Oncology

CytomX Eligible to Receive Approximately $25 Million in Upfront and Pre-Clinical Milestone Payments, $610 Million in Regulatory and Sales Milestones, Plus Tiered Royalties on Sales

SOUTH SAN FRANCISCO – DATE XX, 2013 – CytomX Therapeutics, Inc., a biotechnology company developing a new generation of targeted antibody therapeutics, today announced that it has entered into a global strategic collaboration with Pfizer Inc. to develop and commercialize multiple Probody™-Drug Conjugates (PDCs). CytomX's novel Probody Platform brings to the collaboration a proprietary, highly differentiated approach to developing safer and more effective antibody-drug conjugates (ADCs). PDCs are engineered to combine cytotoxic agents with masked Probodies that remain inert in healthy tissue but are activated specifically in the tumor microenvironment, opening up new target space for this emerging therapeutic class.

"Combining our novel Probody Platform with Pfizer's broad capabilities in ADCs marks an important milestone for CytomX and underscores the potential of our Probody Platform to enable new generations of empowered antibodies," said Sean McCarthy, D.Phil., chief executive officer of CytomX. "Our innovative science is driving the development of groundbreaking Probodies and PDCs that have already demonstrated preclinical activity when selectively activated within the tumor microenvironment. We look forward to collaborating with Pfizer with the aim of researching and developing highly differentiated PDC products that have the potential to change the way cancer is treated."

Under the terms of the agreement, Pfizer has exclusive rights to pursue development and commercialization of select PDCs. The companies will work together on preclinical research and Pfizer will be responsible for development and potential commercialization of any selected PDCs. CytomX will be eligible to receive up-front and pre-clinical milestone payments totaling approximately $25 million and approximately $610 million in regulatory and sales milestone payments, as well as tiered royalties reaching double digits on potential future sales.

"This partnership is a great example of how Pfizer is seeking to innovate new capabilities in cutting-edge science and technology platforms with the aim of delivering safer, more effective cancer medicines to patients," said Robert T. Abraham, senior vice president and chief scientific officer, Pfizer's Oncology Research Unit. "Pfizer's investment in CytomX's emerging Probody Platform is an important component of our overall strategic focus to advancing the next generation of ADCs and reflects the disruptive potential of this approach."

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

About The CytomX Probody™ Platform

CytomX's novel Probody™ Platform is enabling the development of a diversified pipeline of next-generation empowered antibodies, including Probodies, Probody-Drug Conjugates (PDCs), bispecifics, and other formats, to address previously undruggable targets in cancer, inflammation, and other significant unmet medical needs. Probodies have the potential to expand the therapeutic window for targets where therapeutic intervention is expected to have a significant impact on the disease, but also where normal tissue expression patterns are too widespread to allow for adequate safety margins using conventional antibody approaches. CytomX's Probodies are fully recombinant masked antibodies that remain inert in healthy tissue but are activated specifically in the disease microenvironment. Probodies leverage dysregulated protease activity, a hallmark of many diseased states, to locally activate in the disease tissue thereby achieving unprecedented levels of tissue-specific targeting.

About CytomX

CytomX Therapeutics is a biotechnology company developing a new generation of highly targeted antibody therapeutics with the potential to transform lives with safer, more effective therapies. CytomX's Probody™ Platform offers a highly differentiated approach to discovering and developing empowered antibodies and is enabling the development of a diversified pipeline addressing previously undruggable targets in major unmet medical needs including cancer and inflammation. Probodies are masked antibodies that remain inert in healthy tissue but are activated specifically in the disease microenvironment. This improved selectivity allows CytomX to open a therapeutic window for high potential, but previously inaccessible targets, and to expand the therapeutic index of existing, validated targets, thereby redefining the landscape for therapeutic antibodies. CytomX is led by a seasoned and proven management team and is financed by leading life science investors including Third Rock Ventures, Canaan Partners and the Roche Venture Fund. For more information, please visit www.cytomx.com.

# # #

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Schedule 8.2.1
CytomX Third Party Agreements

Amended and Restated License Agreement between Regents of the University of California through its Santa Barbara Campus and CytomX Therapeutics, entered into on August 19, 2010

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 8.2.3
CytomX Patent Rights

Schedule 1.159 is incorporated herein as are the following patent rights:

Title	CYTX Ref No.	CY	Serial No. / Issue No. [***][†]	Filing / Issue Dates	Priority Dates	Status	Assignee	Pub No.	Pub Date

[†] **Two pages of text have been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 8.2.8
Government Funding Agreements

Federal Grant Nos. 1 U54 CA119335-01 and R43CA132498-01A1, awarded by the National Institutes of Health to University of California Santa Barbara

SBIR Grant No. 1R43C139790-01, awarded by the National Institutes of Health to CytomX Therapeutics

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 8.2.9
Agreements Limiting IP Rights

None

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 8.2.10
Disclosed Third Party Agreements

Amended and Restated License Agreement between Regents of the University of California through its Santa Barbara Campus and CytomX Therapeutics, entered into on August 19, 2010

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit 10.2

FOIA CONFIDENTIAL TREATMENT GRANTED

COLLABORATION AND LICENSE AGREEMENT

THIS COLLABORATION AND LICENSE AGREEMENT (the "**Agreement**") is made and entered into as of May 23, 2014 (the "**Execution Date**") by and between **CYTOMX THERAPEUTICS, INC.**, a corporation organized under the laws of the State of Delaware, having its principal place of business at 343 Oyster Point Blvd., Suite 100, South San Francisco, CA, 94080-1913 ("**CytomX**"), and **BRISTOL-MYERS SQUIBB COMPANY**, a Delaware corporation headquartered at 345 Park Avenue, New York, New York, USA 10154 ("**BMS**"). CytomX and BMS are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

RECITALS

Whereas, BMS is a biopharmaceutical company engaged in the research, development, manufacture and commercialization of human therapeutic products.

Whereas, CytomX is a biopharmaceutical company that has technology and expertise relating to the discovery and development of recombinant Antibodies directed to certain targets using its proprietary Probody platform technology and drug discovery capabilities.

Whereas, CytomX and BMS desire to collaborate in the performance of a Preclinical Development Program for the purpose of discovery and preclinical development of Compounds suitable for development for human therapeutic uses, with the objective of identifying one or more Compounds for BMS to advance into human clinical trials, in accordance with the terms and conditions set forth in this Agreement.

Whereas, BMS will have exclusive rights and will be solely responsible for the clinical development and commercialization of Products worldwide, in accordance with the terms and conditions set forth in this Agreement.

Now Therefore, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Agreement, the Parties agree as follows.

1. DEFINITIONS

As used in this Agreement, the terms with initial letters capitalized, whether used in the singular or plural form, shall have the meanings set forth in this Article 1 or, if not listed below, the meaning designated in places throughout this Agreement.

1.1 "AAALAC" means the Association for Assessment and Accreditation for Laboratory Animal Care.

1.2 "**Additional Target**" has the meaning set forth in Section 3.3(c).

1.3 "**Additional Target Option**" has the meaning set forth in Section 3.3(c).

1.4 "**Additional Target Payment**" has the meaning set forth in Section 8.2.

1.5 "**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 this definition, 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 or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of more than fifty percent (50%) of the voting stock of such entity, or by contract or otherwise.

1.6 "**Alliance Manager**" has the meaning set forth in Section 2.4.

1.7 "Antibody" means any antibody or protein comprising at least one complementarity determining region (CDR) portion thereof (including bispecific antibodies, single chain antibodies and domain antibodies) and/or similar binding protein, whether polyclonal, monoclonal, human, humanized, chimeric, murine, synthetic or from any other source.

1.8 "**Applicable Law**" means any applicable federal, state, local or foreign law, statute, ordinance, principle of common law, or any rule, regulation, standard, judgment, order, writ, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Authority.

1.9 "**Arbitrable Matter**" means any dispute concerning the validity, interpretation or construction of, compliance with, or breach of (other than a breach of Sections 12.1, 12.2, 15.1, 15.2 and 15.3), this Agreement, including any dispute with respect to whether either Party is entitled to terminate this Agreement, in whole or as to any country. For clarity, Arbitrable Matters do not include Litigable Matters.

1.10 "**Bankrupt Party**" has the meaning set forth in Section 17.4(a).

1.11 "**Base Royalty Rate**" has the meaning set forth in Section 8.5(b).

1.12 "Biosimilar Product" means in a particular country with respect to a Product that contains a Compound that is a protein or peptide, any pharmaceutical product that: (a) has received all necessary approvals by the applicable Regulatory Authorities in such country to market and sell such product as a pharmaceutical product; (b) is marketed or sold by a Third Party that has not obtained the rights to market or sell such product as a licensee, sublicensee or distributor of BMS or any of its Affiliates, licensees or sublicensees with respect to such product; and (c) is approved as a (i) "biosimilar" (in the United States) of such Product, (ii) as a "similar biological medicinal product" (in the EU) with respect to which such Product is the "reference medicinal product" or (iii) if not the US or EU, as the foreign equivalent of a "biosimilar" or "similar biological medicinal product" of such Product; in each case for use in such country pursuant to an expedited regulatory approval process governing approval of generic biologics based on the then-current standards for regulatory approval in such country (*e.g.*, the Biologics Price Competition and Innovation Act of 2009 or an equivalent under foreign law) and where such regulatory approval was based in significant part upon clinical data generated by BMS (or its Affiliate or sublicensee) with respect to such Product.

1.13 "BLA" means a Biological License Application (as defined by the FDA) or its foreign equivalent (or any successor application having substantially the same function).

1.14 "**BLA Filing**" means the acceptance by the FDA (or MHLW, as applicable) of the filing of a BLA for the applicable Product in the U.S. or Japan.

1.15 "**BMS Claims**" has the meaning set forth in Section 15.1.

1.16 "**BMS Damages**" has the meaning set forth in Section 15.1.

1.17 "**BMS Indemnitees**" has the meaning set forth in Section 15.1.

1.18 "**BMS Patent**" means any Patent that claims a Sole Invention owned by BMS.

1.19 "**Budget**" has the meaning set forth in Section 3.3(a).

1.20 "**Business Day**" means a day that is not a Saturday, Sunday or a day on which banking institutions in New York, New York are required by Applicable Law to remain closed.

1.21 "**Calendar Year**" means the one (1) year period beginning on January 1 and ending on December 31.

1.22 "**Change of Control Transaction**" means, with respect to a Party:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) (a "Specified Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of fifty percent (50%) or more of either (i) the then outstanding shares of common stock of such Party (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding voting securities of such Party entitled to vote generally in the election of directors of such Party (the "Outstanding Voting Securities"); *provided*, *however*, that for the purposes of this sub-Section (a), the following acquisitions of securities of such Party shall not constitute a Change of Control Transaction of such Party: (x) any acquisition by such Party, (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by such Party or any corporation controlled by such Party or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (i) and (ii) of subsection (b) of this definition;

(b) the consummation of any acquisition, merger or consolidation involving any Third Party (a "Business Combination Transaction"), unless immediately following such Business Combination Transaction, (i) the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such Business Combination Transaction beneficially own, directly or indirectly, fifty percent (50%) or more of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Business Combination Transaction (including a corporation which as a result of such transaction owns the then-outstanding securities of such Party or all or substantially all of such Party's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination Transaction, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be and (ii) fifty percent (50%) or more of the members of the board of directors of the corporation resulting from such Business Combination Transaction were members of the Board of Directors of such Party at the time of the execution of the initial agreement, or of the action of the Board of Directors of such Party, providing for such Business Combination Transaction; or

(c) a Party or any of its Affiliates sells or transfers to any Specified Person(s) (other than the other Party or its Affiliates) in one or more related transactions properties or assets representing all or substantially all of such Party's business or assets at the time of such sale or transfer.

1.23 "**Claim**" has the meaning set forth in Section 15.3.

1.24 "**Clinical Trial**" means any human clinical trial of a Product.

1.25 "**CMC**" means chemistry, manufacturing and controls with respect to Compounds and/or Products, including the chemistry, manufacturing and controls section of Regulatory Materials for the Product.

1.26 "**Collaboration Target**" means the Initial Collaboration Targets set forth on **Exhibit F** and any Additional Target or Substitute Target that is selected in accordance with Section 3.3 of this Agreement.

1.27 "**Combination Product**" means a product that includes at least one additional active ingredient (whether coformulated or copackaged) which is not a Compound. Pharmaceutical dosage form vehicles, adjuvants, and excipients shall not be deemed to be "active ingredients", except in the case where such vehicle, adjuvant, or excipient is recognized by the FDA as an active ingredient in accordance with 21 CFR 210.3(b)(7).

1.28 "**Commercialize**" or "**Commercialization**" means the marketing, promotion, sale (and offer for sale or contract to sell), distribution, importation or other commercial exploitation (including pricing and reimbursement activities) for a Product in the Territory. Commercialization shall include commercial activities conducted in preparation for Product launch.

1.29 "**Commercialization Wind-Down Period**" has the meaning set forth in Section 13.6(c).

1.30 "**Compound**" means (i) each of the Antibodies and Masks set forth on Schedule 1.30 hereto, (ii) any monospecific Probody discovered by CytomX as of the Effective Date or thereafter during the term of the Agreement (whether or not part of the performance of the Preclinical Development Program), (ii) any monospecific Probody discovered by BMS as part of the performance of the Preclinical Development Program or its exercise of its rights under Section 7.1(d), (iii) any monospecific Probody for which BMS' manufacture, approved use and/or sale thereof would infringe a Valid Claim of the CytomX Patent Rights or Product Specific Patents but for the exclusive license granted to BMS under this Agreement, in each case that (a) selectively binds to a Collaboration Target, and (b) is intended to exert its primary biological effect through binding to such Collaboration Target, and (iv) any bi-specific Probody directed to two Collaboration Targets which meets the criteria of (i), (ii) or (iii) above.

1.31 "**Confidential Information**" means, with respect to a Party, and subject to Section 12.1, all non-public Information of such Party that is disclosed to the other Party under this Agreement, which may include specifications, know-how, trade secrets, technical information, models, business information, inventions, discoveries, methods, procedures, formulae, protocols, techniques, data, and unpublished patent applications, whether disclosed in oral, written, graphic, or electronic form. All Information disclosed by a Party pursuant to the Prior CDA shall be deemed to be the Confidential Information of such Party pursuant to this Agreement (with the mutual understanding and agreement that any use or disclosure thereof that is authorized under Article 12 shall not be restricted by, or be deemed a violation of, such Prior CDA).

1.32 "**Control**" means, with respect to any material, Information, or intellectual property right, that a Party (a) owns such material, Information, or intellectual property right, or (b) has a license or right to use to such material, Information, or intellectual property right, in each case (a) or (b) with the ability to grant to the other Party access, a right to use, or a license, or a sublicense (as applicable) to such material, Information, or intellectual property right on the terms and conditions set forth herein, without violating the terms of any agreement or other arrangement with any Third Party in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such access, right to use or (sub)license.

1.33 "**Cover**", "**Covered**" or "**Covering**" means, with respect to Product (and/or Compound) and a Patent, that, in absence of a (sub)license under, or ownership of, such Patent, the making, using, offering for sale, selling or importing of such Product (and/or Compound) would infringe such Patent as issued or following its issuance.

1.34 "**CytomX Claims**" has the meaning set forth in Section 15.2.

1.35 "**CytomX Damages**" has the meaning set forth in Section 15.2.

1.36 "**CytomX Indemnitees**" has the meaning set forth in Section 15.2.

1.37 "**CytomX Know-How**" means all Information Controlled as of the Effective Date or thereafter during the Term by CytomX and/or its Affiliate(s) that encompass or relate to Probodies, Compounds and/or Products or that is necessary or reasonably useful for the discovery, Development, manufacture, use and/or Commercialization of Compounds and/or Products. CytomX Know-How includes all chemical, structural, manufacturing process, biological, pharmacological, toxicological, clinical, assay and other methods of screening, structure activity relationship information or other information that relates to Probodies, Compounds or Products (including its composition, formulation, or method of use, manufacture, preparation or administration); provided that, CytomX Know-How shall not include: (a) any Tools, (b) any other Information generated after the end of the applicable Research Term that is not necessary or reasonably useful for the Development, manufacture or Commercialization of Compounds or Products. Information generated after the end of the Research Term shall be considered "reasonably useful" only if such Information relates to a Compound alone or incorporated in a Product (but not including formulation technologies). CytomX Know-How shall exclude rights under any CytomX Patent Rights or Product Specific Patents and CytomX's interest in any Joint Patents. Subject to and to the extent as provided in Section 12.6, the use of "Affiliate" in this definition shall exclude any Third Party that becomes an Affiliate due to such Third Party's acquisition of CytomX in a Change of Control Transaction.

1.38 "**CytomX Manufacturing Technology**" means all CytomX Know-How and CytomX Materials that are necessary or reasonably useful for BMS (or its Third Party manufacturer) to manufacture the Compounds and/or Products, including (to the extent applicable and in the possession and Control of CytomX and/or its Affiliate(s)) Information with respect to the production, manufacture, processing, filling, finishing, packaging, inspection, receiving, holding and shipping of Compounds and/or 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, in-process and release testing, quality assurance and quality control).

1.39 "**CytomX Materials**" means all tangible materials in the possession and Control of CytomX and/or its Affiliate(s) as of the Effective Date or thereafter during the Research Term that are necessary or reasonably useful for the evaluation, Development and/or manufacture of Compounds and that are provided by CytomX to BMS in accordance with the Preclinical Plan; provided that, CytomX Materials shall not include: (a) any Tools, or (b) any Materials generated after the end of the applicable Research Term that are not necessary for the Development or Commercialization of the Compound or Products. Subject to and to the extent as provided in Section 12.6, the use of "Affiliate" in this definition shall exclude any Third Party that becomes an Affiliate due to such Third Party's acquisition of CytomX in a Change of Control Transaction.

1.40 "**CytomX Patent Rights**" means all Patents that are Controlled as of the Effective Date or thereafter during the Term by CytomX and/or its Affiliate(s) and that Cover any Compound and/or Product (including in each case its composition, formulation, combination, product by process, or method of use, manufacture, preparation or administration) or that would be necessary or reasonably useful for the discovery, Development, manufacture, use and/or Commercialization of Compounds and/or Products in the Field in the Territory including CytomX's interest in Joint Patents; provided that CytomX Patent Rights shall not include: (a) Product Specific Patents, (b) any Tools or (c) any other Patents generated after the end of the applicable Research Term that are not necessary or reasonably useful for the Development, manufacture or Commercialization of the Compound or Products. Patents filed after the end of the Research Term shall be considered "reasonably useful" only if such Patents relate to a Compound alone or as incorporated in a Product (but not including formulation technologies). For clarity, subject to and to the extent as provided in Section 12.6, the use of "Affiliate" in this definition shall exclude any Third Party that becomes an Affiliate due to such Third Party's acquisition of CytomX in a Change of Control Transaction. As of the Execution Date, the CytomX Patent Rights consist of the Patents listed in **Exhibit B**.

1.41 "**CytomX Technology**" means the CytomX Patent Rights, CytomX Know-How and CytomX Materials.

1.42 "**Develop**" or "**Development**" means all activities that relate to (a) obtaining, maintaining or expanding Regulatory Approval of a Product and to supporting appropriate usage for such Product, for one or more indications in the Field. This includes: (i) preclinical/nonclinical research and testing, toxicology, and Clinical Trials; and (ii) preparation, submission, review, and development of data or information and Regulatory Materials for the purpose of submission to a governmental authority to obtain, maintain and/or expand Regulatory Approval of a Product (including contacts with Regulatory Authorities).

1.43 "**Diligent Efforts**" means, with respect to BMS' obligations under this Agreement to Develop or Commercialize a Compound or Product, the carrying out of such obligations or tasks with a level of effort and resources consistent with the commercially reasonable practices devoted by BMS for the research, development, manufacture or commercialization of a pharmaceutical product owned by it (or to which it has exclusive rights) that BMS is actively Developing or Commercializing at a similar stage of development or commercialization, and of similar market potential, and profit potential, based on conditions then prevailing. Such efforts may take into account, without limitation, issues of safety and efficacy, regulatory authority-approved labeling, product profile, the competitiveness of alternative products in the marketplace, pricing/reimbursement for the product in a country relative to other markets, the likely timing of the product's entry into the market, the patent and other proprietary position, the likelihood of regulatory approval and other relevant scientific, technical and commercial factors, *provided* that Diligent Efforts with respect to a Product requires that BMS: (a) set, and seek to achieve, specific objectives for carrying out its Development and Commercialization efforts, and (b) make and implement decisions and allocate appropriate resources for achieving such objectives. "**Diligent Efforts**" means, with respect to CytomX's obligations under this Agreement, the carrying out of such obligations or tasks with a level of effort and resources consistent with the commercially reasonable practices normally devoted by a biotechnology company, subject to and in accordance with the terms and conditions of this Agreement.

1.44 "**Disclosing Party**" has the meaning set forth in Section 12.1.

1.45 "**Dollar**" or "**$**" means the lawful currency of the United States.

1.46 "ECN" or **"Early Candidate Nomination"** means a Compound or Product that has been approved by BMS, in its sole discretion and pursuant to its internal governance procedures, to transition from a lead compound in a research program to exploratory development. For such a transition to be considered, the relevant scientific submissions for such Compound or Product shall generally include: (a) evidence of efficacy in multiple in vivo models; (b) evidence that toxicity is defined and is anticipated to be manageable; (c) typically, dosing the compound in [***] to establish dose limiting toxicity and a preliminary therapeutic index (d) assessment of cardiovascular risk by telemetry study in [***] to determine potential liabilities of the compound (e) the identification of potential biomarkers to assess target engagement, efficacy and toxicity; and (f) acceptable absorption, distribution, metabolism, and excretion ("ADME") and pharmaceutics properties, including projected human dose, proposed route and frequency of administration. Typically, the Compound or Product form shall also be identified and deemed suitable for formulation.

1.47 "Effective Date" has the meaning set forth in Section 17.2.

1.48 "**Execution Date**" means the date specified in the initial paragraph of this Agreement.

1.49 "**EMA**" means the European Medicines Agency and any successor agency thereto.

1.50 "**Europe**" means the countries comprising the European Union as it may be constituted from time to time, together with those additional countries comprising the European Economic Area (as of the Execution Date, Iceland, Liechtenstein and Norway) as it may be constituted from time to time and Switzerland.

1.51 "**EU**" or "**European Union**" means the European Union, as its membership may be constituted from time to time, and any successor thereto, and which, as of the Execution Date, consists of Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom, and that certain portion of Cyprus included in such organization.

1.52 "**Excluded Target**" has the meaning set forth in Section 3.3(d).

1.53 "**Executive Officer**" means, in the case of BMS, any senior executive who reports directly to the Chief Scientific Officer of BMS or his or her designee, and in the case of CytomX, CytomX's Chief Executive Officer.

1.54 "**Existing License Agreements**" means the in-license agreements between CytomX and a Third Party set forth on **Exhibit A**.

1.55 "**Existing Third Party Licensor**" means a Third Party that is a party to an Existing License Agreement.

1.56 "**Expert**" means a mutually acceptable, disinterested, conflict-of-interest-free individual not affiliated with either Party or its Affiliates who, with respect to a dispute concerning a financial, commercial, scientific or regulatory matter possesses appropriate expertise to resolve such dispute. The Expert (or any of the Expert's former employers) shall not be or have been at any time an Affiliate, employee, consultant (during the previous five (5) years), officer or director of either Party or any of its Affiliates.

1.57 "**FDA**" means the United States Food and Drug Administration and any successor agency thereto.

1.58 "**FD&C Act**" or "**Act**" means the United States Federal Food, Drug and Cosmetic Act, as amended.

1.59 "**Field**" means all indications and uses, including all human disease indications and therapeutic uses.

1.60 "**First Commercial Sale**" means, with respect to a Product and country, the first sale to a Third Party of such Product in such country after Regulatory Approval (including any required pricing and reimbursement approvals) has been obtained in such country (or with respect to the EU, in at least 3 of the following countries: France, Germany, Italy, Spain and the United Kingdom).

1.61 "**FTE**" means the equivalent of the work of one appropriately qualified individual working on a full-time basis in performing work in support of the Preclinical Development Program for a twelve (12) month period (consisting of at least a total of one thousand eight hundred forty (1,840) hours per year of dedicated effort). No additional payment shall be made with respect to any person who works more than 1840 hours per year, and any person who devotes less than 1840 hours per year shall be treated as an FTE on a pro-rata basis, based upon the actual number of hours worked by such person on the Preclinical Development Program, divided by 1840. FTE efforts shall not include the work of general corporate or administrative personnel.

1.62 "**FTE Rate**" means the yearly rate at which BMS will fund CytomX FTEs during the Research Term, which rate is specified in Section 3.4(a) for the first five (5) years after the Effective Date, and which rate shall be increased annually thereafter by two percent (2%).

1.63 "**GAAP**" means generally accepted accounting principles in the U.S. consistently applied.

1.64 "**cGMP**" or "**GMP**" means current Good Manufacturing Practices as specified in the United States Code of Federal Regulations, MHLW regulations, ICH Guideline Q7A, or equivalent laws, rules, or regulations of an applicable Regulatory Authority at the time of manufacture.

1.65 "**Governmental Authority**" means any multi-national, federal, state, local, municipal or other government authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, court, tribunal or other entity).

1.66 "**ICH**" means International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

1.67 "**IND**" means (a) an Investigational New Drug Application as defined in the FD&C Act and applicable regulations promulgated thereunder by the FDA, or (b) the equivalent application to the applicable Regulatory Authority in any other regulatory jurisdiction, the filing of which is necessary to initiate or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction.

1.68 "**IND Filing**" means the acceptance by the FDA of the filing of an IND for the applicable Compound in the U.S.

1.69 "**Indemnified Party**" has the meaning set forth in Section 15.3.

1.70 "**Indemnifying Party**" has the meaning set forth in Section 15.3.

1.71 "Indication" has the meaning set forth in Section 8.3(c).

1.72 "**Information**" means any data, results, and information of any type whatsoever, in any tangible or intangible form, including know-how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, software, algorithms, marketing reports, expertise, stability, technology, test data including pharmacological, biological, chemical, biochemical, toxicological, and clinical test data, analytical and quality control data, stability data, studies and procedures.

1.73 "**Infringement**" has the meaning set forth in Section 9.5(a).

1.74 "**Infringement Action**" has the meaning set forth in Section 9.5(b).

1.75 "**Initial Collaboration Targets**" has the meaning set forth in Section 3.3(c)(i).

1.76 "**Insolvency Event**" has the meaning set forth in Section 13.5.

1.77 "**Joint Invention**" has the meaning set forth in Section 9.1.

1.78 "**Joint Patent**" means a Patent that claims a Joint Invention.

1.79 "**Joint Research Committee**" or "**JRC**" means the committee formed by the Parties as described in Section 2.1(a).

1.80 "**Litigable Matter**" means any dispute between the Parties concerning the validity, scope, enforceability, inventorship, or ownership of intellectual property rights, or any breach or alleged breach by a Party of any of Sections 12.1, 12.2, 15.1, 15.2 and 15.3 by a Party.

1.81 "**MAA**" or "**Marketing Authorization Application**" means an application for Regulatory Approval for a Product in a country or region of the Territory.

1.82 "**MAA Filing**" means validation by the EMA of the filing of a Marketing Authorization Application for the applicable Product under the centralized EMA filing procedure, as demonstrated by the start of the procedure under the timetable adopted by the Committee for Medicinal Products for Human Use (CHMP). If the centralized EMA filing procedure is not used, MAA Filing will be achieved upon the first filing of an MAA for the applicable Product in any of the Major European Countries.

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

1.84 "**Major Market**" means the United States, the Major European Countries and Japan.

1.85 "Manufacturing Technology Documentation" has the meaning set forth in Section 6.2.

1.86 "Mask" means a peptide linked to an Antibody, wherein the peptide inhibits the specific binding of the Antibody to its target.

1.87 "**MHLW**" means the Japanese Ministry of Health, Labour and Welfare, and any successor agency thereto.

1.88 "**Net Sales**" means the gross amount invoiced in arms-length transactions by a Related Party(ies) from or on account of the sale of Products to a non-Related Party (net of any inventory management fees or similar fees based on or reasonably allocable to the sale of Products), less the sum of the following:

(a) credits or allowances, if any are actually allowed, on account of price adjustments, recalls, claims, damaged goods, rejections or returns of items previously sold (including Product returned in connection with recalls or withdrawals) and amounts written off by reason of uncollectible debt;

(b) import taxes, export taxes, excise taxes (including fees due under the United States Patient Protection and Affordable Care Act of 2010), sales taxes, value-added taxes, consumption taxes, duties or other taxes levied on, absorbed determined and/or imposed with respect to such sales (excluding income or net profit taxes or franchise taxes of any kind), to the extent not reimbursed by a non-Related Party;

(c) freight insurance, customs charges, freight, shipping and other transportation costs incurred in shipping Product to such non-Related Parties, to the extent not reimbursed by a non-Related Party;

(d) discounts (including trade, quantity and cash discounts) actually allowed, cash and non-cash coupons, retroactive price reductions, and charge-back payments and rebates granted to any non-Related Party (including to governmental entities or agencies, purchasers, reimbursers, customers, distributors, wholesalers, and group purchasing and MCOs (and other similar entities and institutions));

(e) rebates (or their equivalent), administrative fees, chargebacks and retroactive price adjustments and any other similar allowances granted to non-Related Parties (including to Governmental Authorities, purchasers, reimbursers, customers, distributors, wholesalers, and MCOs (and other similar entities and institutions)) which effectively reduce the selling price or gross sales of the Product;

(f) in the case where a mechanical drug delivery device is sold with or for use with Product, either (i) in the case where a Product is sold with the drug delivery device (i.e., not separately), 150% of the manufacturing cost for such drug delivery device sold with such Product or (ii) if such drug delivery device is sold separately from the Product by a Related Party, the gross invoice price of such drug delivery device; and

(g) in the case where a mechanical drug delivery device is sold with or for use with Product, the royalties actually paid to Third Parties in connection with such sale of such drug delivery device with or for use with such Product (including royalties payable on sales of Product).

No deduction shall be made for any item of cost incurred by any Related Party in Developing or Commercializing Products except as permitted pursuant to clauses (a) to (f) of the foregoing sentence; *provided* that, Products transferred to non-Related Parties in connection with Clinical Trials and non-clinical research and trials, Product samples, compassionate sales or use, or an indigent program or similar bona fide arrangements in which a Related Party agrees to forego a normal profit margin for good faith business reasons shall give rise to Net Sales only to the extent that any Related Party invoices or receives amounts therefor.

Product shall be considered "sold" when invoiced. Such amounts shall be determined from the books and records of the Related Party.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

It is understood that any accruals for individual items reflected in Net Sales are periodically (at least Quarterly) trued up and adjusted by each Related Party consistent with its customary practices and in accordance with GAAP.

Sale or transfer of Products between any of the Related Parties shall not result in any Net Sales, with Net Sales to be based only on any subsequent sales or dispositions to a non-Related Party. To the extent that any Related Party receives consideration other than or in addition to cash upon the sale or disposition of a Product to a non-Related Party, Net Sales shall include the fair market value of such additional consideration for such sale or disposition of Products. For clarity, (i) Net Sales shall not include amounts or other consideration received by a Related Party from a non-Related Party in consideration of the grant of a (sub)license or co-promotion or distribution right to such non-Related Party, (ii) sales to a Third Party distributor, wholesaler, group purchasing organization, pharmacy benefit manager, or retail chain customer shall be considered sales to a non-Related Party and not to a Sublicensee; and (iii) Net Sales by a Related Party to a non-Related Party consignee are not recognized as Net Sales by such Related Party until the non-Related Party consignee sells the Product.

Net Sales of any Combination Product for the purpose of calculating milestones or royalties due under this Agreement shall be determined on a country-by-country basis for a given accounting period as follows: first, the Related Party(ies) shall determine the actual Net Sales of such Combination Product (using the above provisions), and then: such Net Sales amount for the Combination Product shall be multiplied by the fraction A/(A+B), where A is the net selling price in such country of a Product containing only the applicable Compound, if sold separately for the same dosage as contained in the Combination Product, and B is the net selling price in such country of any other active ingredients in the combination if sold separately for the same dosage as contained in the Combination Product. All net selling prices of the elements of such end-user product or service shall be calculated as the average net 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, no separate sale of either such above-designated Product (containing only the applicable Compound and no other active ingredients) or any one or more of the active ingredients included in such Product are made during the accounting period in which the sale was made or if net selling price for an active ingredient 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, all relevant factors (including variations in potency, the relative contribution of each active ingredient in the combination, and relative value to the end user of each active ingredient.

1.89 "**Patent**" means (a) all patents and patent applications, including provisional patent applications, (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from any of these, including divisionals, continuations, continuations-in-part, converted provisionals, and continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications in (a) and (b), including utility models, petty patents and design patents and certificates of invention, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including adjustments, revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications in (a), (b) and (c), and (e) any similar rights, including so-called pipeline protection, or any importation, revalidation, confirmation or introduction patent or registration patent or patents of addition to any of such foregoing patent applications and patents.

1.90 "**Patent Challenge**" has the meaning set forth in Section 9.10.

1.91 "**Patent Contact**" has the meaning set forth in Section 9.12.

1.92 "**Patent Prosecution Costs**" means the direct out-of-pocket costs (including the reasonable fees and expenses incurred to outside counsel and other Third Parties, including filing, prosecution and maintenance fees incurred to Governmental Authorities) recorded as an expense by a Party or any of its Affiliates (in accordance with GAAP and its customary accounting practices) after the Effective Date and during the Term and pursuant to this Agreement, in connection with the preparation, filing, prosecution, maintenance and extension of Patents, including costs of Patent interference, appeal, opposition, reissue, reexamination, revocation, petitions or other administrative proceedings with respect to Patents and filing and registration fees.

1.93 "**Person**" means any individual, firm, corporation, partnership, limited liability company, trust, business trust, joint venture company, governmental authority, association or other entity.

1.94 "**Phase 1 Clinical Trial**" means a Clinical Trial of a Product on sufficient numbers of normal volunteers and/or patients that is designed to establish that such Product is safe for its intended use and to support its continued testing in Phase 2 Clinical Trials. For purposes of this Agreement, 'initiation' of a Phase 1 Clinical Trial for a Product means the first dosing of such Product in a human subject in a Phase 1 Clinical Trial.

1.95 "**Phase 2 Clinical Trial**" means a Clinical Trial of a Product, including a separate Clinical Trial or the second part of a fused "Phase 1/2" trial, where either such separate Clinical Trial or second part of such fused "Phase 1/2" trial utilizes the pharmacokinetic and pharmacodynamic information obtained from one or more previously conducted Phase 1 Clinical Trial(s) that is designed to provide a preliminary determination of efficacy or an appropriate dose of such Product in the target patient population. For purposes of this Agreement, 'initiation' of a Phase 2 Clinical Trial for a Product means the first dosing of such Product in a human subject in a Phase 2 Clinical Trial.

1.96 "**Phase 3 Clinical Trial**" means a Clinical Trial of a Product on sufficient numbers of patients that is designed to establish that such Product is efficacious for its intended use, and to define warnings, precautions and adverse reactions that are associated with such Product in the dosage range to be prescribed, and to support Regulatory Approval of such Product or label expansion of such Product. A Phase III trial shall include a trial intended as a registration trial that will form the basis for obtaining Regulatory Approval, whether or not such Clinical Trial is designated as a Phase III trial. For purposes of this Agreement, 'initiation' of a Phase 3 Clinical Trial for a Product means the first dosing of such Product in a human subject in a Phase 3 Clinical Trial.

1.97 "**Preclinical Plan**" has the meaning set forth in Section 3.3(a).

1.98 "**Preclinical Development Program**" has the meaning set forth in Section 3.1.

1.99 "**Preclinical Development Program Costs**" has the meaning set forth in Section 3.4(c).

1.100 "**Prior CDA**" means the Confidentiality Agreement entered into by BMS and CytomX effective as of July 1, 2011 (as amended).

1.101 "Probody" means a recombinant Antibody linked with a Substrate and a Mask.

1.102 "**Product**" means any pharmaceutical product containing a Compound (alone or with other active ingredients), in all forms, presentations, formulations, methods of administration and dosage forms.

1.103 "**Product Specific Patent**" means any Patent (including all claims and the entire scope of claims therein) Controlled as of the Effective Date or thereafter during the Term by CytomX (or any CytomX Affiliate) (including CytomX's interest in any Joint Patents) that specifically Covers the composition, formulation, or method of use of any Compound and/or Product, but does not cover any other subject matter, such as Probodies against targets other than Collaboration Targets. Notwithstanding the foregoing, none of the Patents identified as CYTX-06 and CYTX-09 are Product Specific Patents. As of the Execution Date, the Product Specific Patents consist of the Patents listed in **Exhibit C**.

1.104 "**Prosecute**" or "**Prosecution**" has the meaning set forth in Section 9.2(a).

1.105 "**Prosecuting Party**" has the meaning set forth in Section 9.4(c).

1.106 "**Publication**" has the meaning set forth in Section 12.4.

1.107 "**Receiving Party**" has the meaning set forth in Section 12.1.

1.108 "**Regulatory Approval**" means with respect to a country, extra-national territory, province, state, or other regulatory jurisdiction, any and all approvals, licenses, registrations or authorizations of any Regulatory Authority necessary in order to commercially distribute, sell, manufacture, import, export or market a product in such country, state, province, or some or all of such extra-national territory or regulatory jurisdiction, but which shall exclude any pricing and reimbursement approvals.

1.109 "**Regulatory Authority**" means, with respect to a particular country, extra-national territory, province, state, or other regulatory jurisdiction, any applicable Governmental Authority involved in granting Regulatory Approval and/or, to the extent required for such country, extra-national territory, province, state, or other or regulatory jurisdiction, pricing or reimbursement approval of a Product in such country or regulatory jurisdiction, including the FDA, the EMA, the European Commission and the MHLW, and in each case including any successor thereto.

1.110 "**Regulatory Materials**" means regulatory applications, submissions, dossiers, notifications, registrations, Regulatory Approvals and/or other filings made to or with, or other approvals granted by, a Regulatory Authority that are necessary or reasonably desirable in order to Develop, manufacture or Commercialize a Product in a particular country or regulatory jurisdiction. Regulatory Materials include INDs, MAAs and NDAs.

1.111 "**Related Party**" shall mean BMS and its Affiliates and their respective Sublicensees (and such Sublicensees' Affiliates) of one or more Products. For clarity, Related Party shall not include any distributors, wholesalers or the like unless such entity is an Affiliate of BMS.

1.112 "**Research Term**" has the meaning set forth in Section 3.2.

1.113 "**Research Year**" means each twelve (12) month period during the Research Term, with the first Research Year beginning on the Effective Date.

1.114 "**Reserved Target**" has the meaning set forth in Section 3.3(d).

1.115 "**Royalty Term**" has the meaning set forth in Section 8.5(f).

1.116 "**Safety Reason**" means it is BMS' or any of its Affiliates' or Sublicensees' reasonable belief that based upon additional information that becomes available or an analysis of the existing information at any time, that the medical risk/benefit of further Development and/or Commercialization of such Compound or Product is so unfavorable as to be incompatible with the welfare of patients.

1.117 "**SEC**" means the U.S. Securities and Exchange Commission.

1.118 "**Sole Inventions**" has the meaning set forth in Section 9.1.

1.119 "**Sublicensee**" means any Third Party granted a sublicense under Section 7.2 hereof to the rights licensed to BMS hereunder, but shall not include any wholesaler or distributor that does not market or promote such Product.

1.120 "**Substitute Target**" has the meaning set forth in Section 3.3(c)(ii).

1.121 "**Substrate**" means a peptide linked to an Antibody and to a Mask, wherein such peptide when cleaved enables the Antibody to specifically bind to a target.

1.122 "**Target**" means: (i) a protein and any fragments thereof (that preserve the utility of the full length protein as a target), encoded by a gene sequence or identified in GenBank by an accession number, including any isoforms, mutants, and polymorphisms thereof, or (ii) a distinct non-protein biomolecule (e.g., a lipid-bound carbohydrate), as such biomolecule is identified in GenBank by an accession number or similar structural information that identifies such biomolecule, or (iii) upon mutual agreement of the Parties (not to be unreasonably withheld), after good faith discussion at the JRC, any other distinct biomolecule (e.g., a protein-bound carbohydrate), in each case that is capable of being bound by an Antibody

1.123 "**Target Reviewer**" has the meaning set forth in Section 3.3(d).

1.124 "**Term**" has the meaning set forth in Section 13.1.

1.125 "**Termination Notice**" has the meaning set forth in Section 13.3(a).

1.126 "**Territory**" means all countries of the world.

1.127 "**Third Party**" means any Person other than CytomX or BMS or an Affiliate of either of CytomX or BMS.

1.128 "**Third Party Costs**" means the out-of-pocket costs and expenses incurred or accrued by CytomX with respect to payments made by CytomX to Third Parties in conducting the activities assigned to CytomX or its Affiliates (or such Third Party) pursuant to the then-current Preclinical Plan, and in accordance with the Budget for such Third Party Costs as agreed to by the JRC and set forth in the Preclinical Plan. Third Party Costs may include, for example, raw materials for manufacturing gram quantities of Compound, Third Party manufacturing of Compounds, Preclinical Development Program-specific animals or studies performed by outside (sub)contractors, but shall not include routine laboratory supplies, reagents or media.

1.129 "**Tools**" means any Patents, Know-How or other intellectual property right covering methods, processes, materials and tools to the extent generally applicable to the discovery of Masks, or Substrates, or their use in Probodies (but not specifically directed to the Compounds or Products), or assays of the activity relating to such discovery, including the cleavage of Substrates, thereof. As of the Execution Date, the Patents among the Tools consist of the Patents listed in **Exhibit D**.

1.130 "**U.S.**" means the United States of America and its territories, districts and possessions.

1.131 "**Valid Claim**" means either (a) a claim of an issued and unexpired patent which has not been held permanently revoked, unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal and that is not admitted to be invalid or unenforceable through reissue, disclaimer or otherwise (i.e., only to the extent the subject matter is disclaimed or is sought to be deleted or amended through reissue), or (b) a claim of a pending patent application that has not been abandoned, finally rejected or expired without the possibility of appeal or refiling, *provided however*, that Valid Claim shall exclude any such pending claim in an application that has not been granted within seven (7) years following the earliest priority filing date for such application (unless and until such claim is granted).

2. GOVERNANCE

2.1 Joint Research Committee.

(a) **Establishment of JRC**. Promptly after the Effective Date and no later than the date which is thirty (30) days subsequent to the Effective Date, the Parties will establish a joint research committee with the roles set forth in Section 2.1(c) (the "**Joint Research Committee**" or "**JRC**"). Each Party will initially appoint three (3) representatives to the JRC. The JRC may change its size from time to time by mutual consent of its members, *provided* that the JRC will consist at all times of an equal number of representatives of each of CytomX and BMS. The JRC membership and procedures are further described in this Section 2.1. Each Party may at any time appoint different JRC representatives by written notice to the other Party.

(b) **Membership of JRC.** Each of CytomX and BMS will designate representatives with appropriate expertise to serve as members of the JRC. Each of CytomX and BMS will select from their representatives a co-chairperson for the JRC, and each Party may change its designated co-chairperson from time to time upon written notice to the other Party. The co-chairpersons of the JRC, with assistance and guidance from the Alliance Managers, will be responsible for calling meetings and preparing and circulating an agenda in advance of each meeting, *provided* that the co-chairpersons will call a meeting of the JRC promptly upon the reasonable written request of either co-chairperson to convene such a meeting.

(c) **Role of JRC.** The JRC will be responsible for (i) the overall management of the Preclinical Development Program, and for approving changes and updates to the Preclinical Plan, (ii) the monitoring, reviewing and recording of the progress of the Preclinical Development Program, (iii) setting, and monitoring the spending against the Budget for Preclinical Development Program Costs, as set forth in the Preclinical Plan, and (iv) facilitating the prosecution of the Product Specific Patents in accordance with Article 9 below. As needed, the JRC shall establish subcommittees and working groups that will report to the JRC to further the objectives of the Preclinical Development Program.

(d) **Decisions.** Decisions of the JRC shall be by consensus, *provided* that if the JRC is unable to reach consensus with respect to any such decision, BMS shall have the final decision-making authority after escalation to Executive Officers in accordance with Section 16.1; *provided further* that BMS may not use its final decision-making authority to (i) require CytomX to violate any Applicable Law or any agreement it may have with any Third Party, (ii) amend the terms and conditions of this Agreement, (iii) make

any changes in the number of BMS-funded CytomX FTEs except in accordance with Section 3.4, (iv) require CytomX to incur any additional out-of-pocket costs (other than routine laboratory supplies) in the conduct of the Preclinical Development Program beyond the Third Party Costs specified in the Budget for the Preclinical Plan, or (v) require CytomX to conduct any activities outside the scope of the discovery, research, manufacture and/or pre-clinical development of Compounds.

(e) **JRC Meetings.** The JRC will hold meetings at such times and places as the co-chairpersons may determine. The JRC will meet at least once every calendar quarter during the Research Term and the JRC will meet semi-annually thereafter until discontinuation of the JRC in accordance with section 2.2 below. The meetings of the JRC need not be in person and may be by telephone or any other method determined by the JRC. Each Party will bear its own costs associated with attending such meetings.

2.2 Discontinuation of JRC. With respect to each Collaboration Target, the JRC shall continue to exist until the first to occur of (a) the Parties mutually agreeing to disband the JRC, or (b) at any time subsequent to the commencement of a Clinical Trial with respect to a Product directed towards such Collaboration Target upon thirty (30) days prior written notice by either Party. Thereafter the JRC shall have no further roles or responsibilities under this Agreement with respect to such Collaboration Target, and the JRC shall be replaced by designees of each Party (who may be the Alliance Manager) that shall serve as a forum for the Parties for the purposes of the exchange of information and to update CytomX on the progress of the Development and Commercialization of Products, including material regulatory developments that are related to such Products being Probodies. Upon reasonable request by CytomX, but not more often than two times per year, the Parties shall meet to discuss such ongoing development and commercialization efforts by BMS, so that CytomX remains reasonably informed as to the status, progress and plans for the Compounds and Products hereunder.

2.3 Limitations on Authority of the JRC. The JRC will have solely the roles and responsibilities assigned to it in this Article 2. The JRC will have no authority to amend, modify or waive compliance with this Agreement. For avoidance of doubt, the JRC will have no authority to amend, modify or limit BMS' final decision-making authority with respect to the Development and Commercialization of Compound and Product as set forth in this Agreement. The JRC shall not have the authority to alter, or waive compliance by a Party with, a Party's obligations under this Agreement.

2.4 Alliance Managers. Each of the Parties will appoint one representative who possesses a general understanding of Development issues to act as its alliance manager (each, an "**Alliance Manager**"). The role of the Alliance Manager is to act as a primary point of contact between the Parties to assure a successful relationship between the Parties. The Alliance Managers will attend all meetings of the JRC and support the co-chairpersons of the JRC in the discharge of their responsibilities. An Alliance Manager may bring any matter to the attention of the JRC if such Alliance Manager reasonably believes that such matter warrants such attention. 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 such Alliance Manager upon written notice to the other Party's Alliance Manager. Each Alliance Manager will be charged with creating and maintaining a collaborative work environment within the JRC. Each Alliance Manager also will:

(a) provide a single point of communication both internally within the Parties' respective organizations and between the Parties, including during such time as the JRC is no longer constituted;

(b) plan and coordinate any cooperative efforts under this Agreement, if any, and internal and external communications;

(c) take responsibility for ensuring that JRC activities, such as the conduct of required JRC meetings, occur as set forth in this Agreement and that relevant action items, if any, resulting from such meetings are appropriately carried out or otherwise addressed, and

(d) be the point of first referral in all matters of conflict resolution.

2.5 Accounting and Financial Reporting. The Parties will each appoint one (1) representative with expertise in the areas of accounting, cost allocation, budgeting and financial reporting (each, a "**Financial Representative**") no later than forty-five (45) days after the Effective Date. Such Financial Representative shall work under the direction of the JRC and directly with the Alliance Manager during the Research Term and shall provide services to and consult with the JRC thereafter, in order to address the financial, budgetary and accounting issues that arise in connection with the Preclinical Plan or Preclinical Development Program Costs. Each Financial Representative may be replaced at any time by the represented Party by providing notice thereof to the other Party. The Financial Representatives will meet as they or the JRC may agree is appropriate.

3. RESEARCH PROGRAM

3.1 Preclinical Development Program. During the Research Term, the Parties will collaborate in carrying out a research program to discover and preclinically Develop Compounds suitable for further clinical Development for human therapeutic uses (the "**Preclinical Development Program**"). The Preclinical Development Program will be carried out in accordance with the Preclinical Plan. The Preclinical Development Program will focus on discovery and preclinical work for Compounds. The Preclinical Development Program will also include activities directed toward the discovery and preclinical Development of Compounds that are backups or alternatives. The objective of the Preclinical Development Program will be to identify one or more Compounds for BMS to advance into human Clinical Trials and ultimately Commercialize as Product(s).

The Preclinical Development Program will be conducted by each Party in good scientific manner, and in compliance with all applicable good laboratory practices, and applicable legal requirements, to attempt to achieve efficiently and expeditiously the objectives of the Preclinical Development Program. Each Party will comply with all Applicable Laws in the performance of work under this Agreement. Each Party shall use reasonable efforts to ensure that its Affiliates and Third Party contractors (as applicable) perform any activities under the Preclinical Development Program in good scientific manner and in compliance in all material respects with the requirements of Applicable Law.

Each Party will maintain laboratories, offices and all other facilities at its own expense and risk necessary to carry out its responsibilities under the Preclinical Development Program pursuant to the Preclinical Plan. Each Party agrees to make its employees reasonably available at their respective places of employment to consult with the other Party on issues arising during the performance of the Preclinical Development Program. BMS and CytomX will cooperate with each other in carrying out the Preclinical Development Program.

3.2 Research Term.

(a) The Preclinical Development Program with respect to each Collaboration Target will be carried out during the two (2) year period following (x) the Effective Date, with respect to the Initial Collaboration Targets, and (y) the date of designation of a Substitute Target or an Additional Target, with respect to any such Substitute Target or Additional Target, unless (in each case) this Agreement is terminated in accordance with Article 13 (such period, as may be extended pursuant to this Section 3.2, being the "**Research Term**"). BMS shall have the option to extend the Research Term with respect to any Collaboration Target for up to three (3) additional one (1) year periods on a year-by-year basis after (x) the initial two (2) year period with respect to such Collaboration Target. In order to exercise its option to extend the Research Term with respect to a given Collaboration Target, BMS must provide CytomX a written notice exercising BMS' option to extend the applicable Research Term at least ninety (90) days prior to the scheduled expiration of the applicable Research Term (i.e., the applicable anniversary of the Effective Date, with respect to the Initial Collaboration Targets, or the date of designation of a Substitute Target or an Additional Target, with respect to any such Substitute Target or Additional Target). If BMS does not provide such written notice, the Research Term will end when scheduled (i.e., on the applicable anniversary of the Effective Date, with respect to the Initial Collaboration Targets, and the date of designation of a Substitute Target or an Additional Target, with respect to any such Substitute Target or Additional Target).

(b) For each extension of the Research Term, subject to Section 3.4, the JRC will prepare, and approve in accordance with Section 2.1, an update to the Preclinical Plan which will include an updated Budget for the BMS-funded CytomX FTEs to perform the work required under such Preclinical Plan and any projected Third Party Costs.

3.3 Preclinical Plan.

(a) The Preclinical Development Program will be carried out in accordance with a written research plan (the "**Preclinical Plan**"). The purpose of the Preclinical Plan is to detail the responsibilities and activities of CytomX and BMS with respect to carrying out the Preclinical Development Program. The Preclinical Plan will include a description of the specific activities to be performed by CytomX in support of the Preclinical Development Program, the number of qualified CytomX FTEs to perform the activities in support of the Preclinical Development Program, projected timelines for completion of such activities and, as applicable, provisions for the supply of Compound by CytomX to BMS. The Preclinical Plan will also include a budget for the BMS-funded CytomX FTEs (based on the number of BMS-funded CytomX FTEs and the FTE Rate) and any projected Third Party Costs, with such budget to be update periodically by the JRC (the "**Budget**"), with such Budget to be updated in advance for each calendar quarter by the JRC, subject to this Section 3.3 and Section 3.4. As part of this calendar quarter update to the Budget, the JRC shall specify in writing for the coming calendar quarter period the number of CytomX FTEs assigned to the Preclinical Development Program (in accordance with Section 3.4), a summary of their activities, a listing of the CytomX scientists comprising such FTEs and their percentage of time devoted to working on the Preclinical Development Program. If BMS has concerns regarding any specific scientist assigned to the Preclinical Development Program, such concerns shall be communicated to the JRC for its consideration.

In accordance with the Preclinical Plan, CytomX will develop and optimize Masks, Substrates and Compounds, and will deliver such Masks, Substrates and Compounds to BMS. Such Masks, Substrates and Compounds may be further modified by BMS, provided no substantive changes shall be made to the Mask or Substrate of such Compound. Examples of permitted modifications to Mask or Substrate include modifications in the course of optimizing a Compound or a Product, provided that BMS may make any changes to the Antibody portion of the Compound or Product.

The initial Preclinical Plan that has been agreed to by the Parties as of the Execution Date is attached as **Exhibit E**.

(b) **Changes to the Preclinical Plan.** The Preclinical Plan will be reviewed by the JRC at least on a yearly basis (except the Budget, which will be reviewed and updated on a calendar quarter basis in accordance with Section 3.3(a)) and may be updated and amended from time to time, as the JRC determines, *provided* that if the JRC cannot reach consensus, BMS shall have final decision making authority subject to Section 2.1(d).

(c) **Collaboration Targets.**

(i) **Initial Collaboration Targets**. **Exhibit F** identifies the Collaboration Targets identified as of the Execution Date (the "**Initial Collaboration Targets**").

(ii) **Reserved Targets. Exhibit G** identifies the Reserved Targets (as further described in Section 3.3(d) below.

(iii) **Additional Target Option.** BMS shall have the right to add up to two (2) additional Targets to the collaboration (each such target, an "**Additional Target")**, subject to payment of the Additional Target Payment, and further subject to the Excluded Target Process set forth in Section 3.3(c) (the "**Additional Target Option**"). Any such Additional Target must be selected by BMS prior to the fifth (5^{th}) anniversary of the Effective Date by notice to CytomX. For clarity, BMS may designate an Additional Target that is directed to any indication within the field of oncology (including immuno-oncology), including a Target intended for a Probody-drug conjugate program.

(iv) **Substitute Targets.** BMS shall have the right to substitute and replace each Initial Collaboration Target with a new Target (such new target, a "**Substitute Target**"), subject to the Excluded Target Process set forth in Section 3.3(c). Any such replacement of an Initial Collaboration Target must (x) occur prior to the commencement of a Clinical Trial of a Compound relating to such Initial Collaboration Target and in no case later than three (3) years after the Effective Date, and (y) be based on technical/scientific information relating to such Initial Collaboration Target (or a Compound relating to such Initial Collaboration Target), based upon which BMS reasonably determines that identification of a Compound(s) directed to such Initial Collaboration Target that would be suitable for clinical development will not be feasible. In the case where BMS desires to replace an Initial Collaboration Target with a proposed Substitute Target, BMS shall inform CytomX, through the JRC, of BMS' basis (and providing technical/scientific supporting information) for wanting to replace such Initial Collaboration Target. For clarity, BMS may designate a Substitute Target that is directed to any indication within the field of oncology (including immuno-oncology), including a Target intended for a Probody-drug conjugate program.

(v) **Update to Preclinical Plan; Reversion of Rights**. In the case of any such designation of an Additional Target or a replacement of an Initial Collaboration Target with a Substitute Target, in advance of work being initiated by the Parties with respect to such Additional Target or Substitute Target, the JRC shall update the Preclinical Plan and Budget to include work on such Additional Target or Substitute Target, with the Preclinical Plan expected to be similar in scope and FTE effort as specified for each of the initial projects under the initial Preclinical Plan, it being understood that the Preclinical Development Program may be extended with respect to the Substitute Target or Additional Target. Each Party shall use reasonable best efforts to ensure that the JRC meets as promptly as reasonably practicable (and no later than within 45 Business Days) upon designation of an Additional Target or a replacement of an

Initial Collaboration Target with a Substitute Target in order to develop and approve an updated Preclinical Plan and Budget with respect to such Additional Target or Substitute Target. Upon replacement of an Initial Collaboration Target with a Substitute Target, following the procedure set forth above, the previously designated Initial Collaboration Target shall no longer be considered a Collaboration Target, and all rights to the CytomX Technology related to such Initial Collaboration Target shall revert to CytomX in accordance with Section 13.6.

(d) **Excluded Target Process**. The following procedure shall be followed for the selection of an Additional Target or the replacement of an Initial Collaboration Target with a Substitute Target. Upon notice by BMS to CytomX of its desire to designate a Target as an Additional Target or a Substitute Target, CytomX shall provide an independent reviewer (mutually agreed to by BMS and CytomX) (the "**Target Reviewer**") with a list of all targets where CytomX has: (1) licensed exclusive rights to a third party with respect to such target, or is otherwise contractually restricted from including such target, (2) entered into (and has maintained ongoing) discussions with a third party with respect to a license or collaboration regarding potential products intended for use against such target, with such discussions being evidenced by written correspondence relating to proposed terms ("Ongoing Bona Fide Discussions"), (3) an active bona fide internal research or development program, with respect to the research, development and commercialization of Probodies directed towards such target under which program CytomX has identified a functional Antibody directed toward such target (as part of development of Probodies directed to such target), or (4) the three (3) targets listed on Exhibit G hereto ("Reserved Targets") for the period of twelve (12) months after the Effective Date (and thereafter only if included under (a)-(c) above), (any such target, an "**Excluded Target**", and such list, the "**Excluded Target List**"), and CytomX shall notify BMS that the Excluded Target List has been provided to the Target Reviewer. Upon receipt of such notice BMS shall provide to the Target Reviewer the new Target that BMS proposes to become an Additional Target or a Substitute Target, including the GenBank accession number (or other identifying information) for such Target. The Target Reviewer would notify BMS, within five (5) business days if the Target proposed by BMS as an Additional Target or as a Substitute Target is an Excluded Target (but not the reason such Target is an Excluded Target). In each circumstance where BMS notifies CytomX of its desire to designate a Target as the subject of a Substitute Target or Additional Target, CytomX shall provide the target Reviewer with an updated Excluded Target List prior to BMS proposing such new Target to the Target Reviewer. Accordingly, CytomX shall inform the Target Reviewer (A) of any new targets that have become subject to third party obligations, terms discussions or part of an active bona fide internal development program of CytomX, as provided above; (B) the expiration of the twelve month period referenced in clause (d) above (or unilateral termination by CytomX) of such period with respect to any Reserved Target) and any Reserved Targets that are no longer reserved by virtue of such clause (4); and (C) any new targets that have become available due to the termination of a collaboration (or Ongoing Bona Fide Discussions with a third party) or termination of any internal development program of CytomX. Any proposed Target that is not an Excluded Target (under the procedure set forth above) would be deemed selected by BMS as the Additional Target or Substitute Target.

3.4 Research Staffing and Funding.

(a) **Funded CytomX FTEs; FTE Rate.** Subject to Section 3.4(b), BMS will fund at the FTE Rate, and CytomX will provide the number of CytomX FTEs per Research Year during the Research Term to perform activities in support of the Preclinical Development Program, in accordance with the then-current Preclinical Plan, and in accordance with this Section 3.4. Throughout the Research Term, CytomX shall assign no less than the number of qualified CytomX FTEs in accordance with this Section 3.4 to perform the work set forth in the then-applicable Preclinical Plan, which currently contemplates [***]

FTEs in the first year of the Research Term and [***] FTEs in the second year of the Research Term. The professional skills and expertise levels of such FTEs shall be appropriate to the scientific objectives of the Preclinical Development Program. The FTE Rate during the Research Term shall be [***] per FTE per year. For the avoidance of doubt, nothing in this Agreement herein shall be considered to establish an employment relationship between BMS and the CytomX FTEs funded by BMS pursuant to this Agreement.

(b) **Changes to the Number of Funded FTEs.** If the activities contemplated by the Preclinical Plan at any time during the Research Term do not justify the number of CytomX FTEs allocated to the Preclinical Development Program, the Parties will work in good faith to mutually agree to modify the scope of the Preclinical Plan or adjust the number of BMS-funded CytomX FTEs. The number of CytomX FTEs to be funded by BMS and provided by CytomX in support of the conduct of the Preclinical Development Program may be increased or decreased by the JRC in accordance with changes in the Preclinical Development Program and Preclinical Plan and shall be specified for each calendar quarter in the Budget as set forth in Section 3.3(a), provided that the number of CytomX FTEs to be provided by CytomX would not be decreased below [***] FTEs or increased to exceed [***] FTEs during the Research Term without CytomX' written consent. Any changes to the Preclinical Plan and assignment and allocation of work to be performed by the BMS-funded CytomX FTEs shall require the approval of the JRC, *provided* that if the JRC is unable to reach consensus, BMS shall have final decision making authority, subject to the following: (i) BMS' decision making shall be subject to Section 2.1(d), (ii) the number of CytomX FTEs to be provided by CytomX shall not be decreased to below [***] FTEs or increased to exceed [***] FTEs without CytomX' prior written consent.

(c) **FTE Funding; Preclinical Development Program Costs.** CytomX will bear its own costs, including costs related to routine laboratory supplies and applicable overhead costs, in performing its obligations under the Preclinical Development Program, *provided* that, subject to the terms and conditions of this Agreement (including this Section 3.4(c)), BMS will make a payment to CytomX for the BMS-funded CytomX FTEs and Third Party Costs specified in the Budget, as may be amended in accordance with Section 3.3 and this Section 3.4 (such FTE payment and Third Party Costs being the "**Preclinical Development Program Costs**").

The number of BMS-funded CytomX FTEs shall be established in accordance with Section 3.4(a) and (b), and BMS shall fund such CytomX FTEs at the FTE Rate in accordance with the Budget. Such FTE payment obligation of BMS will be subject to CytomX providing such qualified CytomX FTEs. CytomX shall send BMS (to BMS' Financial Representative or otherwise as specified in writing by BMS) an invoice for the BMS-funded CytomX FTEs for a given calendar quarter within forty-five (45) days following the end of such calendar quarter. Subject to this Section 3.4(c), such invoice for such BMS-funded CytomX FTEs reimbursable by BMS shall be payable within sixty (60) days after BMS receives such invoice.

CytomX shall invoice BMS for the Third Party Costs approved in writing by JRC within the Budget and incurred by CytomX for a given calendar quarter within forty-five (45) days following the end of such calendar quarter (such invoice to be sent to BMS' Financial Representative or otherwise as specified in writing by BMS). Such invoice for such Third Party Costs reimbursable by BMS shall be payable within sixty (60) days after BMS receives such invoice. For clarity, all Third Party Costs that would be reimbursable under this Agreement must be approved by JRC in writing.

3.5 Responsibility for Expenses for Conduct of Preclinical Development Program. Except as set forth in Section 3.4 or as may be otherwise specifically agreed to in writing by CytomX and BMS, each Party shall be responsible for its own costs and expenses that it incurs in connection with the conduct of the Preclinical Development Program.

3.6 Preclinical Development Program Records. CytomX will maintain complete and accurate records of all work conducted in the performance of the Preclinical Development Program and all results, data, inventions and developments made in the performance of the Preclinical Development Program. Such records will be in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes. CytomX shall maintain appropriate records sufficient to document the work performed by each of the individuals comprising the FTEs working in support of the Preclinical Development Program and the percent effort such individuals spent working in support of the Preclinical Development Program in the applicable period. CytomX shall provide copies of all requested records and Information (within thirty (30) days of such request), to the extent reasonably required for the performance of BMS' rights and obligations under this Agreement; provided that BMS shall maintain such records and the Information of CytomX in confidence in accordance with Article 12 and shall not use such records or information except to the extent otherwise permitted by this Agreement; *further provided* that the Information provided by CytomX shall not include the Tools.

In order to protect the Parties' Patent rights under U.S. law in any inventions conceived or reduced to practice during or as a result of the Preclinical Development Program, each Party agrees to maintain a policy that requires its employees to record and maintain all data and information developed during the Preclinical Development Program in such a manner as to enable the Parties to use such records to establish the earliest date of invention and/or diligence to reduction to practice. At a minimum, the policy shall require such individuals to record all inventions generated by them in standard laboratory notebooks (paper or electronic) or other suitable means that are dated and corroborated by non-inventors on a regular, contemporaneous basis.

3.7 Disclosure of Results of Preclinical Development Program. The results of all work performed by a Party as part of the Preclinical Development Program shall be promptly disclosed to the other Party in a reasonable manner as such results are obtained through JRC, JRC Co-Chairs, or a working group which may be established by the JRC in accordance with Section 2.1(c). CytomX and BMS will provide reports and analyses at each JRC meeting, and more frequently upon reasonable request by the JRC, detailing the current status of the Preclinical Development Program, including the utilization of the CytomX FTE resources. Within thirty (30) days following the end of each calendar quarter, CytomX and BMS shall each exchange and provide to the JRC a written report summarizing in reasonable detail the work performed by it under the Preclinical Development Program and results achieved during the preceding calendar quarter. In addition, upon reasonable request by a Party, the other Party will make presentations to the JRC of its activities related to the Compounds and Products to inform such Party of the details of the work done in the performance of the Preclinical Development Program. The results, reports, analyses and other information regarding the Preclinical Development Program disclosed by one Party to the other Party pursuant hereto may be used only in accordance with the rights granted and other terms and conditions under this Agreement. Upon reasonable request by BMS, for purposes of supporting the Development of a Product, CytomX shall provide BMS with additional data, results and other information with respect to the work performed by CytomX in the performance of the Preclinical Development Program. Any reports required under this Section 3.7 may take the form of and be recorded in minutes of the JRC that will contain copies of any slides relating to the results and presented to the JRC.

In addition, at BMS' request CytomX will transfer (within thirty (30) days of such request) to BMS all data, results, and information related to testing and studies of the Compounds (including analytical test results and non-clinical pharmacology and safety data) in the possession of CytomX to the extent such data,

results and/or information are necessary or reasonably useful for the continued Development and Commercialization of Products, including any and all Information directly relating to manufacturing methods (including related analytical methods) of the Compounds or Products. CytomX's obligation to provide data, results and information pursuant to this Section 3.7 shall only include results that would be within the CytomX Know-How, and shall not include the Tools.

3.8 Research Efforts. Each Party shall use good faith Diligent Efforts to perform the Preclinical Development Program, including its responsibilities under the Preclinical Plan. For clarity, it is understood and acknowledged that Diligent Efforts to perform the Preclinical Development Program may include staging the work on different Collaboration Targets as specified in and in accordance with the Preclinical Plan.

3.9 Materials Transfer.

(a) In order to facilitate the Preclinical Development Program, either Party may provide to the other Party certain materials (other than samples of Compounds, and starting materials, intermediates and reagents for the synthesis of Compounds, provided by CytomX to BMS under this Agreement) for use by the other Party in furtherance of the Preclinical Development Program and the Development and Commercialization of Compounds and Products. All such materials (including, as applicable, any progeny, expression products, mutants, replicates, derivatives and modifications thereof that are made by the receiving Party and that include the materials of the supplying Party), to the extent such material is not generally available from a Third Party (any such materials provided by BMS, the "**BMS Materials**"), shall be used by the receiving Party in accordance with the terms and conditions of this Agreement solely for purposes of performing its rights and obligations under this Agreement, and the receiving Party shall not transfer such materials (including, as applicable, any progeny, expression products, mutants, replicates, derivatives and modifications thereof) to any Third Party unless expressly contemplated by this Agreement (including the Preclinical Plan) or upon the written consent of the supplying Party. For clarity, this Section 3.9(a) shall not restrict either Party from using materials that are publicly available from a Third Party. As set forth in the Preclinical Plan, CytomX shall provide BMS with samples of CytomX Materials and BMS shall provide CytomX with samples of BMS Materials, for use by the other Party in accordance with the terms and conditions of this Agreement (including the Preclinical Plan). For clarity, CytomX shall supply sufficient quantities of Compounds for both Parties to perform their responsibilities through the completion of Section 9a of the initial Preclinical Plan set forth on **Exhibit E** for each Product, and thereafter as mutually agreed by the Parties.

Any BMS Materials provided by BMS to CytomX (including, as applicable, any progeny, expression products, mutants, replicates, derivatives and modifications thereof) shall be used by CytomX solely for purposes of conducting the Preclinical Development Program and will be returned to BMS (or destroyed as may be requested by BMS in writing) promptly following the end of the Research Term or earlier upon request by BMS. All Information to the extent directed to such BMS Materials shall be BMS Confidential Information. CytomX agrees to use all such BMS Materials with prudence and appropriate caution in any experimental work, since all of their characteristics may not be known, and BMS Agrees to use all such CytomX Materials with prudence and appropriate caution in any experimental work.

If CytomX develops any assays, that are not Tools, used in the Preclinical Development Program, upon request by BMS, CytomX shall transfer to BMS the CytomX Materials and Information to enable BMS to use such assays in support of BMS' research and development activities under this Agreement. Upon request by BMS, CytomX shall deliver to BMS (at BMS' expense) or dispose of any animals in CytomX's possession following completion of the Research Term or earlier termination of this Agreement by BMS pursuant to Section 13.3(a) or Section 13.5.

(b) Upon request by BMS during the Research Term for a Compound, CytomX shall transfer to BMS, and shall cause its Third Party manufacturers (if applicable) to transfer to BMS, CytomX's inventory of Compounds and Products *provided* that CytomX shall retain that portion of such inventory required by CytomX to fulfill its responsibilities under the Preclinical Plan. Nothing in this Section 3.9 shall modify BMS's obligations of confidentiality under Article 12.

3.10 Subcontracting. Except as provided in the Preclinical Plan or as may be specifically permitted by the JRC, CytomX shall not (sub)contract any of the work for which it is responsible in the performance of the Preclinical Development Program. In the case of any (sub)contracting of Preclinical Development Program activities by a Party to a Third Party, such Third Party must have entered into a written agreement with such Party that includes terms and conditions protecting and limiting use and disclosure of Confidential Information and Know-How at least to the same extent as under this Agreement; *provided* that the term of such Third Party's obligations regarding the use and disclosure of Confidential Information and Know-How may be limited to seven (7) years after the date of disclosure to the Third Party. Each Party is responsible for compliance by such Third Party with the applicable terms and conditions of this Agreement in the same way and to the same extent as such Party.

3.11 Animal Testing. In order to assure the appropriate care and use of animals used in the performance of the Preclinical Development Program by CytomX, CytomX agrees to the following:

(a) If CytomX is AAALAC accredited, it will follow procedures established as the basis of that accreditation. CytomX represents and covenants that it will use all reasonable efforts to maintain such AAALAC accreditation during the Research Term. Further, upon request by BMS, CytomX will provide BMS with a copy of the most recent accreditation letter and annual report. If during the course of the Preclinical Development Program CytomX loses its accreditation or receives any notice, warning or reprimand from AAALAC or any governmental or regulatory agency related to animal care and use, CytomX will promptly notify BMS in writing.

(b) If CytomX is not AAALAC accredited or loses its AAALAC accreditation at any time during the Research Term, it will, prior to the commencement (or continuation) of Preclinical Development Program studies using animals, provide BMS with sufficient documentation in such manner, format and frequency as BMS may require in its sole reasonable discretion, to assure appropriate care and use of animals. Such documentation may include, without limitation, government inspection reports, animal test methods, animal use protocols and any other written descriptions of animal care and use. CytomX will also comply with all Applicable Laws governing animal research.

(c) Whenever possible, live animals used as part of the Preclinical Development Program should remain the property of the applicable contract facility. Upon reasonable advance notice during the Research Term, representatives of BMS shall have the right to inspect the research facilities and to audit the care, treatment and use of the animals used in the Preclinical Development Program. This includes the right to review any correspondence with or reports from governmental agencies or accrediting organizations responsible for animal welfare or quality assurance.

3.12 Technology Transfer to BMS. Without limiting the licenses and other rights and obligations under this Agreement (including the rights granted to BMS under Article 7, and CytomX's

obligation to transfer CytomX Manufacturing Technology and Manufacturing Technology Documentation under Article 6), CytomX shall, at no additional charge to BMS, deliver, and cause its Affiliates, to deliver, to BMS within thirty (30) days following the Effective Date (and, thereafter during the Research Term, no less frequently than on a quarterly basis) all data, information and reports, in each case within the CytomX Know-How in its possession relating to Compounds, which is reasonably necessary or useful for the Development, manufacture, and/or Commercialization of Compound or Product. In addition, CytomX shall promptly disclose to BMS' Patent Contact any new CytomX inventions that embody any Product Specific Patents. CytomX shall, upon reasonable request by BMS during the Term, provide BMS with copies, and permit inspection by BMS of, its raw data and information for purposes of supporting or maintaining the Regulatory Approval for Product. CytomX shall at no cost to BMS, provide reasonable consultation and assistance for the purpose of transferring to BMS such CytomX Know-How to the extent reasonably necessary or useful for BMS to Develop and Commercialize Compound or Product in the Field.

3.13 Use of Third Parties. BMS may retain Third Parties to perform Development activities subject to the terms of this Agreement. Any such Third Parties performing Development activities hereunder shall be subject to confidentiality and non-use obligations consistent with those set forth in this Agreement; *provided* that the term of such Third Party's obligations regarding confidentiality and non-use may be limited to seven (7) years after the date of disclosure to the Third Party. BMS shall remain responsible and liable for the performance by its Affiliates or permitted Third Party contractors of those of its obligations under this Agreement that it (sub)licenses or delegates to an Affiliate or Third Party contractor.

3.14 Inspection of CytomX Records. Upon reasonable prior notice, CytomX shall permit an independent nationally recognized certified public accounting firm (subject to obligations of confidentiality to CytomX), appointed by BMS and reasonably acceptable to CytomX, to inspect the applicable records of CytomX to verify the Preclinical Development Program Costs (including the level of FTE effort); *provided* that such inspection shall not occur more often than once per Calendar Year, unless a material error is discovered as part of such inspection in which case BMS shall have the right to conduct a more thorough inspection for such period. Any inspection conducted under this Section 3.18 shall be at the expense of BMS. Any overpayment by BMS to CytomX shall be credited against future amounts due by BMS to CytomX. Any underpayment by BMS shall be paid in the next quarterly reimbursement to CytomX or within forty-five (45) days, whichever is later.

4. DEVELOPMENT AND REGULATORY MATTERS

4.1 Development.

(a) **Development Responsibilities.** Except for CytomX' responsibilities in the conduct of the Preclinical Development Program, BMS shall have the sole right and responsibility for the Development of Compounds and Products in the Field in the Territory during the Term at its own cost and expense (including responsibility for all funding, resourcing and decision-making), including whether to advance Compounds into Development and to terminate this Agreement with respect to a Collaboration Target. BMS, by itself or through its Affiliates and Sublicensees, shall use Diligent Efforts to Develop and obtain Regulatory Approval for at least one Compound or Product in the Field for each Collaboration Target in accordance with a development plan for the purpose of obtaining a Regulatory Approval in the Major Markets.

(b) **Development Records**. BMS shall prepare and maintain and shall cause its Affiliates and Sublicensees to prepare and maintain reasonably complete and accurate records regarding the Development of Compounds and Products in the Field in the Territory.

(c) **Development Reports by BMS**. On a semi-annual basis, BMS shall provide to CytomX a summary report regarding the status of Development efforts for Compounds and Products on a Collaboration Target-by-Collaboration Target basis. Such report shall contain sufficient detail to enable CytomX to assess BMS's compliance with its Development obligations in this Section 4.1. Such reports shall be Confidential Information of BMS pursuant to Article 12.

4.2 Regulatory Matters for Product. BMS shall have sole responsibility and decision-making authority with respect to regulatory matters for Compounds and/or Products (including the content of any regulatory filing or dossier, pharmacovigilance reporting, labeling, safety, and the decision to file or withdraw any MAA or to cease or suspend any Clinical Trial). BMS shall have sole responsibility for preparing and submitting all Regulatory Materials for Products in the Field in the Territory, including preparing, submitting and holding all INDs and MAAs for Products. CytomX shall reasonably cooperate with BMS and provide to BMS all Information Controlled by CytomX, in each case as may be reasonably requested by BMS, in order to prepare or support any Regulatory Materials for Products in the Field in the Territory and interactions with any Regulatory Authority in connection with Development and/or Regulatory Approval of Products. BMS will own all Regulatory Materials for Products and all such Regulatory Materials shall be submitted in the name of BMS (or its Affiliate or Sublicensee, as applicable). For clarity, nothing in this Section 4.2 shall be deemed to transfer ownership of any Information provided by CytomX to BMS for use in preparing and submitting such Regulatory Materials.

4.3 Notice of Regulatory Action. If any Regulatory Authority takes or gives notice of its intent to take any regulatory action with respect to any activity of CytomX related to the Preclinical Development Program or otherwise directed to Compounds or Products, then CytomX shall promptly notify BMS through the JRC, or Alliance Manager after Research Term, of such contact, inspection or notice or action. To the extent applicable, CytomX shall be responsible for preparing draft responses to any such regulatory action and to provide such draft responses to BMS through the JRC or Alliance Manager after Research Term. The JRC (and BMS) shall review and comment on any such responses to Regulatory Authorities that pertain to the Compounds and/or Products; *provided* that BMS shall have the final decision making authority with respect to such responses to the extent relating to the Compounds and/or Products.

4.4 No Use of Debarred Person. During the Term, each Party agrees that it will not use any employee or consultant that is debarred by any Regulatory Authority or, to the best of such Party's knowledge, is the subject of debarment proceedings by any Regulatory Authority. If either Party learns that any employee or consultant performing on its behalf under this Agreement has been debarred by any Regulatory Authority, or has become the subject of debarment proceedings by any Regulatory Authority, such Party will promptly notify the other Party and will prohibit such employee or consultant from performing on its behalf under this Agreement.

4.5 Standards of Conduct. BMS shall perform, and shall use reasonable efforts to ensure that its Affiliates, Sublicensees and Third Party contractors perform, its Development activities with respect to the Product in good scientific manner, and in compliance in all material respects with the requirements of Applicable Law.

5. COMMERCIALIZATION

5.1 Commercialization of Products. BMS shall have the sole right and responsibility for the Commercialization of Products in the Field in the Territory at its cost and expense. BMS will use Diligent Efforts to Commercialize each Product in the Major Markets for which BMS receives Regulatory Approval for such Product.

5.2 Commercialization Report. For each Calendar Year following Regulatory Approval for a Product in a Major Market, BMS shall provide to CytomX semi-annually a written report that summarizes the Commercialization activities on a Collaboration Target-by-Collaboration Target basis performed by BMS, and its Affiliates and Sublicensees in the Major Markets since the prior report by BMS. Such report shall contain sufficient detail to enable CytomX to assess BMS's compliance with its Commercialization obligations in Section 5.1. Such reports shall be Confidential Information of BMS pursuant to Article 12.

5.3 Decision-Making Authority. BMS shall have the sole decision-making authority for the operations and Commercialization strategies and decisions, including funding and resourcing, related to the Commercialization of Products.

6. MANUFACTURING

6.1 Overview. BMS will have the exclusive right and shall be solely responsible for the manufacture (including having a Third Party manufacture on its behalf) of all Compounds and Products (including all such manufacturing for use in Clinical Trials and for commercial sale), including all activities related to developing the process, analytics and formulation for the manufacture of clinical and commercial quantities of Compounds and/or Product, the production, manufacture, processing, filling, finishing, packaging, labeling, inspection, receiving, holding and shipping of Compounds and/or 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, in-process and release testing, quality assurance and quality control.

6.2 Transfer of Manufacturing Technology. Upon request by BMS during the Research Term and for a period of five (5) years thereafter for purposes of establishing manufacturing capability for Compound and/or Product, CytomX shall transfer to BMS (or to a Third Party manufacturer designated by BMS in accordance with Section 6.3), the CytomX Manufacturing Technology, in order to enable BMS (or its Third Party manufacturer) to use the CytomX Manufacturing Technology for the sole purposes of the manufacture of the Compounds and/or Products and to replicate the processes employed by or on behalf of CytomX (including any Third Party manufacturer of CytomX). Such transfer shall include a written description of such CytomX Manufacturing Technology (the "**Manufacturing Technology Documentation**"). As applicable, if requested by BMS, CytomX shall (and will use Diligent Efforts to ensure that any CytomX Third Party manufacturer will) cooperate with and provide reasonable technical assistance (including on-site assistance) and consultation, at a reasonable consulting rate CytomX, provided that the first [***] hours of consultation will be provided by CytomX at no cost to BMS, as reasonably requested by BMS in connection with the transfer and the implementation of such CytomX Manufacturing Technology by BMS or its Third Party manufacturer, and to enable BMS or its Third Party manufacturer to use such CytomX Manufacturing Technology to manufacture Compounds and/or Products and to obtain Regulatory Approval for (including the CMC, DMF or other regulatory filings relating thereto) the process for the manufacture of Compounds and/or Products. All such Manufacturing Technology Documentation shall be in the English language, and in sufficient detail and clarity for BMS or its Third Party manufacturer to understand and use the manufacturing processes disclosed thereunder. If available in electronic form, the Manufacturing Technology Documentation shall be provided in electronic format.

6.3 Third Party Manufacturing. BMS may exercise any of its manufacturing rights with respect to Compounds and Products through one or more Third Party manufacturers, *provided* that the Third Party manufacturer undertakes in writing obligations of confidentiality and non-use regarding Confidential Information of CytomX (including CytomX Know-How received by such Third Party manufacturer under Section 6.2 above) that are substantially the same as (although may be shorter in duration than, *provided* that such duration shall not be less than five (5) years from the effective date of the written obligation) those undertaken by the Parties pursuant to Article 12 hereof.

6.4 Improvements in the Manufacture of Compounds. During the Term, CytomX shall disclose to BMS through the JRC (or if the JRC is not constituted, through the Alliance Managers) any improvements made or developed with respect to the manufacture of Compounds within the CytomX Know-How, and methods and materials used in the manufacture of Compounds (including starting materials for the synthesis of Compounds) Controlled by CytomX ("**Improvements**"). Upon request by BMS, CytomX will provide BMS with the CytomX Know-How in CytomX's or its Affiliate's Control that are necessary or reasonably useful for BMS or its Third Party manufacturer to use such Improvements in the manufacture of Compounds.

7. GRANT OF RIGHTS AND LICENSES

7.1 License to BMS.

(a) Subject to the terms and conditions of this Agreement, CytomX hereby grants to BMS an exclusive (even as to CytomX) license, with the right to grant sublicenses as provided in Section 7.2, under the Product Specific Patents to research, develop, make, have made, use, sell, offer for sale, export and import (including the exclusive right to Develop, have Developed, Commercialize and have Commercialized) Compounds, alone or as incorporated in Products in the Territory (including, for clarity, the Masks and Antibodies set forth on Schedule 1.30, or any Compounds comprising such materials); *provided* that BMS covenants to CytomX that BMS, and its Affiliates and Sublicensees, shall only practice under such exclusive license in the Field in the Territory.

(b) Subject to the terms and conditions of this Agreement, CytomX hereby grants to BMS an exclusive (even as to CytomX) license, with the right to grant sublicenses as provided in Section 7.2, under the CytomX Technology to research, develop, make, have made, use, sell, offer for sale, export and import (including the exclusive right to Develop, have Developed, Commercialize and have Commercialized) Compounds, alone or as incorporated in Products, in the Field in the Territory.

(c) BMS (working alone or in collaboration with Third Parties) shall have the right to use the Compounds and CytomX Information related to such Compounds and the Collaboration Targets for research purposes in support of BMS' research programs on the Collaboration Targets, *provided* that any such Third Party shall be bound by obligations with respect to the use and disclosure of CytomX Confidential Information in accordance with Article 12.

(d) BMS's rights under this Section 7.1 include the right to modify Compounds, provided no substantive changes shall be made to Mask or Substrate of such Compound other than modifications to Mask or Substrate made in the course of optimizing a Compound or a Product, and provided that BMS may make any changes to the Antibody portion of the Compound.

7.2 Sublicensing by BMS. BMS shall have the right to sublicense any or all of the development or commercialization rights granted to it by CytomX under this Agreement. In connection with any such sublicensing, BMS may disclose and provide to such permitted Sublicensees any applicable CytomX Know-How and CytomX Materials in connection therewith. BMS shall ensure that each of its Sublicensees is bound by a written agreement that is consistent with, and subject to the terms and conditions of, this Agreement. In addition, BMS shall be responsible for the performance of any of its Sublicensees that are exercising rights under a sublicense of the rights granted by CytomX to BMS under this Agreement, and the grant of any such sublicense shall not relieve BMS of its obligations under this Agreement, except to the extent they are satisfactorily performed by any such Sublicensee(s). No later than five (5) Business Days following the execution of each sublicense to a Third Party as provided in this Section 7.2, BMS shall provide CytomX with a copy of such sublicense agreement; provided that the financial terms of any such sublicense agreement may be redacted.

7.3 Licenses to CytomX.

(a) Grant Back. Subject to the terms and conditions of this Agreement, BMS hereby grants back to CytomX a non-exclusive, non-sublicensable, royalty-free license under the CytomX Technology and Product Specific Patents licensed pursuant to Section 7.1 solely to conduct the Preclinical Development Program, and not for any other purpose.

(b) Research License. Subject to the terms and conditions of this Agreement, BMS hereby grants back to CytomX a limited, non-exclusive, non-sublicensable, royalty-free license BMS intellectual property rights covering the BMS Information or Materials provided to CytomX and any Sole Inventions owned by BMS, solely to conduct the Preclinical Development Program, and not for any other purpose.

(c) Grant to Probody-Specific Improvements. Subject to the terms and conditions of this Agreement, BMS hereby grants to CytomX a non-exclusive, sublicensable, royalty-free license under the Sole Inventions owned by BMS to the extent such Sole Inventions owned by BMS (a) pertain to modifications to any Substrates or Masks, or (b) are primarily for use with, and generally applicable to, Probodies.

7.4 No Other Rights. Except for the rights expressly granted under this Agreement, no right, title, or interest of any nature whatsoever is granted whether by implication, estoppel, reliance, or otherwise, by a Party to the other Party. All rights with respect to Information, Patent or other intellectual property rights that are not specifically granted herein are reserved to the owner thereof. Without limiting the foregoing, nothing herein shall be deemed to grant to BMS a right or license to any active pharmaceutical ingredient other than the Compounds and any related Masks and Substrates. For clarity, no rights to any technology or intellectual property owned by ImmunoGen, Inc. and licensed by CytomX are granted to BMS under this Agreement.

7.5 Public Domain Information. Nothing in this Agreement shall prevent BMS or its Affiliates from using for any purpose any Know-How or other Confidential Information that is in the public domain.

7.6 Certain Rights and Obligations Under the Existing License Agreements. Notwithstanding any other provision of this Agreement, the following provisions shall apply.

(a) In the event of any purported or actual breach (or threatened termination) of any Existing License Agreement, CytomX shall give notice to BMS of such breach or termination. Without limiting any other right or remedy of BMS under this Agreement and in order to prevent, ameliorate, mitigate or cure a breach of any of the Existing License Agreements, in the event that CytomX fails to perform any of its obligations under any of such Existing License Agreements (except to the extent that a breach by BMS of its obligations under this Agreement or any other act or omission by BMS prevents such performance by CytomX), which failure is not cured within thirty (30) days after written notice from BMS, BMS may perform such obligation on behalf of CytomX, at CytomX's expense, and CytomX shall reimburse BMS for its costs (including both its out-of-pocket costs and internal costs) in connection with such performance or BMS shall be entitled to credit any such costs against any future payments otherwise owed to CytomX. This Agreement sets forth the obligations of the Parties *inter se*, and nothing in this Agreement (including any standard of effort set forth herein) shall limit or modify the obligations of CytomX under the Existing License Agreements.

(b) To the extent that CytomX is permitted to assert against an Existing Third Party Licensor a claim on behalf of BMS (as CytomX's sublicensee) for specific performance of any covenant of an Existing Third Party Licensor contained in the applicable Existing License Agreement, CytomX shall use reasonable efforts to cooperate with BMS (at BMS' expense) to permit BMS to assert such claim or request for specific performance by such Existing Third Party Licensor, including, if necessary, allowing BMS to bring such claim in the name of CytomX; *provided* that BMS shall give CytomX written notice of any proposed settlement with such Existing Third Party Licensor and a reasonable opportunity to review and comment on such proposed settlement, and BMS shall not enter into any settlement with such Existing Third Party Licensor that could reasonably be viewed as materially adversely affecting the rights of CytomX hereunder or under the applicable Existing License Agreement, without CytomX's prior written consent (such consent not to be unreasonably withheld, delayed or conditioned).

(c) Whenever CytomX provides any report, notice or other communication to an Existing Third Party Licensor relating to Compounds, Products and/or this Agreement in compliance with any of the obligations under the Existing License Agreements, to the extent such communication would adversely affect BMS' rights under the Existing License Agreement, CytomX shall provide a copy of such report or notice to BMS at least ten (10) days prior to the time such report, notice or communication is provided to such Existing Third Party Licensor or, if it is impracticable to provide such copy at least ten (10) days ahead of time, CytomX shall provide such copy to BMS as early as practicable prior to the provision thereof to such Existing Third Party Licensor. CytomX shall have no obligation to disclose to BMS any confidential information of any Third Party or of CytomX contained in any such report, and any information provided by CytomX to BMS may be redacted to remove any such information.

(d) Whenever CytomX receives any report, notice or other communication relating to Compounds, Products and/or this Agreement from an Existing Third Party Licensor with respect to the applicable Existing License Agreement and which report, notice or other communication would have a material adverse effect on this Agreement (including any notice with respect to any default, breach or termination of the Existing License Agreement), CytomX shall promptly provide a copy of such report, notice or other communication to BMS. CytomX shall have no obligation to disclose to BMS any confidential information of any Third Party (other than the Existing Third Party Licensor) contained in any such report, notice or other communication and any information provided by CytomX to BMS may be redacted to remove any such information.

(e) CytomX shall, if reasonably requested by BMS, take commercially reasonable efforts to exercise any of CytomX's rights, or to enforce any material obligation of an Existing Third Party Licensor, at CytomX's expense, under the applicable Existing License Agreement, in each case as it relates to a Compound and/or Product.

(f) CytomX shall not agree or consent to any amendment, supplement or other modification to the Existing License Agreement, in each case in a manner that could reasonably be viewed as materially adversely affecting the rights sublicensed to BMS under this Agreement, without BMS' prior written consent (such consent not to be unreasonably withheld, delayed or conditioned).

(g) CytomX shall not terminate, and shall use reasonable efforts to not take or fail to take any action that would permit the Existing Third Party Licensor to terminate, any Existing License Agreement (either unilaterally or by mutual agreement with the applicable Existing Third Party Licensor), or any right thereunder which would have an adverse effect on the rights sublicensed to BMS under this Agreement, without the prior written consent of BMS, which consent may be given or withheld in BMS' sole discretion, in each case as it relates to or impacts the rights sublicensed to BMS under this Agreement.

(h) Except to the extent permitted under Section 17.9, CytomX shall not during the Term grant any Lien (or permit any Lien to attach) with respect to this Agreement or any of the Product Specific Patent Rights, that could adversely impact BMS' rights thereunder. For sake of clarity, any breach of this sub-Section by CytomX that is not cured within ten (10) Business Days after written notice thereof shall be deemed a material breach of this Agreement., provided that it shall not be deemed a breach of this Agreement for CytomX to grant a Lien under which the lienholder takes a Lien subject to the licenses granted hereunder.

8. PAYMENTS

8.1 Upfront Payment and Equity Investment.

(a) BMS shall pay CytomX a signing payment of fifty million Dollars ($50,000,000) within ten (10) Business Days after the Effective Date. Such payment shall be noncreditable and nonrefundable.

(b) Subject to, and contingent upon, compliance by CytomX with all applicable securities laws, rules, and regulations, and the approval by the lead underwriter of BMS' participation, and, subject to the limitations set forth in this Section 8.1(b), the number of shares to be allocated to BMS in any initial public offering of CytomX common stock to be outstanding immediately following the closing of the CytomX IPO. CytomX shall furnish to BMS for its prior review and comment copies of those portions of all documents proposed to be filed by or on behalf of CytomX with any Governmental Authority in connection with any CytomX IPO that refer to BMS or its participation in the IPO (or in any purchase of BMS Shares in connection with such IPO), and CytomX will not file or otherwise provide to any Governmental Authority or any other Person in connection with a CytomX IPO any document which references this Agreement or BMS' obligation to purchase or its purchase of shares pursuant to this Section 8.1(b) without complying with Section 12.2 above. If following the good faith, written opinion of CytomX' legal counsel, BMS' participation in the IPO may violate applicable securities laws, then upon notification by CytomX, BMS shall, in lieu of participating in the IPO, purchase all of the BMS Shares in a private placement concurrently with the closing of the IPO at the same price per share as the IPO price per share.

8.2 Additional Target Payments. If BMS elects to designate an Additional Target, BMS shall pay to CytomX a payment of ten million Dollars ($10,000,000) for the first such Additional Target and

fifteen million Dollars ($15,000,000) for the second such Additional Target (each, an "**Additional Target Payment")**. For clarity, no additional payments including Additional Target Payment shall be payable where BMS elects to designate a Substitute Target. Each Additional Target Payment shall be payable within the earlier of: (i) ten (10) Business Days following the date that a revised Preclinical Plan is finalized and approved by the JRC to include the work on the applicable Additional Collaboration Target and (ii) sixty (60) Business Days following the date that BMS is notified in writing in accordance with Section 3.3(d) above that the applicable Additional Collaboration Target is not an Excluded Target.

8.3 Development Milestone Payments for Compounds or Products.

(a) BMS shall pay to CytomX the milestone payments set forth in Table 1 for each Collaboration Target within sixty (60) days after the first achievement of the specified milestone event by BMS, its Sublicensees or their Affiliates for a Compound or Product directed to a given Collaboration Target, *provided* that (i) the payment amounts set forth in Table 1 shall only apply to the first Compound or Product for a given Collaboration Target to reach the milestone event, provided that subsequent milestone events that were not achieved by the first Product for such Collaboration Target may be met by another Compound or Product for the same Collaboration Target, and (ii) the payment amounts set forth in Table 1 shall be subject to Section 8.3(b). Such payments shall be noncreditable (except as set forth in Section 8.3(b) below) and nonrefundable. BMS shall provide written notice to CytomX within ten (10) Business Days after the first achievement of the specified milestone event by BMS or its Affiliates and within twenty (20) Business Days after the first achievement of the specified milestone event by its Sublicensees or their Affiliates.

Table 1

	Event	1st Indication	2nd Indication	3rd Indication
1	ECN designation by BMS	$2,000,000	N/A	N/A
2	IND Filing	[***]	[***]	[***]
3	Dose 1st Patient in a 1st Phase 2 Clinical Trial	[***]	[***]	[***]
4	Dose 1st Patient in a 1st Phase 3 Clinical Trial	[***]	[***]	[***]
5	BLA Filing in US	[***]	[***]	[***]
6	MAA Filing	[***]	[***]	[***]
7	BLA Filing in Japan	[***]	[***]	[***]
8	First Commercial Sale in US	[***]	[***]	[***]
9	First Commercial Sale in EU	[***]	[***]	[***]
10	First Commercial Sale in Japan	[***]	[***]	[***]
	Total	[***]	[***]	[***]

(b) The milestone payments set forth above shall be payable by BMS to CytomX for a given Collaboration Target upon the first achievement of the milestone event for the first Compound or Product for such Collaboration Target to achieve such milestone event, provided that subsequent milestone events that were not achieved by the first Compound or Product for such Collaboration Target could be met by another Compound or Product for the same Collaboration Target. If a milestone becomes due with respect to a Product for a specific Collaboration Target and Indication before an earlier listed Development milestone (i.e., milestones 1 through 4 in the above Table 1) became due for such Indication for any reason, then the earlier listed milestones for such Indication shall be payable upon achievement of the later listed

milestone. For example, if Milestone 4 becomes due prior to the payment of Milestone 3, then upon achievement of Milestone 4, both the [***] Milestone 4 and the [***] Milestone 3 would be payable. For clarity, if any of Milestones 5-10 is achieved before any of Milestones 1-4, then each Milestones 1-4 (to the extent not previously paid by BMS) would be payable on achievement of the Milestone 5-10. Milestone payments for second (2nd) and third (3rd) Indications with respect to a given Product would be deferred until the achievement of First Commercial Sale (in the applicable territory) for the 1st Indication with respect to such Product. In addition, if Development is discontinued for a Product for a given Collaboration Target before First Commercial Sale is obtained for that Product, the previously paid milestone payments for that Product will be applied and credited toward the milestone payments for the next Product for that Collaboration Target in Development. Once First Commercial Sale is obtained for a Product for a given Collaboration Target, any deferred milestone payments for such Collaboration Target still continuing in Development will be due.

(c) The term "**Indication**" as used herein means, with respect to a Compound or Product, the use of that Compound or Product for the treatment, prevention, mitigation or cure of: (i) any cancer with a particular organ of origin, histology or genetic subtype; or (ii) any disease that is not a cancer but requires a separate clinical development program to achieve Regulatory Approval. Different lines of therapy for the same tumor type (e.g., 1st line NSCLC and 2nd line NSCLC) shall not be deemed different Indications.

8.4 Sales Milestone Payments.

(a) A milestone payment of [***] shall be payable when the total Net Sales within a given Calendar Year of a Product in the Territory by BMS, its Affiliates and Sublicensees first reaches more than one billion Dollars ($1,000,000,000).

(b) A milestone payment of [***] shall be payable when the total Net Sales within a given Calendar Year period of a Product in the Territory by BMS, its Affiliates and Sublicensees first reaches more than two billion Dollars ($2,000,000,000).

(c) A milestone payment of [***] shall be payable when the total Net Sales within a given Calendar Year period of a Product in the Territory by BMS, its Affiliates and Sublicensees first reaches more than three billion Dollars ($3,000,000,000).

(d) The sales based milestones set forth in clauses (a) through (c) above shall be payable one time for a particular Collaboration Target within sixty (60) days following the end of the Calendar Year in which the first Product for such Collaboration Target first reaches the Net Sales threshold, but in any event shall not exceed $60 million in the aggregate.

8.5 Royalty Payments to CytomX.

(a) **General**. Subject to the other provisions of this Article 8 and other provisions of this Agreement, in consideration of the licenses granted by CytomX to BMS hereunder to the CytomX Technology and Product Specific Patents, BMS shall pay to CytomX royalties based on the Net Sales of each Product during the applicable Royalty Term for such Product. The royalty payable with respect to each particular Product shall be based on the level of total annual Net Sales of such Product in the Territory in a given Calendar Year period by BMS, its Affiliates and Sublicensees, with the royalty rate tiered based upon the level of such total annual Net Sales of such Product in the Territory in such Calendar Year period.

Royalties shall be calculated by multiplying the applicable royalty rates by the corresponding amount of the portion of Net Sales of the applicable Product within each of the Net Sales tiers during such Calendar Year as set forth below.

(b) **Royalty on Products.** BMS will pay to CytomX a royalty on Net Sales of Products, on a Product-by-Product basis, by BMS, its Affiliates and Sublicensees in the Territory in the Field based on the Net Sales tiers and royalty rates as set forth in the table below (the "**Base Royalty Rate**") (subject to any offsets or reductions set forth below in this Section 8.5).

Table 2

Base Royalty Rate	Portion of Total Annual Net Sales in the Territory (Determined Separately for Each Product)
[***]%	Up to and equal to $1 billion;
[***]%	Greater than $1 billion and less than or equal to $2 billion;
[***]%	Greater than $2 billion and less than or equal to $3 billion;
[***]%	Greater than $3 billion and less than or equal to $4 billion;
[***]%	Greater than $4 billion and less than or equal to $5 billion; and
[***]%	Greater than $5 billion.

For clarity, the Net Sales thresholds in the table above shall be determined on a Product-by-Product basis. By way of example, if the total annual Net Sales of a Product in the Territory in a particular Calendar Year are $2.8 billion, the amount of royalties payable hereunder shall be calculated as follows (subject to any applicable reductions under this Section 8.5): ([***]% x $1 billion) + ([***]% x $1 billion) + ([***]% x $800 million) = $[***] million.

Notwithstanding the foregoing, subject to the last sentence of clause 8.5(f) below, in each country where there is no Valid Claim of the Product Specific Patents or CytomX Patent Rights that would be infringed by the sale of such Product in such country absent a license with respect to such Product Specific Patents or CytomX Patent Right under this Agreement, then the Base Royalty Rate (subject to any offsets or reductions set forth below in this Section 8.5) as applied to the sale of such Product in each such country shall be reduced by fifty percent (50%) (i.e., the Base Royalty Rate shall be ½ the rates set forth above in Table 2 above).

(c) **Third Party Payments.**

(i) CytomX shall bear all Third Party license payments, milestones, royalties and other payments owed with respect to a Compound and/or Product (including payments with respect to methods of making, using, selling, and/or identifying such Compounds and Products) involving (A) intellectual property (including Patents) that is licensed or otherwise acquired by CytomX as of the Effective

Date or within two (2) years subsequent to the Effective Date (including, any payment obligations of CytomX under the Existing License Agreements) and/or (B) intellectual property for which CytomX received written notice of potential infringement from a Third Party prior to the Execution Date and did not disclose same to BMS in writing prior to the Execution Date.

(ii) If, after the date that is two (2) years subsequent to the Effective Date, CytomX acquires from a Third Party rights to intellectual property ("**Future In-Licensed IP**"), the following shall apply:

(a) If such Future In-Licensed IP pertains to Masks, Substrates or the incorporation of Masks or Substrates into a Probody (such intellectual property, "Platform IP"), CytomX will be responsible for any license fees, milestones, royalties or other payments owing to such Third Party with respect to such Platform IP.

(b) If such Future In-Licensed IP is not Platform IP, but would otherwise be included within the CytomX Technology or Product Specific Patent Rights, then CytomX shall disclose the terms and conditions of the agreement under which such Future In-Licensed IP was acquired, to enable BMS to evaluate and elect, in its sole discretion, whether or not to include such Future In-Licensed IP within the CytomX Technology or Product Specific Patents, as applicable. If BMS so elects to include such Future In-Licensed IP as CytomX Technology or Product Specific Patents, as applicable, then BMS shall be responsible for payments that become due under such Third Party agreement with respect to the Development and Commercialization of Compounds or Products by BMS and its Affiliates and Sublicensees. If BMS does not elect to include such Future In-Licensed IP, then (1) CytomX shall not use such Future In-Licensed IP in the course of performing any Preclinical Plan activities, (2) CytomX shall not incorporate such Future In-Licensed IP in any Compound being Developed by CytomX under any applicable Preclinical Plan, (3) such Future In-Licensed IP shall not be deemed CytomX Technology or Product Specific Patents, and (4) BMS shall have no right or license under any rights granted under such Third Party agreement.

(iii) Subject to Section 9.9, if BMS, in its good faith judgment, believes that it is necessary to obtain a license from any Third Party under any Patent in order to Develop, manufacture or Commercialize any Compound or Product, and such Third Party licenses would not be necessary but for such Compound(s) or Product(s) being a Probody (including, by way of example, any additional manufacturing processes that are necessary due to such Compound(s) or Product(s) being a Probody), BMS' royalty obligations set forth above shall be reduced by fifty percent (50%) of the amount of the payments made by BMS to such Third Party on account of such license, *provided* that the royalties paid shall not be reduced in any such event below fifty percent (50%) of the amount that would otherwise be due pursuant to Section 8.3(b) with respect to any calendar quarter. If, but for the proviso in the preceding sentence, the deduction under this Section 8.3(c)(iii) would have reduced a royalty payment made by BMS by more than fifty percent (50%), then the amount of such deduction that exceeds fifty percent (50%) will be carried over to subsequent royalty payments until the full amount that BMS would have been entitled to deduct (absent the above limitation) is deducted.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

(d) **Biosimilar Competition.** During the portion of the applicable Royalty Term in a particular country where there are one or more products being sold in such country that are Biosimilar Products with respect to such Product, then the Base Royalty Rates set forth in Section 8.5(b), as adjusted by Section 8.5(c)(ii), with respect to such Product shall be reduced as follows:

(i) by twenty five percent (25%), in the event that in any calendar quarter such Biosimilar Product(s), by unit equivalent volume in such country, exceed a twenty-five percent (25%) share of the market;

(ii) by thirty-seven and one-half percent (37.5%), in the event that in any calendar quarter such Biosimilar Product(s), by unit equivalent volume in such country, exceed a thirty-seven and one-half percent (37.5%) share of the market; and

(iii) by fifty percent (50%), in the event that in any calendar quarter such Biosimilar Product(s), by unit equivalent volume in such country, exceed a fifty percent (50%) share of the market.

For purposes of this Section 8.5(d), "market" refers to the aggregate of the sales of the Biosimilar Product(s) and the applicable Product in a country.

(e) **One Royalty.** For clarity, only one royalty shall be due to CytomX with respect to the same unit of Product.

(f) **Royalty Term.** Royalties payable by BMS to CytomX under Section 8.5 shall be paid on a Product-by-Product and country-by-country basis until the later of (i) twelve (12) years after First Commercial Sale of the applicable Product in such country, (ii) expiration in such country of the last Valid Claim of the last-to-expire Product Specific Patent or CytomX Patent Right that would be infringed by the sale of such Product in such country absent a license with respect to such Product Specific Patents or CytomX Patent Right under this Agreement, or (iii) expiration of any applicable regulatory, pediatric, orphan drug or data exclusivity with respect to such Product (the "**Royalty Term**"). For clarity, BMS shall not owe royalties on Products sold in a country after expiration of the Royalty Term for such Product in such country. Upon the expiration of the Royalty Term with respect to a Product in a country, BMS shall have a fully-paid-up perpetual license under Section 7.1 for the making, using, selling, offering for sale and importing of such Product in such country. Notwithstanding the foregoing, if any BMS Patent Covers a Probody incorporating a Mask or Substrate that was modified pursuant to the Preclinical Plan or BMS' rights under Section 7.1(d), then, for the purpose of the last paragraph of Section 8.5(b) and the calculation of the Royalty Term under this Section 8.5(f), such BMS Patent will be deemed a Product Specific Patent.

(g) **Royalty Floor.** Notwithstanding the foregoing, in no event shall the royalties payable to CytomX during the Royalty Term be reduced to less than two percent (2.0%) by operation of clauses (b), (c) and (d) of this Section 8.5.

8.6 Offset for Payments to Existing Third Party Licensors. In the event that BMS pays or is required to pay any royalties, milestones or other payments to any Existing Third Party Licensor (a) with respect to any Compound or Product that CytomX would otherwise be required to pay under the corresponding Existing License Agreement, or (b) following the termination of the corresponding Existing License Agreement in connection with obtaining rights to CytomX Technology directly from the corresponding Existing Third Party Licensor that were sublicensed to BMS hereunder prior to such termination, then, notwithstanding anything in this Agreement to the contrary, BMS may deduct from any payment owed to CytomX hereunder, after all other applicable reductions, any such payment made by BMS to such Existing Third Party Licensor.

8.7 Royalty Payments and Reports. All amounts payable to CytomX pursuant to Section 8.5 shall be paid in Dollars within sixty (60) days after the end of the calendar quarter in which the applicable Net Sales were recorded. Each payment of royalties shall be accompanied by a royalty report providing a statement, on a Product-by-Product and country-by-country basis, of: (a) the amount of Net Sales of Products in the Territory during the applicable calendar quarter, (b) a calculation of the amount of royalty payment due in Dollars on such Net Sales for such calendar quarter, and (c) the amount of withholding taxes, if any, required by Applicable Law to be deducted with respect to such royalties.

8.8 Payment Method. All payments due under this Agreement to CytomX shall be made by bank wire transfer in immediately available funds to an account designated by CytomX. All payments hereunder shall be made in Dollars.

8.9 Taxes. CytomX will 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 with respect to any payments by BMS to CytomX under this Agreement, BMS will: (i) deduct those taxes from the remittable payment, (ii) pay the taxes to the proper taxing authority, and (iii) send evidence of the obligation together with proof of tax payment to CytomX on a timely basis following that tax payment. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid to CytomX. Each Party agrees to cooperate with the other Party in claiming refunds or exemptions from such deductions or withholdings under any relevant agreement or treaty which is in effect. The Parties shall discuss applicable mechanisms for minimizing such taxes to the extent possible in compliance with Applicable Law. In addition, the Parties shall cooperate in accordance with Applicable Law to minimize indirect taxes (such as value added tax, sales tax, consumption tax and other similar taxes) in connection with this Agreement.

8.10 Royalty on Sublicensee Sales. BMS shall have the responsibility to account for and report sales of any Product by a Sublicensee on the same basis as if such sales were Net Sales by BMS. BMS shall pay to CytomX such Sublicensee amounts when due under this Agreement.

8.11 Foreign Exchange. Conversion of sales recorded in local currencies to Dollars shall be performed in a manner consistent with BMS' normal practices used to prepare its audited financial statements for external reporting purposes.

8.12 Records. BMS shall keep, and shall cause its Affiliates and Sublicensees to keep, complete, true and accurate books of accounts and records sufficient to determine and establish the amounts payable incurred under this Agreement, and compliance with the other terms and conditions of this Agreement. Such books and records shall be kept reasonably accessible and shall be made available for inspection for a three (3) year period in accordance with Section 8.13 below.

8.13 Inspection of BMS Records. Upon reasonable prior notice, BMS shall permit an independent nationally recognized certified public accounting firm (subject to obligations of confidentiality to BMS), appointed by CytomX and reasonably acceptable to BMS, to inspect the audited financial records of BMS to the extent relating to payments to CytomX; *provided that* such inspection shall not occur more often than once per Calendar Year, unless a material error is discovered as part of such inspection in which case CytomX shall have the right to conduct a more thorough inspection for such period. If CytomX, after inspecting the audited financial records of BMS discovers material errors, then BMS shall permit an independent nationally recognized certified public accounting firm (subject to obligations of confidentiality to BMS), appointed by CytomX and reasonably acceptable to the BMS, to inspect the books and records described in Section 8.12; *provided* that such inspection shall not occur more often than once per Calendar

Year, unless a material error is discovered in such inspection in which case CytomX shall have the right to conduct an additional audit for such period. Any inspection conducted under this Section 8.13 shall be at the expense of CytomX, unless such inspection reveals any underpayment of the royalties due hereunder for the audited period by at least ten percent (10%), in which case the full costs of such inspection for such period shall be borne by BMS. Any underpayment shall be paid by BMS to CytomX within sixty (60) days with interest on the underpayment at the rate specified in Section 8.14 from the date such payment was originally due, and any overpayment shall be credited against future amounts due by BMS to CytomX.

8.14 Late Payments. Any payments or portions thereof due hereunder that are not paid on the date such payments are due under this Agreement shall bear interest at a rate equal to the lesser of: (a) one (1) percentage point above the prime rate as published by Citibank, N.A., New York, New York, or any successor thereto, at 12:01 a.m. on the first day of each calendar quarter in which such payments are overdue or (b) the maximum rate permitted by Applicable Law; in each case calculated on the number of days such payment is delinquent, compounded monthly.

8.15 Payments to or Reports by Affiliates. Any payment required under any provision of this Agreement to be made to either Party or any report required to be made by any Party shall be made to or by an Affiliate of that Party if designated in writing by that Party as the appropriate recipient or reporting entity.

9. PATENT PROSECUTION AND ENFORCEMENT

9.1 Ownership of Information and Inventions. Each Party will own all inventions (and Patents that claim such inventions) solely invented by or on behalf of it and/or its Affiliates and/or their respective employees, agents and independent contractors in the course of conducting its activities under this Agreement (collectively, "**Sole Inventions**"). All inventions invented jointly by employees, Affiliates, agents, or independent contractors of each Party in the course of conducting its activities under this Agreement (collectively, "**Joint Inventions**") and Joint Patents will be owned jointly by the Parties. Subject to a Party's obligations under applicable terms of this Agreement (e.g., licenses granted hereunder, confidentiality obligations, etc.) with respect to same, any Information generated during or resulting from a Party's activities under this Agreement may be used by such Party for any purpose. This Agreement will be understood to be a joint research agreement under 35 U.S.C. §103(c)(3) entered into for the purpose of researching, identifying and developing Compounds and Products under the terms set forth herein. Subject to the rights and licenses granted under this Agreement, it is understood that neither Party shall have any obligation to account to the other Party for profits, or to obtain any approval of the other Party to license, assign or otherwise exploit such Joint Inventions, by reason of joint ownership thereof, and each Party hereby waives any right it may have under the Applicable Law of any jurisdiction to require any such approval or accounting.

9.2 Prosecution of Product Specific Patents.

(a) BMS will have the first right, but not the obligation, to draft, file, prosecute and maintain (including any oppositions, interferences, reissue proceedings, reexaminations and post-grant proceedings) in all jurisdictions in the Territory the Product Specific Patents (such activities with respect to Patents being the "**Prosecution**", with the term "**Prosecute**" having the corresponding meaning). Such Prosecution of the Product Specific Patents shall be handled by outside counsel mutually agreed upon by the Parties that will jointly represent the Parties (the "**Patent Firm**"). Subject to Section 9.2(b) and (c), BMS shall bear one hundred percent (100%) of the Patent Prosecution Costs for the Product Specific Patents, and shall have lead responsibility and decision-making control for such Prosecution of the Product Specific Patents. For clarity, each Party will bear its own internal costs (i.e., those costs that are not Patent Prosecution Costs) with respect to its Prosecution activities for the Product Specific Patents.

(b) The Parties will cooperate in the Prosecution of the Product Specific Patents in all respects. BMS will keep CytomX fully informed of the Prosecution of the Product Specific Patents. CytomX will provide BMS all reasonable assistance and cooperation in its Prosecution efforts with respect to the Product Specific Patents, including providing any necessary powers of attorney and executing any other required documents or instruments for such Prosecution, as necessary to Prosecute the Product Specific Patents. BMS will provide CytomX with copies of any documents it receives or prepares in connection with such Prosecution, to enable CytomX to comment on it, and BMS will reasonably incorporate any of CytomX's comments in its BMS's filings or responses.

(c) In the event that BMS elects not to Prosecute in any country any Patent within the Product Specific Patents, BMS will give CytomX at least thirty (30) days' notice before any relevant deadline and provide to CytomX information it reasonably requests relating to the Product Specific Patent. CytomX will then have the right to assume responsibility, using patent counsel of its choice, for the Prosecution of such Product Specific Patent. If CytomX assumes responsibility for the Prosecution for any such Product Specific Patents as set forth above, then the Patent Prosecution Costs incurred by CytomX in the course of such Prosecution will thereafter be borne by CytomX, and such Product Specific Patent shall thereafter be deemed to be an Other CytomX Patent and BMS' license rights with respect to such Product Specific Patent (and any continuation or divisional thereof) under Section 7.1 shall become nonexclusive. The Parties will cooperate in such Prosecution in all respects. Each Party will provide the other Party all reasonable assistance and cooperation in such Prosecution efforts, including providing any necessary powers of attorney and executing any other required documents or instruments for such Prosecution. Each Party will provide the other Party with copies of any documents it receives or prepares in connection with such Prosecution and will inform the other Party of the progress of it. Before filing in connection with such Prosecution any document with a patent office, each Party will provide a copy of the document to the other Party sufficiently in advance to enable the other Party to comment on it, and the first Party will give due consideration to such comments.

(d) **Patent Term Extensions.** The Parties will confer regarding the desirability of seeking in any country any patent term extension, supplemental patent protection or related extension of rights with respect to the Product Specific Patents. BMS shall have the sole right, but not the obligation, to apply for any such extension or protection. Neither Party will proceed with such an extension until the Parties have consulted with one another and agreed to a strategy therefor, *provided* that in the case where the Parties are unable to reach consensus, BMS will have the final decision-making authority with respect to such decision; *provided further* that such decision will be made in accordance with Applicable Law so as to maximize marketing exclusivity for the Product in the Field. Without limiting the foregoing, CytomX covenants that it will not seek patent term extensions, supplemental protection certificates, or similar rights or extensions for the Product Specific Patents without the prior written consent of BMS, not to be unreasonably withheld. Each Party will cooperate fully with and provide all reasonable assistance to the other Party and use all commercially reasonable efforts consistent with its obligations under Applicable Law (including any applicable consent order or decree) in connection with obtaining any such extensions for the Product Specific Patents consistent with such strategy. To the extent reasonably and legally required in order to obtain any such extension in a particular country, each Party will make available to the other a copy of the necessary documentation to enable such other Party to use the same for the purpose of obtaining the extension in such country. If BMS seeks a patent term extension, supplemental patent protection or related extension of rights with respect to any BMS Patent covering a Product, then for the purpose of calculating the Royalty Term, the last-to-expire Patent among the CytomX Patent Rights or Product Specific Patent will be deemed to be extended by the same amount of time as the BMS Patent.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

9.3 Data Exclusivity. As applicable, BMS will have the sole right and authority for securing, maintaining and enforcing exclusivity rights that may be available under Applicable Law in a country for a Product, such as any data, market, pediatric, orphan drug or other regulatory exclusivity periods. CytomX will cooperate fully with and provide all reasonable assistance to BMS and use all commercially reasonable efforts consistent with its obligations under Applicable Law (including any applicable consent order or decree) to seek, maintain and enforce all data exclusivity periods available for the Products.

9.4 Prosecution of Other Patents

(a) **Joint Patents That Are Not CytomX Patent Rights or Product Specific Patents.** This Section 9.4(a) will apply only to Joint Patents that are not CytomX Patent Rights or Product Specific Patents. BMS will have the first right, but not the obligation, to Prosecute in all jurisdictions all Joint Patents that are not CytomX Patent Rights or Product Specific Patents. If BMS determines in its sole discretion to abandon, cease prosecution of or otherwise not file or maintain any such Joint Patent in any jurisdiction, then BMS will provide CytomX written notice of such determination at least thirty (30) days before any deadline for taking action to avoid abandonment (or other loss of rights) and will provide CytomX with the opportunity to prepare, file, prosecute and maintain such Joint Patent in such jurisdiction. The Party that is responsible for Prosecuting a particular Joint Patent (the "**Prosecuting Party**") will provide the other Party reasonable opportunity to review and comment on such prosecution efforts regarding such Joint Patent, and such other Party will provide the Prosecuting Party reasonable assistance in such efforts. The Prosecuting Party will provide the other Party with a copy of all material communications from any patent authority in the applicable jurisdictions regarding such Joint Patent being prosecuted by such Party, and will provide the other Party drafts of any material filings or responses to be made to such patent authorities a reasonable amount of time in advance of submitting such filings or responses so that such other Party may have an opportunity to review and comment thereon. In particular, each Party agrees to provide the other Party with all information necessary or desirable to enable the other Party to comply with the duty of candor/duty of disclosure requirements of any patent authority. Unless the Parties agree otherwise, each Party will bear its own internal costs and the Patent Prosecution Costs that it incurs with respect to the Prosecution of such Joint Patents that are not CytomX Patent Rights or Product Specific Patents.

(b) **BMS Patents.** BMS will have the sole right and authority with respect to BMS Patents in any jurisdiction, including Prosecution and enforcement. BMS will be responsible for all costs incurred by it (including all Patent Prosecution Costs) in the course of Prosecuting and enforcing such BMS Patents.

(c) **CytomX Patent Rights.** As between the Parties, CytomX will have the sole right and authority, but not the obligation, to Prosecute in all jurisdictions all CytomX Patent Rights other than the Product Specific Patents ("**Other Cytomx Patents**"). CytomX will be responsible for all costs incurred by it (including all Patent Prosecution Costs) in the course of Prosecuting and enforcing such CytomX Patent Rights.

(d) **Tools Patents.** As between the Parties, CytomX will have the sole right and authority with respect to Patents among the Tools in any jurisdiction, including Prosecution and enforcement. CytomX will be responsible for all costs incurred by it (including all Patent Prosecution Costs) in the course of Prosecuting and enforcing such Tool Patents.

9.5 Infringement of Product Specific Patents and CytomX Patent Rights by Third Parties.

(a) Notification. The Parties will promptly notify each other of any actual, threatened, alleged or suspected infringement by a Third Party (an "**Infringement**") of the Product Specific Patents or CytomX Patent Rights with respect to any Third Party products or compounds that are Probodies targeting a Collaboration Target in the Territory. A notice under 42 U.S.C. 262(l) (however such section may be amended from time to time during the Term) with respect to a Product will be deemed to describe an act of Infringement, regardless of its content. As permitted by Applicable Law, each Party will promptly notify the other Party in writing of any such Infringement of which it becomes aware, and will provide evidence in such Party's possession demonstrating such Infringement. In particular, each Party will notify and provide the other Party with copies of any allegations of patent invalidity, unenforceability or non-infringement of any Product Specific Patents or CytomX Patent Rights Covering a Compound or Product (including methods of use or manufacture thereof). Such notification and copies will be provided by the Party receiving such certification to the other Party as soon as practicable and, unless prohibited by Applicable Law, at least within five (5) days after the receiving Party receives such certification. Such notification and copies will be sent by facsimile and overnight courier to BMS at the address set forth below, and to CytomX at the address specified in Section 17.6.

Bristol-Myers Squibb Company
P.O. Box 4000
Route 206 & Province Line Road
Princeton, New Jersey 08543-4000
Attention: Vice President and Chief Intellectual Property Counsel
Telephone: [***]
Facsimile: [***]

(b) Enforcement of Product Specific Patents. BMS will have the first right, but not the obligation, to bring and control, at its expense, an appropriate suit or other action before any government or private tribunal against any person or entity allegedly engaged in any Infringement (an "**Infringement Action**") of any Product Specific Patent to remedy the Infringement (or to settle or otherwise secure the abatement of such Infringement) with respect to any Third Party products or compounds that are Probodies targeting a Collaboration Target in the territory. The foregoing right of BMS shall include the right to perform all actions of a reference product sponsor set forth in 42 USC 262(l). CytomX will have the right, at its own expense and by counsel of its choice, to be represented in any Infringement Action with respect to a Product Specific Patent ("**Product Specific Infringement Action**"). At BMS' request, CytomX will join any Product Specific Infringement Action as a party and will use commercially reasonable efforts to cause any applicable Existing Third Party Licensor to join such Product Specific Infringement Action as a party (all at BMS' expense) if doing so is necessary for the purposes of establishing standing or is otherwise required by Applicable Law to pursue such action. BMS will have a period of one hundred and eighty (180) days after its receipt or delivery of notice and evidence pursuant to Section 9.5(a) to elect to so enforce such Product Specific Patents in the applicable jurisdiction (or to settle or otherwise secure the abatement of such Infringement), *provided*, *however*, that such period will be more than one hundred and eighty (180) days to the extent Applicable Law prevents earlier enforcement of such Product Specific Patents (such as the enforcement process set forth in 42 USC 262(l)) and such period will be less than one hundred and eighty (180) days to the extent that a delay in bringing an action to enforce the applicable Product Specific Patents against such alleged Third Party infringer would limit or compromise the remedies (including monetary and injunctive relief) available against such alleged Third Party infringer. In the event BMS does not so elect (or settle or otherwise secure the abatement of such Infringement) within the aforementioned period of time or

twenty (20) days before the time limit, if any, for the filing of a Product Specific Infringement Action, whichever is sooner, it will so notify CytomX in writing and in the case where CytomX then desires to commence a suit or take action to enforce the applicable Product Specific Patents with respect to such Infringement in the applicable jurisdiction, the Parties will confer and upon BMS' prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), CytomX will have the right to commence such a suit or take such action to enforce the applicable Product Specific Patents, at CytomX's expense. Each Party will provide to the Party enforcing any such rights under this Section 9.5(b) reasonable assistance in such enforcement, at such enforcing Party's request and expense, including joining such action as a party plaintiff if required by Applicable Law to pursue such action. The enforcing Party will keep the other Party regularly informed of the status and progress of such enforcement efforts, and will reasonably consider the other Party's comments on any such efforts.

(c) Settlement. Without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed), neither Party will settle any Product Specific Infringement Action in any manner that would adversely affect a Product Specific Patent or that would limit or restrict the ability of BMS (or its Affiliates or Sublicensees, as applicable) to sell Products anywhere in the Territory.

(d) Expenses and Recoveries. A Party bringing a Product Specific Infringement Action under this Section 9.5 against any Third Party engaged in Infringement of the Product Specific Patents will be solely responsible for any expenses incurred by such Party as a result of such Product Specific Infringement Action. If such Party recovers monetary damages from such Third Party in such Product Specific Infringement Action, such recovery will first be applied to all out-of-pocket costs and expenses incurred by the Parties in connection therewith, including attorneys' fees. If such recovery is insufficient to cover all such costs and expenses of both Parties, it will be shared pro-rata in proportion to the relative amount of such costs and expenses incurred by each Party. If after such reimbursement any funds remain from such damages, such funds will be shared as follows: (i) if BMS is the Party bringing such Product Specific Infringement Action, such remaining funds will be retained by BMS and treated as Net Sales of Product, and (iii) if CytomX is the Party bringing such Product Specific Infringement Action, such remaining funds will be retained as ninety percent (90%) by CytomX and ten percent (10%) by BMS.

9.6 Enforcement of Joint Patents That Are Not CytomX Patent Rights or Product Specific Patents.

(a) BMS will have the right, but not the obligation, to bring at its expense an appropriate suit or other action against any Third Party allegedly engaged in any Infringement of Joint Patents that are not CytomX Patent Rights or Product Specific Patents. BMS will have a period of one hundred eighty (180) days after its receipt or delivery of notice of such Infringement to elect to so enforce such Joint Patent (or to settle or otherwise secure the abatement of such Infringement), *provided*, *however*, that such period will be more than one hundred and eighty (180) days to the extent Applicable Law prevents earlier enforcement of such Joint Patents (such as the enforcement process set forth in 42 USC 262(l)) and such period will be less than one hundred eighty (180) days to the extent that a delay in bringing an action to enforce the applicable Joint Patents against such alleged Third Party infringer would limit or compromise the remedies (including monetary and injunctive relief) available against such alleged Third Party infringer. In the event BMS does not so elect (or settle or otherwise secure the abatement of such Infringement), it will so notify CytomX in writing and in the case where CytomX then desires to commence a suit or take action to enforce the applicable Joint Patents with respect to such infringement, the Parties will confer and CytomX will have the right to commence such a suit or take such action to enforce the applicable Joint Patents, at CytomX's expense, subject to BMS' prior written consent, not to be unreasonably withheld, conditioned or delayed.

Each Party will provide to the Party enforcing any such rights under this Section 9.6(a) reasonable assistance in such enforcement, at such enforcing Party's request and expense, including joining such action as a party plaintiff if required by Applicable Law to pursue such action. The enforcing Party will keep the other Party regularly informed of the status and progress of such enforcement efforts, and will reasonably consider the other Party's comments on any such efforts.

(b) Without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed), neither Party will settle any claim, suit or action that it may bring with respect to a Joint Patent that is not a CytomX Patent Right or Product Specific Patent.

(c) A Party bringing a claim, suit or action under Section 9.6(a) against any Third Party engaged in Infringement of any Joint Patent that is not a CytomX Patent Right or Product Specific Patent will be solely responsible for any expenses incurred by such Party as a result of such claim, suit or action. If such Party recovers monetary damages from such Third Party in such suit or action, such recovery will first be applied to all out-of-pocket costs and expenses incurred by the Parties in connection therewith, including attorneys' fees. If such recovery is insufficient to cover all such costs and expenses of both Parties, it will be shared pro-rata in proportion to the relative amount of such costs and expenses incurred by each Party. If after such reimbursement any funds remain from such damages, such funds will be shared as follows: (i) if BMS is the Party bringing such suit, such remaining funds will be retained by BMS and treated as Net Sales of Product, and (iii) if CytomX is the Party bringing such Infringement Action, such remaining funds will be retained as ninety percent (90%) by CytomX and ten percent (10%) by BMS.

9.7 Enforcement of Joint Patents that are CytomX Patent Rights.

(a) CytomX will have the sole right, but not the obligation, to bring at its expense an appropriate suit or other action against any Third Party allegedly engaged in any Infringement of Joint Patents that are CytomX Patent Rights. CytomX will have the sole discretion after its receipt or delivery of notice of such Infringement to elect to so enforce such CytomX Patent Rights (or to settle or otherwise secure the abatement of such Infringement). In the event CytomX does not so elect (or settle or otherwise secure the abatement of such Infringement), it will so notify BMS in writing and in the case where BMS then desires to commence a suit or take action to enforce the applicable Other Cytomx Patents with respect to such Infringement, the Parties will confer, but CytomX will have no obligation to enforce such CytomX Patent Rights. BMS will provide to CytomX reasonable assistance in such enforcement, at such enforcing Party's request and expense, including joining such action as a party plaintiff if required by Applicable Law to pursue such action. The enforcing Party will keep the other Party regularly informed of the status and progress of such enforcement efforts, and will reasonably consider the other Party's comments on any such efforts.

(b) Without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed), CytomX will not settle any Infringement Action related to Joint Patent that are CytomX Patent Rights in any manner that would limit or restrict the ability of BMS (or its Affiliates or Sublicensees, as applicable) to sell Products anywhere in the Territory.

(c) Except as expressly set forth herein, CytomX retains all rights to enforce and settle claims with respect to any Infringement of a CytomX Patent Right.

9.8 A Party bringing a claim, suit or action under Section 9.7(a) against any Third Party engaged in Infringement of any Other CytomX Patent will be solely responsible for any expenses incurred by such

Party as a result of such claim, suit or action. If such Party recovers monetary damages from such Third Party in such suit or action, such recovery will first be applied to all out-of-pocket costs and expenses incurred by the Parties in connection therewith, including attorneys' fees. If such recovery is insufficient to cover all such costs and expenses of both Parties, it will be shared pro-rata in proportion to the relative amount of such costs and expenses incurred by each Party. If after such reimbursement any funds remain from such damages, such funds will be shared as follows: (i) if BMS is the Party bringing such suit, such remaining funds will be retained by BMS and treated as Net Sales of Product and (ii) if CytomX is the Party bringing such Infringement Action, such remaining funds will be retained as ninety percent (90%) by CytomX and ten percent (10%) by BMS.

9.9 Third Party Rights.

(a) The Parties will promptly notify each other of any written allegation that any activity pursuant to this Agreement infringes the Patent rights of any Third Party. In addition, the Parties will notify each other if either Party desires to obtain a license or otherwise pursue a defense or settlement with respect to any Third Party Patent that may be considered to Cover Products or Compounds or their use.

(b) Subject to Section 9.9(c), (d) and (e), with respect to any Third Party Patent under Section 9.9(a), BMS will have the first right to seek a license, at its expense, with respect to such Third Party Patent that specifically Covers the composition, formulation, method of use of any Compound and/or Product (to the extent such Patent Covers the foregoing and is not more generally applicable to Probodies other than Compounds and/or Products). Subject to Section 9.9(c), (d) and (e), in all other cases with respect to any Third Party Patent under Section 9.9(a), CytomX shall have the first right to control, at its expense, obtaining a license with respect to such Third Party Patent, and to negotiate the terms and conditions of, to enter into and make all the payments due pursuant to a license agreement with respect to such Third Party Patent (with the Third Party Patent rights required by BMS with respect to Compounds and Products being included in the CytomX Patent Rights and sublicensed by CytomX to BMS under Section 7.1) (such license agreement between CytomX and such Third Party being a "**Necessary License Agreement**"). In the event that CytomX elects to obtain such a Necessary License Agreement, CytomX will use Diligent Efforts to enter into such Necessary License Agreement. In the case that CytomX has not entered into such Necessary License Agreement for any reason within a reasonable period of time (but in any event no longer than six (6) months) after the Parties have mutually agreed that CytomX will seek the Necessary License Agreement, BMS shall then have the right to proceed, at its expense, with such license with respect to such Third Party Patent as it decides in its sole discretion, subject to Section 9.9(c), (d) and (e).

(c) Notwithstanding the foregoing, in the case a claim of infringement of a Patent is brought against a Party in a suit or other action or proceeding with respect to any Third Party Patent under Section 9.9(a), such Party will have the right, at its own expense and by counsel of its own choice, to prosecute and defend any such claim in such suit or other action or proceeding. If both Parties are named, the Parties shall meet and determine who is best situated to lead any such suit or other action or proceeding.

(d) Without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed), neither Party will settle any claim under this Section 9.9 in any manner that would have an adverse effect on the other Party.

(e) The Parties will cooperate in all respects with one another in prosecuting or defending any action pursuant to this Section 9.9.

9.10 Reexaminations, Oppositions and Related Actions.

(a) The Parties will promptly notify each other in the event that any Third Party files, or threatens to file, any paper in a court, patent office or other government entity, seeking to invalidate, reexamine, oppose or compel the licensing of any CytomX Patent Right or Product Specific Patent (any such Third Party action being a "**Patent Challenge**").

(b) BMS will have the first right to bring and control, at its expense, any effort in defense of such a Patent Challenge against a Product Specific Patent, except in the case where such Patent Challenge is made in connection with an Infringement Action in which case the enforcing Party in the Infringement Action will have the first right to bring and control the defense of such Patent Challenge and such Patent Challenge will be considered part of the Infringement Action under this Article 9. In the case where BMS controls the defense of such Patent Challenge, CytomX will have the right, at its own expense and by counsel of its choice, to be represented in any such effort. If BMS fails to take action to defend such Patent Challenge within thirty (30) days of the time limit for bringing such defense (or within such shorter period to the extent that a delay in bringing such defense would limit or compromise the outcome of such defense of such Patent Challenge), then CytomX will have the right, but not the obligation, to bring and control any effort in defense of such Patent Challenge at its own expense.

(c) CytomX will have the first right to bring and control, at its expense, any effort in defense of such a Patent Challenge related to any Other CytomX Patent, except in the case where such Patent Challenge is made in connection with an Infringement Action in which case the enforcing Party in the Infringement Action will have the first right to bring and control the defense of such Patent Challenge and such Patent Challenge will be considered part of the Infringement Action under this Article 9. In the case where CytomX controls the defense of such Patent Challenge, BMS will have the right, at its own expense and by counsel of its choice, to be represented in any such effort. If CytomX fails to take action to defend such Patent Challenge within thirty (30) days of the time limit for bringing such defense (or within such shorter period to the extent that a delay in bringing such defense would limit or compromise the outcome of such defense of such Patent Challenge), then BMS will have the right, but not the obligation, to bring and control any effort in defense of such Patent Challenge at its own expense.

9.11 Disclosure of Inventions. Each Party will promptly disclose to the other Party all invention disclosures submitted to such Party by its or its Affiliates' employees describing Joint Inventions and Sole Inventions. Each Party will also respond promptly to reasonable requests from the other Party for more Information relating to such inventions.

9.12 Patent Contacts. Each Party will designate patent counsel representatives who will be responsible for coordinating the activities between the Parties in accordance with this Article 9 (each a "**Patent Contact**"). Each Party will designate its initial Patent Contact within thirty (30) days following the Effective Date and will promptly thereafter notify the other Party of such designation. If at any time a vacancy occurs for any reason, the Party that appointed the prior incumbent will as soon as reasonably practicable appoint a successor. Each Party will promptly notify the other Party of any substitution of another person as its Patent Contact. The Patent Contacts will, from time to time, coordinate the respective patent strategies of the Parties relating to this Agreement. In particular the Patent Contacts will review and update the list of CytomX Patent Rights and Product Specific Patents from time to time to ensure that all Products being Developed or Commercialized are covered.

9.13 Personnel Obligations. Prior to receiving any Confidential Information or beginning work under this Agreement relating to any research, Development or Commercialization of a Compound or a Product, each employee, agent or independent contractor of BMS or CytomX or of either Party's respective Affiliates will be bound in writing by non-disclosure and invention assignment obligations which are consistent with the obligations of BMS or CytomX under this Agreement (*provided* that where necessary in the case of a Third Party (i) such Third Party shall agree to grant BMS or CytomX, as the case may be, an exclusive license with the right to grant sublicenses with respect to resulting inventions and Patents and (ii) the period of time with respect to non-disclosure obligations may be shorter, but in no event less than seven (7) years from the effective date of the written obligation).

9.14 Further Action. Each Party will, upon the reasonable request of the other Party, provide such assistance and execute such documents as are reasonably necessary for such Party to exercise its rights and perform its obligations pursuant to this Article 9; *provided*, *however*, that neither Party will be required to take any action pursuant to Article 9 that such Party reasonably determines in its sole judgment and discretion conflicts with or violates any applicable court or government order or decree or Applicable Law.

10. TRADEMARKS

10.1 Product Trademarks. BMS shall be solely responsible for the selection (including the creation, searching and clearing), registration, maintenance, policing and enforcement of all trademarks developed for use in connection with the marketing, sale or distribution of Products in the Field in the Territory (the "**Product Marks**"). BMS shall own all Product Marks, and all trademark registrations for said marks.

10.2 Use of Name. Neither Party shall, without the other Party's prior written consent, use any trademarks or other marks of the other Party (including the other Party's corporate name), trademarks, advertising taglines or slogans confusingly similar thereto, in connection with such Party's marketing or promotion of Products under this Agreement or for any other purpose, except as may be expressly authorized in writing in connection with activities under this Agreement and except to the extent required to comply with Applicable Law.

10.3 Further Actions. Each Party shall, upon the reasonable request of the other Party, provide such assistance and execute such documents as are reasonably necessary for such Party to exercise its rights and/or perform its obligations pursuant to this Article 10; *provided*, *however*, that neither Party shall be required to take any action pursuant to Article 10 that such Party reasonably determines in its sole judgment and discretion conflicts with or violates any applicable court or government order or decree or Applicable Law.

11. EXCLUSIVITY

11.1 Exclusivity. CytomX agrees that it will not work independently of this Agreement during the Term for itself or any Third Party (including the grant of any license or option to any Third Party) or enable a Third Party with respect to discovery, research, development and/or commercialization activities with respect to (i) Compound(s) and/or Product(s) in the Territory and/or (ii) any Collaboration Target (including any discovery, research, development and/or commercialization activities with respect to any Probody that selectively binds to any Collaboration Target, whether or not it also selectively binds another Target).

12. CONFIDENTIALITY

12.1 Confidentiality. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the Parties, each Party (the "**Receiving Party**") agrees that, for the Term and for five (5) years thereafter, it shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement (which includes the exercise of any rights or the performance of any obligations hereunder) any Confidential Information furnished to it by the other Party (the "**Disclosing Party**") pursuant to this Agreement except for that portion of such Information that the Receiving Party can demonstrate by competent written proof:

(a) was already known to the Receiving Party or any of its Affiliates, other than under an obligation of confidentiality to the Disclosing Party, at the time of disclosure by the other Party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party;

(c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the Receiving Party in breach of this Agreement;

(d) is subsequently disclosed to the Receiving Party or any of its Affiliates by a Third Party without obligations of confidentiality to the Disclosing Party with respect thereto; or

(e) is subsequently independently discovered or developed by the Receiving Party or its Affiliate without the aid, application, or use of Confidential Information of the Disclosing Party, as demonstrated by documented evidence prepared contemporaneously with such independent development.

All Information generated by either Party in the Development of a Compound or Product after the Effective Date or licensed to BMS hereunder shall be treated as the Confidential Information of BMS.

12.2 Authorized Disclosure. Each Party may disclose Confidential Information belonging to the other Party to the extent such disclosure is reasonably necessary in the following situations:

(a) filing or prosecuting Patents in accordance with Article 9;

(b) subject to Section 12.3, regulatory filings and other filings with Governmental Authorities (including Regulatory Authorities), including filings with the FDA, as necessary for the Development or Commercialization of a Product, as required in connection with any filing, application or request for Regulatory Approval; *provided*, *however*, that reasonable measures will be taken to assure confidential treatment of such information;

(c) prosecuting or defending litigation;

(d) complying with Applicable Law, including regulations promulgated by securities exchanges;

(e) subject to Section 12.3, complying with Applicable Law, including regulations promulgated by securities exchanges;

(f) disclosure to its Affiliates, employees, agents, independent contractors, licensors and any Sublicensees of the CytomX Technology or Product Specific Patents only on a need-to-know basis

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

and solely in connection with the performance of this Agreement, *provided* that each disclosee must be bound by obligations of confidentiality and non-use at least as equivalent in scope as and no less restrictive than those set forth in this Article 12 prior to any such disclosure, *provided further* that the term of such disclosee's obligations regarding confidentiality and non-use may be limited to seven (7) years after the date of disclosure to the disclosee, and *yet further provided* that disclosures of Joint Inventions by either Party do not require such restrictions;

(g) disclosure of this Agreement (including its material terms) to any bona fide potential or actual investor, stockholder, investment banker, acquirer, merger partner or other potential or actual financial partner, and others on a reasonable need-to-know basis; *provided* that each disclosee must be bound by obligations of confidentiality and non-use at least as equivalent in scope as and no less restrictive than those set forth in this Article 12 prior to any such disclosure;

(h) disclosure of the stage of Development of Products under this Agreement to any bona fide potential or actual investor, stockholder, investment banker, acquirer, merger partner or other potential or actual financial partner; *provided* that each disclosee must be bound by obligations of confidentiality and non-use at least as equivalent in scope as and no less restrictive than those set forth in this Article 12 prior to any such disclosure;

(i) disclosure of certain blinded data generated under this Agreement to any bona fide potential or actual investor, stockholder, investment banker, acquirer, merger partner or other potential or actual financial partner; *provided* that (A) each disclosee must be bound by obligations of confidentiality and non-use at least as equivalent in scope as and no less restrictive than those set forth in this Article 12 prior to any such disclosure and (B) any such disclosure by CytomX shall be subject to BMS' prior written approval, such approval not to be unreasonably withheld, conditioned or delayed; and

(j) disclosure pursuant to Section 12.5.

Notwithstanding the foregoing, in the event a Party is required to make a disclosure of the other Party's Confidential Information pursuant to Sections 12.2(a), 12.2(c) or 12.2(d), it will, except where impracticable, give reasonable advance notice to the other Party of such disclosure and use reasonable efforts to secure confidential treatment of such information. In any event, the Parties agree to take all reasonable action to avoid disclosure of Confidential Information hereunder, except as permitted in this Section 12.2.

Nothing in Sections 12.1 or 12.2 shall limit either Party in any way from disclosing to any Third Party such Party's U.S. or foreign income tax treatment and the U.S. or foreign income tax structure of the transactions relating to such Party that are based on or derived from this Agreement, as well as all materials of any kind (including opinions or other tax analyses) relating to such tax treatment or tax structure, except to the extent that nondisclosure of such matters is reasonably necessary in order to comply with applicable securities laws.

12.3 Publicity; Terms of Agreement.

(a) The Parties agree that the material terms of this Agreement are the Confidential Information of both Parties, subject to the special authorized disclosure provisions set forth in Section 12.2 and this Section 12.3. Except as set forth in Section 12.3(b) and 12.3(c), each Party agrees not to issue any press release or other public announcement disclosing the terms of this Agreement or the transaction contemplated hereby without the prior written consent of the other Party. Notwithstanding the foregoing, the

Parties agree upon a mutual press release to announce the execution of this Agreement, which is attached hereto as **Exhibit H**; thereafter, CytomX and BMS may each disclose to Third Parties the information contained in such press release without the need for further approval by the other Party.

(b) In the case of a press release or governmental filing concerning the terms of this Agreement or the transaction contemplated hereby required by Applicable Law (where reasonably advised by the disclosing Party's counsel), the disclosing Party shall give prior advance notice (to the extent it reasonably can) of the proposed text of such release or filing to the other Party for its prior review but shall not be required to obtain approval therefor.

(c) The Parties acknowledge that either or both Parties may be obligated to file under Applicable Law a copy of this Agreement with the SEC or other Government Authorities. Each Party shall be entitled to make such a required filing, *provided* that it requests confidential treatment of at least the financial terms and sensitive technical terms hereof and thereof to the extent such confidential treatment is reasonably available to such Party. In the event of any such filing, each Party will provide the other Party with a copy of this Agreement marked to show provisions for which such Party intends to seek confidential treatment not less than five (5) Business Days prior to such filing (and any revisions to such portions of the proposed filing a reasonable time prior to the filing thereof), and shall reasonably consider the other Party's comments thereon to the extent consistent with the legal requirements, with respect to the filing Party, governing disclosure of material agreements and material information that must be publicly filed, and shall only disclose Confidential Information which it is advised by counsel or the applicable Governmental Authority is legally required to be disclosed. No such notice shall be required under this Section 12.3(c) if the substance of the description of or reference to this Agreement contained in the proposed filing has been included in any previous filing made by either Party hereunder or otherwise approved by the other Party.

(d) Each Party shall require each of its Affiliates and private investors to which Confidential Information of the other Party is disclosed as permitted hereunder to comply with the covenants and restrictions set forth in Sections 12.1 through Section 12.3 as if each such Affiliate and each such investor were a Party to this Agreement and shall be fully responsible for any breach of such covenants and restrictions by any such Affiliate or investor.

12.4 Publications. Neither Party shall publicly present or publish results of studies carried out under this Agreement (each such presentation or publication a "**Publication**") without the opportunity for prior review by the other Party, except to the extent otherwise required by Applicable Law, in which case Section 12.3 shall apply with respect to disclosures required by the SEC and/or for regulatory filings. The submitting Party shall provide the other Party the opportunity to review any proposed Publication at least thirty (30) days prior to the earlier of its presentation or intended submission for publication. The submitting Party agrees, upon request by the other Party, not to submit or present any Publication until the other Party has had thirty (30) days to comment on any material in such Publication. The submitting Party shall consider the comments of the other Party in good faith, but will retain the sole authority to submit the manuscript for Publication; *provided* that the submitting Party agrees to delay such Publication as necessary to enable the Parties to file a Patent if such Publication might adversely affect such Patent. The submitting Party shall provide the other Party a copy of the Publication at the time of the submission or presentation. Notwithstanding the foregoing, BMS shall not have the right to publish or present CytomX's Confidential Information without CytomX's prior written consent, and CytomX shall not have the right to publish or present BMS' Confidential Information without BMS' prior written consent. Each Party agrees to acknowledge the contributions of the other Party, and the employees of the other Party, in all publications as scientifically appropriate. This Section 12.4 shall not limit and shall be subject to Section 12.5.

Nothing contained in this Section 12.4 shall prohibit the inclusion of information in a patent application claiming, and in furtherance of, the manufacture, use, sale or formulation of a Compound, *provided* that the non-filing Party is given a reasonable opportunity to review, comment upon and/or approve the information to be included prior to submission of such patent application, where and to the extent required by Article 9 hereof. Notwithstanding the foregoing, the Parties recognize that independent investigators have been engaged, and will be engaged in the future, to conduct Clinical Trials of Compounds and Products. The Parties recognize that such investigators operate in an academic environment and may release information regarding such studies in a manner consistent with academic standards; *provided* that each Party will use reasonable efforts to prevent publication prior to the filing of relevant patent applications and to ensure that no Confidential Information of either Party is disclosed.

12.5 Publication and Listing of Clinical Trials and Compliance with other Policies, Orders and Agreements. The Parties agree to comply, with respect to the Compounds and Products, with (a) the Pharmaceutical Research and Manufacturers of America (PhRMA) Guidelines on the listing of Clinical Trials and the Publication of Clinical Trial results, (b) any applicable court order, stipulations, consent agreements and settlements entered into by a party, and (c) BMS' Research and Development policy concerning Clinical Trials Registration and Disclosure of Results as amended from time to time and other BMS policies or other policies adopted by it for the majority of its other pharmaceutical products with regard to the same (to the extent the same either are not in direct conflict with the documents referred to in clauses (a) and (c) above and, in the case of CytomX, to the extent such policies are provided by BMS to CytomX in writing prior to requiring their implementation under this Agreement).

12.6 Effect of Change of Control of CytomX. In the event that CytomX is acquired in a Change of Control Transaction by a Third Party (an Acquirer as defined below), then:

(a) the intellectual property of such Acquirer held or developed by such Acquirer prior to such acquisition ("Acquirer Technology") shall be excluded from the CytomX Technology and Product Specific Patents;

(b) intellectual property that, following such Change of Control Transaction, is developed, made or otherwise acquired or controlled by the Acquirer without material use of proprietary CytomX Know-How or BMS's Confidential Information (such proprietary know-how or BMS's Confidential Information, the "Segregated Technology") shall not be included within the CytomX Technology or Product Specific Patents. CytomX shall take reasonable steps to limit data access and sharing between CytomX personnel working on the Preclinical Development Program or having access to data from the Preclinical Development Program or any BMS Confidential Information and CytomX personnel working on Segregated Technology.

(c) Notwithstanding the foregoing, if rights to Segregated Technology were granted to the Acquirer prior to the Change of Control, then the use of such Segregated Technology in accordance with such grant (and consistent with the exclusive licenses granted under this Agreement) shall not be deemed use of Segregated Technology for purposes of this Section 12.6 but shall be deemed Acquirer Technology;

(d) such Acquirer (and Affiliates of such Acquirer which are not controlled by (as defined under the Affiliate definition in Article 1) CytomX itself) shall be excluded from the Affiliate definition solely for purposes of the applicable components of the CytomX Technology or Product Specific Patents. For clarity, the Acquirer has sole discretion as to whether it will contribute its intellectual property or know-how to CytomX's activities and CytomX Technology or Product Specific Patents under this Agreement;

(e) As used herein, “Acquirer” means the Third Party involved in the Change of Control Transaction, and any Affiliate of such Third Party that was not an Affiliate of the Acquired Party immediately prior to the Change of Control; and “Acquired Party” means the Party that was the subject of such Change of Control, together with any entity that was its Affiliate immediately prior to the Change of Control.

(f) The provisions of Section 11.1 shall not apply to any Acquirer Technology or Segregated Technology or to any products developed without material use of Segregated Technology.

12.7 Termination of Prior CDA. This Agreement terminates, as of the Execution Date, the Prior CDA. All Information exchanged between the Parties under the Prior CDA shall be deemed Confidential Information of the corresponding Party under this Agreement and shall be subject to the terms of this Article 12.

13. TERM AND TERMINATION

13.1 Term. This Agreement shall become effective on the Effective Date and, unless earlier terminated pursuant to this Article 13, shall continue, on a Product-by-Product and country-by-country basis until such time as neither Party has any obligation to the other under this Agreement in such country with respect to such Product (the “**Term**”).

13.2 Termination by BMS at Will.

(a) **Termination by BMS at Will.** BMS may terminate this Agreement as a whole, or on a country-by-country basis, at any time after the second anniversary of the Effective Date or, at any time after the Effective Date, on a Collaboration Target-by-Collaboration Target basis, effective upon two (2) months prior written notice to CytomX in the case where Regulatory Approval has not been obtained for any applicable Product to such Collaboration Target in either the U.S. or the EU, or upon four (4) months prior written notice to CytomX in the case where Regulatory Approval has been obtained in either the U.S. or the EU for an applicable Product to such Collaboration Target. Following any such termination under this Section 13.2(a) becoming effective as to the Agreement as a whole, no further funding of FTEs by BMS shall be payable, BMS’ obligations to purchase common shares in connection with an initial public offering of CytomX common stock pursuant to Section 8.1(b) shall no longer apply, and no milestone payments will be due on milestones achieved during the period between the notice of termination and the effective date of termination.

(b) **Termination by BMS for Safety Reasons.** BMS may terminate this Agreement on a Collaboration Target-by-Collaboration Target basis upon written notice to CytomX based on Safety Reasons. Upon such termination for Safety Reasons, BMS shall be responsible, at its expense, for the wind-down of any Development of applicable Product (including any Clinical Trials for the applicable Product being conducted by or on behalf of BMS) and any Commercialization activities for applicable Product. Such termination shall become effective upon the date that BMS notifies CytomX in writing that such wind-down is complete. Following any such notice of termination under this Section 13.2(b), no milestone payments will be due on milestones achieved during the period between the notice of termination and the effective date of termination.

(c) **No Recourse.** Any termination right exercised by BMS pursuant to Section 13.2(a) shall be without liability or recourse to BMS, other than as set forth therein or herein or pursuant to BMS’ obligation to comply with Section 13.7 or Section 13.10 hereof.

13.3 Termination by Either Party for Breach.

(a) Either Party may terminate this Agreement with respect to any Collaboration Target (on a Collaboration Target-by-Collaboration Target basis) as to the entire Territory or with respect to any country (on a country-by-country basis), in the event the other Party materially breaches this Agreement, and such breach shall have continued for ninety (90) days (or, if such default cannot be cured within such ninety (90) day period, if the alleged breaching Party has not commenced and diligently continued good faith efforts to cure such breach, but in no case longer than 180 days after notice) after written notice shall have been provided to the breaching Party by the non-breaching Party requiring such breach to be remedied and stating an intention to terminate if not so cured (a "Termination Notice"). Except as set forth in Section 13.3(b), any such termination shall become effective at the end of such ninety (90) day period unless the breaching Party has cured any such breach prior to the expiration of the ninety (90) day period (or, if such default cannot be cured within such ninety (90) day period, if the alleged breaching Party has not commenced and diligently continued good faith efforts to cure such breach, but in no case longer than 180 days after such notice).

(b) If the alleged breaching Party disputes the existence or materiality of a breach specified in a Termination Notice provided by the other Party in accordance with Section 13.3(a), and such alleged breaching Party provides the other Party notice of such dispute within said ninety (90) day period after receiving such Termination Notice, then the non-breaching Party shall not have the right to terminate this Agreement under Section 13.3(a) with respect to the applicable Collaboration Target and country or countries unless and until such dispute has been submitted to arbitration in accordance with Article 16. In such event, and where such dispute relates: to a Compound or Product that has not commenced clinical development or to a payment obligation, the arbitrators shall make a determination, within sixty (60) days after submission of such dispute, whether or not the period to cure the asserted breach under Section 13(a) should be tolled pending a final determination of such dispute. In the event the arbitrators so determine that, under the circumstances (including the potential impact on each Party), it is fair and reasonable that the cure period be tolled pending resolution of the dispute, or in any case where such dispute relates to a Compound or Product that has commenced clinical development, the non-breaching Party shall not have the right to terminate this Agreement unless and until it has been finally determined under Section 16.2 that this Agreement has been materially breached, and the breaching Party fails to cure such breach within ninety (90) days following such arbitrators' decision under Section 16.2 (except to the extent such breach involves the failure to make a payment when due, which breach must be cured within ten (10) Business Days following such arbitrators' decision). It is understood and agreed that during the pendency of such dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder. It is understood and agreed that the ninety (90) day cure period set forth in Section 13.3(a) shall be tolled during the period commencing from such time as the alleged breaching Party disputes a breach in accordance with this Section 13.3(b), until such time as the arbitrator makes his or her determination under this Section 13.3(b) as to whether the cure period should continue to be tolled (to the extent applicable).

(c) No milestone payments by BMS will be due on milestones achieved, with respect to the applicable Major Market(s) for which termination is sought, during the period between the notice of termination under this Section 13.3 and the effective date of termination; *provided, however*, if the allegedly breaching Party provides notice of a dispute pursuant to Section 13.3(b) then the arbitrator shall also make a

determination whether, under the circumstances, milestone payments will continue to be due for each milestone achieved during the period between the notice of termination under this Section 13.3 and the resolution of such dispute. In any event, if such dispute is resolved in a manner in which no termination of this Agreement occurs with respect to a Major Market for which a milestone was achieved, then upon such resolution BMS will promptly pay to CytomX the applicable milestone payment for each milestone achieved during the period between the notice of termination under this Section 13.3 and the resolution of such dispute.

13.4 [Reserved].

13.5 Termination by Either Party for Insolvency. A Party shall have the right to terminate this Agreement upon written notice if the other Party incurs an Insolvency Event; *provided*, however, in the case of any involuntary bankruptcy proceeding, such right to terminate shall only become effective if the Party that incurs the Insolvency Event consents to the involuntary bankruptcy or if such proceeding is not dismissed or stayed within forty-five (45) days after the filing thereof. "**Insolvency Event**" means circumstances under which a Party (i) has a receiver or similar officer appointed over all or a material part of its assets or business; (ii) passes a resolution for winding-up of all or a material part of its assets or business (other than a winding-up for the purpose of, or in connection with, any solvent amalgamation or reconstruction) or a court enters an order to that effect; (iii) has entered against it an order for relief recognizing it as a debtor under any insolvency or bankruptcy laws (or any equivalent order in any jurisdiction); or (iv) enters into any composition or arrangement with its creditors with respect to all or a material part of its assets or business (other than relating to a solvent restructuring).

13.6 Effects of Termination of this Agreement. Upon termination of this Agreement by BMS under Section 13.2(a) or by CytomX under Section 13.3, or Section 13.5 or the substitution of a Collaboration Target with a Substitute Target under Section 3.3 (except as the application of such Sections may be limited as provided in a given subsection of this Section 13.6), the following shall apply with respect to the terminated Collaboration Targets (in addition to any other rights and obligations under this Agreement with respect to such termination).

(a) **Obligations.** The licenses granted to BMS in Section 7.1 shall terminate solely with respect to the Collaboration Target(s) for which the termination becomes effective and, BMS shall retain a non-exclusive, worldwide license under Section 7.1 to sell, offer for sale and import Products during the Commercialization Wind-Down Period (if any) in accordance with Section 13.7(b) (including the right to sell such Products through BMS Sublicensees if BMS were using such Sublicensees to sell same prior to such termination date). To the extent such obligations existed prior to such termination, BMS shall not have any Diligent Efforts obligations thereafter with respect to the Development and Commercialization of any Compounds or Products for the terminated Collaboration Target. CytomX's obligations pursuant to Section 11.1 with respect to such Collaboration Target shall terminate, and all rights granted by CytomX to BMS with respect to such Collaboration Target shall revert to CytomX, including the rights granted BMS with respect to such terminated Collaboration Target under Sections 7.1 and 7.2. Any Collaboration Target with respect to which this Agreement has been terminated shall no longer be considered a Collaboration Target for all purposes of this Agreement, including Sections 3.1, 3.6, 3.7, 3.8, 3.9, 3.12, 6.2, 9.2, 9.4 and 11.1, without limiting any obligations under Article 12.

(b) **Licenses**. In the event that such termination occurs with respect to a Collaboration Target in a country or countries, BMS shall grant, and hereby grants, to CytomX with respect to the applicable country or countries:

(i) a license of scope of the same scope as the license granted under Section 7.3(c) with respect to such country or countries, which license shall survive termination of this Agreement and be perpetual;

(ii) a non-exclusive, royalty-free, paid-up, perpetual, sublicensable, non-exclusive license under any Patents Controlled by BMS and that were made by BMS using CytomX Technology or in performance of BMS's obligations or exercise of BMS's rights under this Agreement, and any Information that BMS is obligated to provide CytomX under Section 13.6(d) below, in order to make, have made, use, sell, offer for sale and import Probodies alone or incorporated in products (other than any specific Compound(s) or Product(s) identified by BMS prior to the notice of termination and comprising or incorporating an Antibody that is Controlled by BMS (other than by virtue of this Agreement)) with respect to the terminated Collaboration Target; and

(iii) on terms to be agreed by the Parties (but without any obligation to enter into an agreement), an exclusive or non-exclusive, sublicenseable, royalty-bearing license to make, have made, use, sell, offer for sale and import Probodies with respect to the terminated Collaboration Target in any such terminated country under Patents and Information Controlled by BMS and its Affiliates other than that licensed to CytomX under Section 13.6(b)(ii) above.

(c) **Commercialization.** BMS, its Affiliates and Sublicensees shall be entitled to continue to sell (but not to actively promote after the effective date of termination) any existing inventory of Products in each terminated country of the Territory for which Regulatory Approval therefor has been obtained (provided that such Products shall have launched in each such terminated country as of the applicable effective date of termination), in accordance with the terms and conditions of this Agreement (the "**Commercialization Wind-Down Period**").

(d) **Regulatory Materials.** Unless terminated for Safety Reasons in accordance with section 13.2(b), upon CytomX's written request, BMS shall use commercially reasonable efforts to provide CytomX with copies of preclinical and clinical data for Compounds or Products directed to the terminated Collaboration Target and Regulatory Materials for any Compounds or Product(s) targeting the terminated Collaboration Target in all country(ies) or territories that are held or controlled by or under authority of BMS, its Affiliates or Sublicensees, that are necessary for the Development and/or Commercialization of Probodies (other than any specific terminated Compound(s) or Product(s)) with respect to the terminated Collaboration Target in such country(ies) or territories.

(e) **Return of Confidential Information.** Within thirty (30) days after termination is effective, BMS shall destroy all tangible items comprising, bearing or containing any Confidential Information of CytomX that are in BMS' or its Affiliates' possession or control, to the extent such Confidential Information relates to and Compounds or Products directed to the Collaboration Target that was terminated, and provide written certification of such destruction, or prepare such tangible items of Confidential Information for shipment to CytomX, as CytomX may direct, at CytomX's expense; *provided* that BMS may retain one copy of such Confidential Information for its legal archives, and *provided further* that BMS shall not be required to destroy electronic files containing Confidential Information that are made in the ordinary course of its business information back-up procedures pursuant to its electronic record retention and destruction practices that apply to its own general electronic files and information.

(f) **Payments**. CytomX shall remain entitled to receive payments that accrued before the effective date of such termination.

(g) **Country-by-Country Termination**. Subject to Section 13.6(c), if BMS terminated this agreement with respect to a given Collaboration Target in a particular country or countries, under Section 13.2 above, then BMS agrees to cease Development and Commercialization of Products against such Collaboration Target in such country or countries.

13.7 Effects of Termination of Agreement by BMS under Section 13.3(a) or Section 13.5. Upon termination of this Agreement by BMS under Section 13.3(a) or Section 13.5 the following shall apply:

(a) All CytomX obligations under the applicable Preclinical Development Program with respect to each terminated Collaboration Target shall cease, and CytomX shall have no further obligation to: (i) perform any of its obligations under the applicable Preclinical Plan with respect to such terminated Collaboration Target, (ii) to provide any additional assistance or technology transfer related to such terminated Collaboration Target, including under Sections 3.9, 3.12, 6.2 and 6.4, or (iii) to disclose or provide any rights with respect to such terminated Collaboration Target under any Third Party agreements entered into after the date of termination pursuant to Section 8.5(c)(i) or 8.5(c)(ii);

(b) all rights and licenses granted to BMS under Sections 7.1 and 7.2 of this Agreement shall survive but shall become perpetual;

(c) BMS' obligations to pay royalties and milestones under Sections 8.3 through 8.5 of this Agreement shall survive such termination in an amount, provided that all such royalties and milestones shall be reduced to fifty percent (50%) of the amount that would otherwise have been payable under this Agreement, provided that in no event will the royalties payable to CytomX for any Product be reduced below two percent (2%);

(d) CytomX shall remain entitled to receive payments that accrued before the effective date of such termination;

(e) BMS shall have no further Diligent Efforts obligations under Sections 4.1 or 5.1;

(f) BMS shall remain entitled to select Additional Targets or Substitute Targets, as applicable, pursuant to Section 3.3(c) and subject to payment of any Additional Target Payments pursuant to Section 8.2 of this Agreement.

13.8 Effects of Expiration of Agreement. Upon the expiration of the Royalty Term (i.e., in the case where there is no earlier termination pursuant to this Article 13), on a Compound-by-Compound, Product-by-Product and country-by-country basis, the licenses granted to BMS under Article 7 with respect to CytomX Technology shall convert to a non-exclusive, perpetual, fully paid-up, non-royalty-bearing, sublicensable license.

13.9 Other Remedies. Termination or expiration of this Agreement for any reason shall not release either Party from any liability or obligation that already has accrued prior to such expiration or termination, nor affect the survival of any provision hereof to the extent it is expressly stated to survive such termination. Subject to and without limiting the terms and conditions of this Agreement (including Section 15.4), expiration or termination of this Agreement shall not preclude any Party from (a) claiming any other damages, compensation or relief that it may be entitled to upon such expiration or termination, (b) any right to receive any amounts accrued under this Agreement prior to the expiration or termination date but which are unpaid or become payable thereafter and (c) any right to obtain performance of any obligation provided for in this Agreement which shall survive expiration or termination.

13.10 Survival. Termination or expiration of this Agreement shall not affect rights or obligations of the Parties under this Agreement that have accrued prior to the date of termination or expiration of this Agreement. Notwithstanding anything to the contrary, the following provisions shall survive and apply after expiration or termination of this Agreement: Sections 3.4 (with respect to any obligation incurred or accrued prior to such expiration or termination), 3.9 (with respect to materials transferred before such termination or expiration), 7.4, 7.5, 9.1, 8.6-8.15 (with respect to payments accrued prior to the date of termination or expiration), 9.4(a), (b) and (d), 9.6, 9.7, 9.12, 10.2, 12.1, 12.2, 12.7, 14.3, and Articles 1 (to the extent necessary to interpret other surviving sections), 13, 15, 16 and 17; and

(a) with respect to a termination by BMS pursuant to Section 13.2(a) (at will termination): 7.3(c) and 8.3-8.15 (with respect to payment obligations accrued during the Commercialization Wind-Down Period); and

(b) with respect to a termination by BMS pursuant Section 13.2(b) (Safety Reasons): 7.3(c); and

(c) with respect to termination by BMS pursuant to Section 13.3(a) (CytomX' breach) or by BMS pursuant to Section 13.5 (CytomX' insolvency): Sections 3.13, 3.14, 4.4, 4.5, 6.1, 6.3, 7.1 and 7.2 (subject to Section 13.7(c)), 8.2-8.5 (subject to Section 13.7(c), but not 8.5(c)(i) or 8.5(c)(ii)), 8.6-8.15, 9.2, 9.3, 9.5(b)-(d); and

(d) with respect to a termination by CytomX pursuant to Section 13.3(a) (BMS' breach) or 13.5 (BMS' insolvency): 7.3(c) and 8.3-8.15 (with respect to payment obligations accrued during the Commercialization Wind-Down Period).

All provisions not surviving in accordance with the foregoing shall terminate upon expiration or termination of this Agreement and be of no further force and effect.

14. REPRESENTATIONS AND WARRANTIES

14.1 Mutual Representations and Warranties. Each Party hereby represents, warrants, and covenants (as applicable) to the other Party as of the Execution Date as follows:

(a) It is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder.

(b) It has the full corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder. It has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms.

(c) It is not a party to any agreement, outstanding order, judgment or decree of any court or Governmental Authority that would prevent it from granting the rights granted to the other Party under this Agreement or performing its obligations under this Agreement.

(d) In the course of the Development of Products, such Party has not used prior to the Effective Date and shall not use, during the Term, any employee, agent or independent contractor who has been debarred by any Regulatory Authority, or, to the best of such Party's knowledge, is the subject of debarment proceedings by a Regulatory Authority.

(e) It has not, and will not, after the Effective Date and during the Term, grant any right to any Third Party that would conflict with the rights granted to the other Party hereunder.

14.2 Representations and Warranties and Covenants by CytomX. CytomX hereby represents and warrants as of the Effective Date and, where denoted below, covenants to BMS as follows:

(a) CytomX has sufficient legal and/or beneficial title, ownership or license under its Patents and Information necessary for the purposes contemplated by this Agreement. The CytomX Technology existing as of the Effective Date is free and clear from any Liens of the CytomX Technology, and CytomX has sufficient legal and/or beneficial title, ownership or license thereunder to grant the licenses to BMS as purported to be granted pursuant to this Agreement. As of the Execution Date, except for the Patents licensed to CytomX under the Existing License Agreements, CytomX is the sole owner of all right, title and interest in and to (free and clear from any Liens of any kind) the CytomX Patent Rights and Product Specific Patents listed on **Exhibits B and C**. All fees required to maintain such issued Patent rights have been paid to date. To CytomX's knowledge the CytomX Patent Rights and Product Specific Patents listed on **Exhibits B and C** constitute all Patents owned or Controlled by CytomX that would be infringed by the manufacture (as currently conducted), use or sale of Compounds and/or Products (but for the license granted by CytomX to BMS under Section 7.1).

(b) Other than the Existing License Agreements, CytomX has not entered into any agreements, either oral or written, with any Third Party relating to the Development, Commercialization or manufacture of the Compounds or Products. CytomX has provided BMS and/or its external legal counsel with true and complete copies of all Existing License Agreements, including all modifications, supplements or other amendments thereto as of the Effective Date.

(c) CytomX has not received any written notice from any Third Party asserting or alleging that the discovery, research and/or Development of Compounds or Products by CytomX prior to the Effective Date infringes the intellectual property rights of such Third Party. To CytomX's knowledge, the CytomX Technology existing as of the Effective Date was not obtained in violation of any contractual or fiduciary obligation owed by CytomX or its employees or agents to any Third Party or through the misappropriation of the intellectual property rights (including any trade secrets) from any Third Party.

(d) To CytomX's knowledge, except as disclosed by CytomX in writing to BMS' in-house patent counsel prior to the Effective Date, the Development, Commercialization and manufacture after the Effective Date of the Compounds and Products can be carried out in the manner contemplated as of the Effective Date without infringing any issued patents owned or controlled by a Third Party. To CytomX's knowledge, and except as disclosed by CytomX in writing to BMS' in-house patent counsel prior to the Effective Date, the Development and manufacture of Compounds prior to the Effective Date by or on behalf of CytomX has been carried out without infringing any issued patents owned or controlled by a Third Party.

(e) There are no pending, and to CytomX's knowledge no threatened, actions, suits or proceedings against CytomX involving the CytomX Technology as it relates to Compounds or Products.

(f) To CytomX's knowledge, there are no activities by Third Parties that would constitute infringement or misappropriation of the CytomX Technology as it relates to Compounds or Products.

(g) To CytomX's knowledge, the claims included in any issued CytomX Patent Rights or Product Specific Patents are valid and in full force and effect as of the Effective Date.

(h) CytomX has not granted (and CytomX covenants that during the Term it shall not grant, except in accordance with the express terms and conditions of this Agreement) any license or any option for a license under the CytomX Technology to any Third Party to make, use or sell any Compound or Product in any country in the Territory. CytomX covenants that during the Term it shall not grant any license or any option for a license to any Third Party, under any Patent that comes into the Control of CytomX in connection with this Agreement after the Effective Date (including a Patent for a CytomX Sole Invention or Joint Invention), to make, use or sell in the Field any Compound or Product in any country in the Territory. CytomX has not granted any Lien with respect to this Agreement or any of the CytomX Technology licensed by it to BMS under this Agreement. CytomX has not granted (and CytomX covenants that during the Term it shall not grant) to any Third Party any right or license or option to enforce or obtain any patent term extension for any of the Product Specific Patents.

(i) CytomX has disclosed in writing to BMS' in-house patent counsel (i) all CytomX Patent Rights and Product Specific Patents existing as of the Effective Date that would be infringed by the Development, Commercialization or manufacture of Compounds or Products by BMS, but for the licenses granted in this Agreement, and (ii) the jurisdiction(s) by or in which each such CytomX Patent Right has been issued or in which an application for such CytomX Patent Right has been filed, together with the respective patent or application numbers. All fees required to maintain such issued CytomX Patent Rights and Product Specific Patents have been paid.

(j) No person, other than former or current employees of CytomX who are obligated in writing to assign his/her inventions to CytomX, is an inventor of any of the inventions claimed in the CytomX Patent Rights or Product Specific Patents filed or issued as of the Effective Date, except for those Third Party inventors of those inventions that fall within the CytomX Technology Controlled by CytomX licensed to CytomX under the Existing License Agreements. All inventors of any inventions included within the CytomX Technology that are existing as of the Effective Date have assigned or have a contractual obligation to assign or license their entire right, title and interest in and to such inventions and the corresponding Patent rights to CytomX or to the Existing Third Party Licensor, as applicable. No present or former employee or consultant of CytomX owns or has any proprietary, financial or other interest, direct or indirect, in the CytomX Technology. To CytomX's knowledge, there are no claims that have been asserted in writing challenging the inventorship of the CytomX Patent Rights or Product Specific Patents.

(k) CytomX has maintained and, unless otherwise agreed to by BMS, will maintain and keep in full force and effect all agreements and filings (including Patent filings, in accordance with Article 9) necessary to perform its obligations hereunder. CytomX and its Affiliates are in compliance in all material respects with each Existing License Agreement, and have performed all material obligations required to be performed by them to date under each Existing License Agreement. Neither CytomX nor its Affiliates are (with or without the lapse of time or the giving of notice, or both) in breach or default in any respect under the Existing License Agreement and, to the knowledge of CytomX, no other party to any Existing License Agreement is (with or without the lapse of time or the giving of notice, or both) in breach or default in any respect thereunder.

(l) No Third Party has any right under any agreement entered into by CytomX and such Third Party prior to the Execution Date, including a right of consent or a right of first negotiation, that would reasonably be expected to interfere with BMS' exercise of its rights licensed under Section 7.1 hereof.

14.3 No Other Representations or Warranties. EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 14 OR ELSEWHERE IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, OR THAT ANY OF THE DEVELOPMENT AND/OR COMMERCIALIZATION EFFORTS WITH REGARD TO ANY COMPOUND OR PRODUCT WILL BE SUCCESSFUL, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

15. INDEMNIFICATION AND LIMITATION OF LIABILITY

15.1 Indemnification by CytomX for Third Party Claims. CytomX shall defend, indemnify, and hold BMS, its Affiliates, and their respective officers, directors, employees, and agents (the "**BMS Indemnitees**") harmless from and against any and all damages or other amounts payable to a Third Party claimant, as well as any reasonable attorneys' fees and costs of litigation incurred by such BMS Indemnitees (collectively, "**BMS Damages**"), all to the extent resulting from any claims, suits, proceedings or causes of action brought by such Third Party (collectively, "**BMS Claims**") against such BMS Indemnitee that arise out of or result from (or are alleged to arise out of or result from): (a) a breach of any of CytomX's representations, warranties, covenants and obligations under this Agreement; (b) the gross negligence or willful misconduct of any CytomX Indemnitees or its Affiliates; (c) the research or Development of Compounds before the Effective Date; or (d) any breach by CytomX or its Affiliates of, or any failure by CytomX or its Affiliates, or their respective contractors or agents, to perform, observe or comply with any of the provisions of, an Existing License Agreement, except to the extent that such failure is attributable to a breach by BMS of its obligations under this Agreement. The foregoing indemnity obligation shall not apply to the extent that any BMS Claim is subject to indemnity pursuant to Section 15.2 and/or is based on or alleges a breach by BMS or its Affiliates of an obligation under an agreement between BMS or its Affiliates and a Third Party.

15.2 Indemnification by BMS for Third Party Claims. BMS shall defend, indemnify, and hold CytomX, its Affiliates, and each of their respective officers, directors, employees, and agents and the Existing Third Party Licensor, (the "**CytomX Indemnitees**") harmless from and against any and all damages or other amounts payable to a Third Party claimant, as well as any reasonable attorneys' fees and costs of litigation incurred by such CytomX Indemnitees (collectively, "**CytomX Damages**"), all to the extent resulting from any claims, suits, proceedings or causes of action brought by such Third Party (collectively, "**CytomX Claims**") against such CytomX Indemnitee that arise out of or result from (or are alleged to arise out of or result from): (a) the Development, manufacture, storage, handling, use, sale, offer for sale, and importation of any Compounds or Products by BMS or its Affiliates, or Sublicensees; (b) a breach of any of BMS' representations, warranties, covenants and obligations under this Agreement; or (c) the gross negligence or willful misconduct of any BMS Indemnitees. The foregoing indemnity obligation shall not

apply to the extent that any CytomX Claim is subject to indemnity pursuant to Section 15.1 and/or is based on or alleges a breach by CytomX or its Affiliates of an obligation under an agreement between CytomX or its Affiliates and a Third Party.

15.3 Indemnification Procedures. The Party claiming indemnity under this Article 15 (the "**Indemnified Party**") shall give written notice to the Party from whom indemnity is being sought (the "**Indemnifying Party**") promptly after learning of the claim, suit, proceeding or cause of action for which indemnity is being sought ("**Claim**"), and, provided that the Indemnifying Party is not contesting the indemnity obligation, shall permit the Indemnifying Party to control and assume the defense of any litigation relating to such claim and disposition of any such Claim unless the Indemnifying Party is also a party (or likely to be named a party) to the proceeding in which such claim is made and the Indemnified Party gives notice to the Indemnifying Party that it may have defenses to such claim or proceeding that are in conflict with the interests of the Indemnifying Party, in which case the Indemnifying Party shall not be so entitled to assume the defense of the case. If the Indemnifying Party does assume the defense of any Claim, it (i) shall act diligently and in good faith with respect to all matters relating to the settlement or disposition of any Claim as the settlement or disposition relates to Parties being indemnified under this Article 15, (ii) shall cause such defense to be conducted by counsel reasonably acceptable to the Indemnified Party and (iii) shall not settle or otherwise resolve any Claim without prior notice to the Indemnified Party and the consent of the Indemnified Party if such settlement involves anything other than the payment of money by the Indemnifying Party (including, for example, any settlement admitting fault or wrongdoing of the Indemnified Party, or consenting to any injunctive relief). The Indemnified Party shall reasonably cooperate with the Indemnifying Party in its defense of any claim for which the Indemnifying Party has assumed the defense in accordance with this Section 15.3, and shall have the right (at its own expense) to be present in person or through counsel at all legal proceedings giving rise to the right of indemnification. So long as the Indemnifying Party is diligently defending the Claim in good faith, the Indemnified Party shall not settle any such Claim without the prior written consent of the Indemnifying Party. If the Indemnifying Party does not assume and conduct the defense of the Claim as provided above, (a) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to the Claim in any manner the Indemnified Party may deem reasonably appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith), and (b) the Indemnifying Party will remain responsible to indemnify the Indemnified Party as provided in this Article 15.

15.4 Limitation of Liability. EXCEPT FOR (A) INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES PAID OR PAYABLE TO A THIRD PARTY BY AN INDEMNIFIED PARTY FOR WHICH THE INDEMNIFIED PARTY IS ENTITLED TO INDEMNIFICATION PURSUANT TO SECTION 15.1 OR 15.2 HEREUNDER, (B) A BREACH OF SECTION 11.1, AND/OR (C) ANY BREACH OF ANY OF SECTIONS 12.1, 15.1 AND 15.2 OF THIS AGREEMENT BY A PARTY OR ITS AFFILIATES, AND/OR (D) DAMAGES THAT ARE DUE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LIABLE PARTY (INCLUDING GROSS NEGLIGENCE OR WILLFUL BREACH WITH RESPECT TO THE MAKING OF A PARTY'S REPRESENTATIONS AND WARRANTIES IN ARTICLE 14). 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 THIS AGREEMENT.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

15.5 Insurance. BMS shall maintain a program of self-insurance sufficient to fulfill its obligations under this Agreement and CytomX shall procure and maintain insurance, including product liability insurance, with respect to its Preclinical Development Program activities and which are consistent with normal business practices of prudent companies similarly situated to such Party at all times during which any Product is being clinically tested in human subjects or commercially distributed or sold. It is understood that such insurance shall not be construed to create a limit of either Party's liability with respect to its indemnification obligations under this Article 15. CytomX shall provide BMS with written evidence of such insurance upon request, which evidence shall be treated as CytomX Confidential Information. CytomX shall provide BMS with written notice at least thirty (30) days prior to the cancellation, non-renewal or material change in such insurance.

16. DISPUTE RESOLUTION

16.1 Disputes; Resolution by Executive Officers. The Parties recognize that disputes as to certain matters may from time to time arise during the Term that relate to decisions to be made by the Parties herein or to the Parties' respective rights and/or obligations hereunder. It is the desire of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to arbitration or litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 16 if and when a dispute arises under this Agreement, subject to Section 16.5.

Accordingly, any disputes, controversies or differences, other than a matter within the final decision-making authority of BMS, which may arise between the Parties out of or in relation to or in connection with this Agreement shall be promptly presented to the Alliance Managers for resolution. If the Alliance Managers are unable to resolve such dispute within twenty (20) Business Days after a matter has been presented to them, then upon the request of either Party by written notice, the Parties agree to meet and discuss in good faith a possible resolution thereof, which good faith efforts shall include at least one in-person meeting between the Executive Officers of each Party within twenty (20) Business Days after receipt by the other Party of such written notice. If the matter is not resolved within twenty (20) Business Days following presentation to the Executive Officers, then:

(a) if such dispute, controversy or difference involves an Arbitrable Matter, either Party may invoke the provisions of Section 16.2; or

(b) if such dispute, controversy or difference involves a Litigable Matter, either Party may pursue such remedies as it may deem necessary or appropriate.

16.2 Arbitration. Any Arbitrable Matter that is not resolved pursuant to Section 16.1, shall be settled by binding arbitration to be conducted as set forth below in this Section 16.2.

(a) Either Party, following the end of the twenty (20) Business Day period referenced in Section 16.1, may refer such issue to arbitration by submitting a written notice of such request to the other Party. In any proceeding under this Section 16.2, there shall be three (3) arbitrators. Within fourteen (14) days after delivery of such notice, each Party will nominate one arbitrator in accordance with the then current rules of the Judicial Arbitration and Mediation Services ("**JAMS**"). The two arbitrators so nominated will nominate a third arbitrator to serve as chair of the arbitration tribunal, such nomination to be made within twenty (20) days after the selection of the second arbitrator. The arbitrators shall be neutral and independent of both Parties and all of their respective Affiliates, shall have significant experience and expertise in licensing and partnering agreements in the pharmaceutical and biotechnology industries, shall have appropriate experience

with respect to the matter(s) to be arbitrated, and shall have some experience in mediating or arbitrating issues relating to such agreements. In the case of any dispute involving an alleged failure to use Diligent Efforts, the arbitrators shall in addition be an individual with experience and expertise in the worldwide development and commercialization of pharmaceuticals and the business, legal and scientific considerations related thereto. In the case of a dispute involving a scientific or accounting matter or determination, an Expert having applicable expertise and experience will be selected by the Parties to assist the arbitrators in such scientific or accounting matter or determination (and the arbitrators will select such Expert if the Parties cannot agree on such Expert within twenty (20) days following the selection of the arbitrators). The governing law in Section 17.10 shall govern such proceedings. No individual will be appointed to arbitrate a dispute pursuant to this Agreement unless he or she agrees in writing to be bound by the provisions of this Section 16.2. The place of arbitration will be Chicago, Illinois, unless otherwise agreed to by the Parties, and the arbitration shall be conducted in English.

(b) The arbitrators shall set a date for a hearing that shall be held no later than sixty (60) days following the appointment of the last of such three arbitrators. The Parties shall have the right to be represented by counsel. Except as provided herein, the arbitration shall be governed by the Comprehensive Arbitration Rules of JAMS applicable at the time of the notice of arbitration pursuant to Section 16.2(a), including the right of each Party to undertake document requests and up to five (5) depositions.

(c) The arbitrators shall use their best efforts to rule on each disputed issue within thirty (30) days after completion of the hearing described in Section 16.2(b). The determination of the arbitrators as to the resolution of any dispute shall be binding and conclusive upon the Parties, absent manifest error. All rulings of the arbitrators shall be in writing and shall be delivered to the Parties as soon as is reasonably possible. Nothing contained herein shall be construed to permit the arbitrators to award punitive, exemplary or any similar damages. The arbitrators shall render a “reasoned decision” within the meaning of the Commercial Arbitration Rules which shall include findings of fact and conclusions of law. Any arbitration award may be entered in and enforced by a court in accordance with Section 16.3 and Section 16.8.

16.3 Award. Any award to be paid by one Party to the other Party as determined by the arbitrators as set forth above under Section 16.2 shall be promptly paid in Dollars free of any tax, deduction or offset; and any costs, fees or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the Party resisting enforcement. Each Party agrees to abide by the award rendered in any arbitration conducted pursuant to this Article 16, and agrees that, subject to the Federal Arbitration Act, judgment may be entered upon the final award in a court of competent jurisdiction and that other courts may award full faith and credit to such judgment in order to enforce such award. With respect to money damages, nothing contained herein shall be construed to permit the arbitrators or any court or any other forum to award punitive or exemplary damages. By entering into this agreement to arbitrate, the Parties expressly waive any claim for punitive or exemplary damages. The only damages recoverable under this Agreement are compensatory damages.

16.4 Costs. Each Party shall bear its own legal fees in connection with any arbitration procedure. The arbitrators may in their discretion assess the arbitrators’ cost, fees and expenses (and those any Expert hired by the arbitrators) against the Party losing the arbitration.

16.5 Injunctive Relief. Nothing in this Article 16 will preclude either Party from seeking equitable relief or interim or provisional relief from a court of competent jurisdiction, including a temporary

restraining order, preliminary injunction or other interim equitable relief, concerning a dispute either prior to or during any arbitration if necessary to protect the interests of such Party or to preserve the status quo pending the arbitration proceeding. For the avoidance of doubt, nothing in this Section 16.5 shall otherwise limit a breaching Party's opportunity to cure a material breach as permitted in accordance with Section 13.3 or Section 13.4.

16.6 Confidentiality. The arbitration proceeding shall be confidential and the arbitrators shall issue appropriate protective orders to safeguard each Party's Confidential Information. Except as required by Applicable Law, no Party shall make (or instruct the arbitrators to make) any public announcement with respect to the proceedings or decision of the arbitrators without prior written consent of the other Party. The existence of any dispute submitted to arbitration, and any award, shall be kept in confidence by the Parties and the arbitrators, except as required in connection with the enforcement of such award or as otherwise required by Applicable Law. Notwithstanding the foregoing, each Party shall have the right to disclose information regarding the arbitration proceeding to the same extent as it may disclose Confidential Information of the other Party under Article 12 above.

16.7 Survivability. Any duty to arbitrate under this Agreement shall remain in effect and be enforceable after termination of this Agreement for any reason.

16.8 Patent and Trademark Disputes. Notwithstanding Section 16.2, any dispute, controversy or claim relating to the inventorship, scope, validity, enforceability or infringement of any Patents or Marks Covering the manufacture, use, importation, offer for sale or sale of Products shall be submitted to a court of competent jurisdiction in the country in which such patent or trademark rights were granted or arose.

17. MISCELLANEOUS

17.1 Entire Agreement; Amendments. This Agreement, including the Exhibits hereto (which are incorporated into and made a part of 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 subject matter hereof and supersedes, as of the Effective Date, all prior agreements and understandings between the Parties with respect to the subject matter hereof, including the Prior CDA. In the event of any inconsistency between the Preclinical Plan and this Agreement, the terms of this Agreement shall prevail. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. 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 representative of each Party.

17.2 HSR Act Filing. The Parties shall each, prior to or as promptly as practicable after the Execution Date of this Agreement, file or cause to be filed with the U.S. Federal Trade Commission and the U.S. Department of Justice and any relevant foreign governmental authority any notifications required to be filed under the HSR Act and any applicable foreign equivalent thereof with respect to the transactions contemplated hereby; *provided* that the Parties shall each file the notifications required to be filed under the HSR Act no later than ten (10) business days after the Execution Date of this Agreement. Each Party shall be responsible for its own costs in connection with such filing, except that BMS shall be solely responsible for the applicable filing fees. The Parties shall use commercially reasonable efforts to respond promptly to any requests for additional information made by either of such agencies, and to cause the waiting periods under the HSR Act and any applicable foreign equivalent thereof to terminate or expire at the earliest

possible date after the date of filing. Each Party shall use its commercially reasonable efforts to ensure that its representations and warranties set forth in this Agreement remain true and correct at and as of the Effective Date as if such representations and warranties were made at and as of the Effective Date. Notwithstanding anything in this Agreement to the contrary, this Agreement (other than **Article 9** and this **Section 17.2**) shall not become effective until the expiration or earlier termination of the waiting period under the HSR Act in the U.S., the expiration or earlier termination of any applicable waiting period under the antitrust or competition laws of any other jurisdiction, and the approval or clearance of the transactions contemplated by this Agreement in any jurisdiction requiring advance approval or clearance (the **"Effective Date"**).

17.3 Export Control. This Agreement is made subject to any restrictions concerning the export of products or technical information from the U.S. or other countries which may be imposed upon or related to CytomX or BMS from time to time. Each Party agrees that it shall not export, directly or indirectly, any technical information acquired from the other Party under this Agreement or any products using such technical information to a location or in a manner that at the time of export requires an export license or other governmental approval, without first obtaining the written consent to do so from the appropriate agency or other governmental entity.

17.4 Rights in Bankruptcy.

(a) All rights and licenses granted under or pursuant to this Agreement by one Party to the other are, for all purposes of Section 365(n) of Title 11 of the United States Code ("**Title 11**"), licenses of rights to "intellectual property" as defined in Title 11, and, in the event that a case under Title 11 is commenced by or against either Party (the "**Bankrupt Party**"), the other Party shall have all of the rights set forth in Section 365(n) of Title 11 to the maximum extent permitted thereby. During the Term, each Party shall create and maintain current copies to the extent practicable of all such intellectual property. Without limiting the Parties' rights under Section 365(n) of Title 11, if a case under Title 11 is commenced by or against the Bankrupt Party, the other Party shall be entitled to a copy of any and all such intellectual property and all embodiments of such intellectual property, and the same, if not in the possession of such other Party, shall be promptly delivered to it (i) before this Agreement is rejected by or on behalf of the Bankrupt Party, within thirty (30) days after the other Party's written request, unless the Bankrupt Party, or its trustee or receiver, elects within thirty (30) days to continue to perform all of its obligations under this Agreement, or (ii) after any rejection of this Agreement by or on behalf of the Bankrupt Party, if not previously delivered as provided under clause (i) above. All rights of the Parties under this Section 17.4 and under Section 365(n) of Title 11 are in addition to and not in substitution of any and all other rights, powers, and remedies that each Party may have under this Agreement, Title 11, and any other Applicable Law. The non-Bankrupt Party shall have the right to perform the obligations of the Bankrupt Party hereunder with respect to such intellectual property, but neither such provision nor such performance by the non-Bankrupt Party shall release the Bankrupt Party from any such obligation or liability for failing to perform it.

(b) The Parties agree that they intend the foregoing non-Bankrupt Party 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 the Bankrupt Party or any Third Party with whom the Bankrupt Party contracts to perform an obligation of the Bankrupt Party under this Agreement, and, in the case of the Third Party, which is necessary for the Development, Regulatory Approval and manufacture of Products and (ii) the right to contract directly with any Third Party described in (i) in this sentence to complete the contracted work.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

(c) Any intellectual property provided pursuant to the provisions of this Section 17.4 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.

(d) In the event that after the Effective Date CytomX enters into a license agreement with a Third Party with respect to intellectual property that will be sublicensed to BMS hereunder, CytomX will use commercially reasonable efforts to enable BMS to receive a direct license from any such Third Party in the event that such license agreement between CytomX and such Third Party is terminated during the Term solely on account of CytomX becoming a Bankrupt Party.

(e) Notwithstanding anything to the contrary in Article 9, in the event that CytomX is the Bankrupt Party, BMS may take appropriate actions in connection with the filing, prosecution, maintenance and enforcement of any Product Specific Patents licensed to BMS under this Agreement without being required to consult with CytomX before taking any such actions, *provided* that such actions are consistent with this Agreement.

17.5 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 such prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues. The Party affected by such force majeure also shall notify the other Party of the anticipated duration of such force majeure, any actions being taken to avoid or minimize its effect after such occurrence, and shall take reasonable efforts to remove the condition constituting such force majeure. For purposes of this Agreement, "**force majeure**" shall include conditions beyond the control of the Parties, including an act of God, acts of terrorism, voluntary or involuntary compliance with any regulation, law or order of any government, war, acts of war (whether war be declared or not), labor strike or lock-out, civil commotion, 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.

17.6 Notices. Any notice required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be addressed to the appropriate Party at the address specified below or such other address as may be specified by such Party in writing in accordance with this Section 17.6, and shall be deemed to have been given for all purposes (a) when received, if hand-delivered or sent by a reputable international expedited delivery service, or (b) five (5) Business Days after mailing, if mailed by first class certified or registered mail, postage prepaid, return receipt requested.

For CytomX: CytomX Therapeutics, Inc.
343 Oyster Point Blvd., Suite 100
South San Francisco, CA, 94080—1913
Attention: CEO

With a copy to:	Kenneth A. Clark Wilson, Sonsini, Goodrich & Rosati LLP 650 Page Mill Road Palo Alto, CA 94303 Fax: 1-650-493-6811
For BMS:	Bristol-Myers Squibb Company Route 206 and Province Line Road Princeton, NJ 08543-4000 Attention: Senior Vice President, Strategy, Alliances and Transactions
With a copy to:	Bristol-Myers Squibb Company Route 206 and Province Line Road Princeton, NJ 08543-4000 Attention: Vice President and Assistant General Counsel, Business Development and Licensing

Furthermore, a copy of any notices required or given under Section 9.6(a) of this Agreement shall also be addressed to the Vice President and Chief Intellectual Property Counsel of BMS at the address set forth in Section 9.6(a).

17.7 Independent Contractors. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give either Party the power or authority to act for, bind, or commit the other Party in any way. Nothing herein shall be construed to create the relationship of partners, principal and agent, or joint-venture partners between the Parties.

17.8 Maintenance of Records. Each Party shall maintain complete and accurate records of all work conducted under this Agreement and all results, data and developments made pursuant to its efforts under this Agreement. Such records shall be complete and accurate and shall fully and properly reflect all work done and results achieved in the performance of this Agreement in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes. Each Party shall maintain such records for a period of four (4) years after such records are created; *provided* that records may be maintained for an appropriate longer period in accordance with each Party's internal policies on record retention in order to ensure the preservation, prosecution, maintenance or enforcement of intellectual property rights. Each Party shall keep and maintain all records required by Applicable Law with respect to Products.

17.9 Assignment. Neither Party may assign this Agreement or assign or transfer any rights or obligations hereunder without the prior written consent of the other, except that a Party may make such an assignment or transfer without the other Party's consent (i) to any Affiliate of such Party, *provided* that such transfer shall not adversely affect the other Party's rights and obligations under this Agreement and that such assigning/transferring Party remains jointly and severally liable with such Affiliate for the performance of this Agreement and/or the assigned obligations, or (ii) to any Third Party successor-in-interest or purchaser of all or substantially all of the business or assets of such Party to which this Agreement relates (with such business and assets, in the case of CytomX, to include the CytomX Technology), whether in a merger, combination, reorganization, sale of stock, sale of assets or other transaction; *provided*, *however*, that in each case (i) and (ii) that the assigning Party provides written notice to the other Party of such assignment and the assignee shall have agreed in writing to be bound (or is otherwise required by operation of Applicable Law to

be bound) in the same manner as such assigning Party hereunder; and *further provided* that if such assignment by BMS would result in withholding or other similar taxes becoming due on payments to CytomX under this Agreement, then any such assignment will require CytomX's prior written consent absent an express agreement by BMS or the assignee to pay or reimburse CytomX for any such taxes resulting from such assignment, such consent not to be unreasonably withheld or delayed. In addition, either Party may assign its right to receive proceeds under this Agreement or grant a security interest in such right to receive proceeds under this Agreement to one or more Third Parties providing financing to such Party pursuant to the terms of a security or other agreement related to such financing (i.e., for purposes of a royalty financing arrangement). 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 17.9 shall be null, void and of no legal effect. For clarity, the provisions of this Section 17.9 shall not apply to or encompass sublicensing of the rights licensed to a Party under this Agreement.

17.10 Governing Law. This Agreement shall be governed by and construed and enforced under the substantive laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise make this Agreement subject to the substantive law of another jurisdiction. For clarification, any dispute relating to the inventorship, scope, validity, enforceability or infringement of any patent right shall be governed by and construed and enforced in accordance with the patent laws of the applicable jurisdiction.

17.11 Performance by Affiliates. Subject to the terms and conditions of this Agreement, each Party may discharge any obligations and exercise any right hereunder through any of its Affiliates. Each Party hereby guarantees the performance by its Affiliates of such Party's obligations under this Agreement, and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. Any breach by a Party's Affiliate of any of such Party's obligations under this Agreement shall be deemed a breach by such Party, and the other Party may proceed directly against such Party without any obligation to first proceed against such Party's Affiliate.

17.12 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.

17.13 Compliance with Applicable Law. Each Party shall comply with Applicable Law in the course of performing its obligations or exercising its rights pursuant to this Agreement. Neither Party (nor any of their Affiliates) shall be required under this Agreement to take any action or to omit to take any action otherwise required to be taken or omitted by it under this Agreement if the taking or omitting of such action, as the case may be, could in its opinion violate any settlement, consent order, corporate integrity agreement, or judgment to which it may be subject from time to time during the Term. Notwithstanding anything to the contrary in this Agreement, neither Party nor any of its Affiliates shall be required to take, or shall be penalized for not taking, any action that such Party reasonably believes is not in compliance with Applicable Law.

17.14 Severability. If any one or more of the provisions of this Agreement are held to be invalid or unenforceable by an arbitrator or 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.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

17.15 No Waiver. Neither Party may waive or release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one or more instances shall be construed as a continuing waiver of such condition or term or of another condition or term.

17.16 Interpretation. The captions and headings to this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement. Unless specified to the contrary, references to Articles, Sections or Exhibits mean the particular Articles, Sections or Exhibits of this Agreement and references to this Agreement include all Exhibits hereto. Unless context otherwise clearly requires, whenever used in this Agreement: (a) the words "include", "includes" or "including" shall be construed as incorporating also the phrase "but not limited to" or "without limitation"; (b) the word "day" or "quarter" shall mean a calendar day or quarter, unless otherwise specified; (c) the word "notice" shall mean notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (d) the words "hereof," "herein," "hereby" and derivative or similar words refer to this Agreement (including any Exhibits); (e) provisions that require that a Party, the Parties or the JRC hereunder "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise; (f) words of any gender include the other gender; (g) words using the singular or plural number also include the plural or singular number, respectively; (h) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement law, rule or regulation thereof; and (i) the word "will" shall be construed to have the same meaning and effect as the word "shall". Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties and no rule of strict construction shall be applied against either Party hereto. This Agreement should be interpreted in its entirety and the fact that certain provisions of this Agreement may be cross-referenced in a Section shall not be deemed or construed to limit the application of other provisions of this Agreement to such Section and vice versa.

As used in this Agreement, the phrase 'with respect to a given Collaboration Target' or 'with respect to any Collaboration Target' or 'for a Collaboration Target' (or similar phrases) when referring to BMS' licenses or license rights or Compounds 'with respect to a Collaboration Target' (or when referring to the termination of BMS' licenses or license rights hereunder) refers to the licensed CytomX Technology or Product Specific Patent that applies to Compounds and Products targeting such Collaboration Target.

17.17 Counterparts. This Agreement may be executed in counterparts with the same effect as if both Parties had signed the same document, each of which shall be deemed an original, shall be construed together and shall constitute one and the same instrument. This Agreement may be executed and delivered through the email of pdf copies of the executed Agreement.

[signature page follows]

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives effective as of the Execution Date.

BRISTOL-MYERS SQUIBB COMPANY	**CYTOMX THERAPEUTICS, INC.**
By: /s/ Graham R. Brazier	By: /s/ Sean McCarthy
Name: Graham R. Brazier	Name: Sean McCarthy
Title: Vice President, Business Development	Title: CEO

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

SCHEDULES AND EXHIBITS

Schedule 1.30 – Existing Antibodies and Masks

Exhibit A – Existing License Agreements

Exhibit B – CytomX Patent Rights as of the Execution Date

Exhibit C – Product Specific Patents as of the Execution Date

Exhibit D – Tools Patents as of the Execution Date

Exhibit E – Initial Preclinical Plan

Exhibit F – Collaboration Targets

Exhibit G – Reserved Targets

Exhibit H – Press Release

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Schedule 1.30

Existing Antibodies and Masks

[***]

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit A

Existing License Agreements

Exclusive License Agreement between The Regents of the University of California and CytomX Therapeutics, LLC dated August 19, 2010, as amended, including by that Amendment No. 1 to Exclusive License Agreement dated May 30, 2013, and that Amendment No. 2 to Exclusive License Agreement dated November 8, 2013.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit B

CytomX Patent Rights as of the Effective Date

Title	CYTX Ref No.	CY	Serial No. / Issue No.	Filing / Issue Dates	Status	Assignee

[***][†]

[†] **Two pages of text have been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit C

Product Specific Patents as of the Effective Date

[***]

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit D

Tools Patents as of the Effective Date

Title	CYTX Ref No.	CY	Serial No. / Issue No.	Filing / Issue Dates	Status	Assignee

[***][†]

† **One page of text has been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit E

Initial Preclinical Plan

[***][†]

[†] **Three pages of text have been omitted.**

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit F

Collaboration Targets

1. CTLA-4, GenBank accession number: AF414120
2. [***]

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit G
Reserved Targets

[***]

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Exhibit H
Press Release

Bristol-Myers Squibb and CytomX Therapeutics Announce Worldwide Collaboration to Develop Probody™ Therapeutics Against Multiple Immuno-Oncology Targets

(NEW YORK and SOUTH SAN FRANCISCO – May 27, 2014) - Bristol-Myers Squibb Company (NYSE: BMY) and CytomX Therapeutics, Inc. today announced the companies have signed a worldwide research collaboration and license agreement to discover, develop and commercialize novel therapies against multiple immuno-oncology targets using CytomX's proprietary Probody™ Platform.

Probodies are monoclonal antibodies that are selectively activated within the cancer microenvironment, focusing the activity of therapeutic antibodies to tumors and sparing healthy tissue. The unique selectivity of Probodies expands the therapeutic window for both validated and novel targets, and has the potential to create multiple new classes of safer and more effective therapies.

"Immuno-oncology offers a tremendous opportunity to change how cancer is treated, and Bristol-Myers Squibb is committed to advancing our immuno-oncology drug research and development for patients living with the disease," said Francis Cuss, MB BChir, FRCP, executive vice president and chief scientific officer, Bristol-Myers Squibb. "The Probody Platform has the potential to broaden discovery of innovative therapies, and the collaboration with CytomX reflects our continued leadership in immuno-oncology."

Under the terms of the agreement, CytomX will grant Bristol-Myers Squibb exclusive worldwide rights to develop and commercialize Probodies for up to four oncology targets including CTLA-4, a clinically validated immune inhibitory checkpoint receptor. Bristol-Myers Squibb will have certain additional rights to substitute up to two collaboration targets. Bristol-Myers Squibb will make an upfront payment of $50 million to CytomX and provide research funding over

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

the course of the research term. CytomX will also be eligible to receive additional preclinical payments and up to $298 million in future development, regulatory and sales milestone payments for each collaboration target, as well as tiered mid-single-digit rising to low-double-digit royalty payments on net sales of each product commercialized by Bristol-Myers Squibb. Closing of the transaction is subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act.

"We are thrilled to announce our first cancer immunotherapy collaboration with an unequivocal leader in this field," said Sean McCarthy, D.Phil., chief executive officer of CytomX. "This strategic alliance with Bristol-Myers Squibb demonstrates that our innovative Probody Platform has the potential to enable novel therapies in this transformational area of cancer research and development. This collaboration, together with our recently announced partnerships in the Probody Drug Conjugate space, illustrate the breadth of Probody technology and how we aim to make a difference in the lives of patients. We look forward to collaborating with Bristol-Myers Squibb to advance highly differentiated Probody therapeutics into development."

About Bristol-Myers Squibb

Bristol-Myers Squibb is a global biopharmaceutical company whose mission is to discover, develop and deliver innovative medicines that help patients prevail over serious diseases. For more information, please visit www.bms.com or follow us on Twitter at http://twitter.com/bmsnews.

About CytomX

CytomX Therapeutics, the Probody™ therapeutics company, is developing the next generation of antibody therapies. Probodies are masked antibodies that remain inert in healthy tissue but are activated specifically in the disease microenvironment. The Probody approach is designed to blunt systemic toxicities associated with antibodies and expand the therapeutic window of these drugs, unlocking new therapeutic targets. The Company is initially focusing this highly innovative platform to discover and develop new immunotherapy and antibody drug conjugate therapies to treat areas of major unmet medical need in oncology. CytomX has attracted multiple strategic collaborations with industry-leading pharmaceutical companies including Pfizer Inc., ImmunoGen and Bristol-Myers Squibb. CytomX is led by a seasoned and proven management team and is financed by leading life science investors, including Third Rock Ventures, Canaan Partners and the Roche Venture Fund. For more information, please visit www.cytomx.com.

*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

Bristol-Myers Squibb Forward-Looking Statement

This press release contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 regarding the research, development and commercialization of pharmaceutical products. Such forward-looking statements are based on current expectations and involve inherent risks and uncertainties, including factors that could delay, divert or change any of them, and could cause actual outcomes and results to differ materially from current expectations. No forward-looking statement can be guaranteed. Among other risks, there can be no guarantee that the compounds mentioned in this release will move into full product development, that the clinical trials of these compounds will support regulatory filings, that these compounds will receive regulatory approval or, if approved, that they will become commercially successful products. Forward-looking statements in this press release should be evaluated together with the many uncertainties that affect Bristol-Myers Squibb's business, particularly those identified in the cautionary factors discussion in Bristol-Myers Squibb's Annual Report on Form 10-K for the year ended December 31, 2013 in our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. Bristol-Myers Squibb undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Contacts

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*****Certain information contained herein has been omitted pursuant to Regulation S-K 601(b)(10). Confidential treatment has been granted with respect to the omitted portions.**

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.3

AMENDMENT NO. 1
TO THE
COLLABORATION AND LICENSE AGREEMENT

This Amendment No. 1 to the Collaboration Agreement (this "**Amendment**") is effective as of the 29th day of September, 2020 (the "**Amendment Effective Date**") by and between Amgen Inc., a Delaware corporation having an address at One Amgen Center Drive, Thousand Oaks, California 91320 ("**Amgen**") and CytomX Therapeutics, Inc., a Delaware corporation having an address at 151 Oyster Point Blvd., Suite 400, South San Francisco, California 94080 ("**CytomX**"). Amgen and CytomX are each hereafter referred to individually as a "**Party**" and together as the "**Parties**".

WHEREAS, Amgen and CytomX entered into that certain Collaboration and License Agreement, dated as of September 29, 2017 (the "**Agreement**"); and

WHEREAS, Amgen and CytomX wish to amend certain terms of the Agreement as further provided herein; and

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, the Parties agree to amend the Agreement as follows. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

PART 1 - AMENDMENTS TO CERTAIN TERMS

1. **Amendment to Section 4.4 (Amgen Expansion Option).** From and after the Amendment Effective Date, Section 4.4 (Amgen Expansion Option) is hereby amended as follows:

"**4.4.1** Amgen shall have the right to elect to select (a) one (1) additional Target (the "**First Additional Amgen Target**") by nominating such additional Target at any time prior to [***] (the "**First Additional Amgen Target Selection Date**") for inclusion under this Agreement, subject to Section 4.4.2 (the "**Second Additional Amgen Target**" and, together with the First Additional Target, the "**Additional Amgen Targets**") and (b) a second (2nd) additional Target by nominating such additional Target at any time prior to [***] (the "**Second Additional Amgen Target Selection Date**" and, together with the First Additional Amgen Target Selection Date, the "**Selection Dates**") for inclusion under this Agreement, subject to Section 4.4.2 (collectively, the "**Amgen Expansion Option**").

4.4.2 CytomX and the Gatekeeper shall maintain an up-to-date list of Targets that are not Available until the time period for the process of nomination and qualification of proposed Additional Amgen Targets expires pursuant to this Section 4.4.2. To nominate an Additional Amgen Target, Amgen shall provide

the Gatekeeper and CytomX a notice of exercise of the Amgen Expansion Option, and in its notice to the Gatekeeper, Amgen shall specify its proposed Additional Amgen Target. The Gatekeeper shall provide written notice to CytomX and Amgen within [***] days of receipt thereof as to whether such proposed Additional Amgen Target is Available. If the Gatekeeper determines that a proposed Additional Amgen Target is Available, then CytomX shall so notify Amgen and Amgen shall pay to CytomX the Amgen Expansion Option fee in accordance with Section 7.2. If any such proposed Additional Amgen Target is determined by the Gatekeeper not to be Available, then Amgen shall have the option to continue to nominate another proposed Additional Amgen Target until an Additional Amgen Target nominated by Amgen is determined to be Available, it being understood that the process of nomination and qualification of proposed Additional Amgen Targets may extend beyond [***] as long as Amgen exercised the Amgen Expansion Option prior to [***]; provided that if the process of selection and qualification of proposed Additional Amgen Target extends beyond [***], and if the Gatekeeper provides written notice to Amgen that a proposed Additional Amgen Target is not Available pursuant to this Section 4.4.2, Amgen must propose another Amgen Additional Target, if any, within [***] days after receiving such notice, and provided, further, that in no event shall Amgen's right to propose any Additional Amgen Target extend beyond the date that is [***] days after the [***]. The JSC shall within [***] days after the Gatekeeper confirms that the relevant Additional Amgen Target is Available generate a Preclinical Development Plan for such Additional Amgen Target in accordance with Section 2.1.3(b), provided that CytomX's obligations under such Preclinical Development Plan shall not be materially different in nature than CytomX's obligations under the Preclinical Development Plan for the initial Amgen Target. Bi-Specific Products directed against such Additional Amgen Target and [***], having Formats selected pursuant to activities under the Preclinical Development Plan, shall be referred to as "Additional Amgen Products", and the terms of this Agreement that apply to Amgen Products and the Amgen Target shall also apply to each Additional Amgen Target (and corresponding Additional Amgen Products), mutatis mutandis, on an Additional Amgen Target-by-Additional Amgen Target basis. For the avoidance of doubt, from and after Amgen's exercise of the Amgen Expansion Option with respect to an Additional Amgen Target, the definition of "Amgen Target" shall be expanded to include such Additional Amgen Target, and the definition of "Amgen Product" shall be expanded to include all such Additional Amgen Products."

2. **Amendment to Section 3.4.1.** From and after the Amendment Effective Date, Section 3.4.1 is hereby deleted and replaced in its entirety as follows:

"**3.4.1** During the Term, [***], itself or through its Affiliates, shall not [***] of [***] or [***] or [***] or [***] any [***] to [***] or [***], the [***] (a) [***] or (b) [***]. The foregoing restriction shall [***] on a [***] with respect to [***]. Notwithstanding the foregoing, if, during the Term [***] and [***] is [***] or [***], then [***], and [***] by [***] shall [***] provided, that such [***] with respect to [***] from [***] and [***] and [***] and [***] on the [***] from the [***] of the [***] or any [***] and the [***] with respect to [***].

PART 2 – REFERENCE TO AND EFFECT ON THE AGREEMENT

6.1 **Reference to Agreement.** Upon and after the effectiveness of this Amendment, each reference in the Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Agreement shall mean and be a reference to the Agreement as modified and amended hereby.

6.2 **Effectiveness of Amendment.** Upon execution and delivery of this Amendment by the Parties, the amendments set forth above shall be effective as of the Amendment Effective Date. Except as specifically amended above, the Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed and shall constitute the legal, valid, binding and enforceable obligations of the Parties.

PART 3 – MISCELLANEOUS

7.1 **Choice of Law; Jurisdiction.** This Amendment and its effect are subject to and shall be construed and enforced in accordance with the law of the State of New York, without regard to its conflicts of laws, except as to any issue which depends upon the validity, scope or enforceability of any Amgen Patent, CytomX Patent or Collaboration Patent, which issue shall be determined in accordance with the laws of the country in which such patent was issued. Each of the Parties hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of New York located in the City of New York for any matter arising out of or relating to this Amendment and the transactions contemplated hereby, and agrees not to commence any litigation relating thereto except in such courts. Each of the Parties hereby irrevocably and unconditionally waives any objection to the laying of venue of any matter arising out of this Amendment or the transactions contemplated hereby in the courts of the State of New York located in the City of New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such matter brought in any such court has been brought in an inconvenient forum. The Parties agree that a final judgment in any such matter shall be conclusive and may be enforced in other jurisdictions by suits on the judgment or in any other manner provided by law. Any proceeding brought by either Party under this Amendment shall be exclusively conducted in the English language.

7.2 **Headings.** Article and Section headings used herein are for convenient reference only, and are not a part of this Amendment.

7.3 **Counterparts.** This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Amendment may be executed and delivered electronically or by facsimile and upon such delivery such electronic or facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other Party.

[Signature page follows]

IN WITNESS THEREOF, duly authorized representatives of the Parties hereto have executed this Amendment No. 1 as of the date first set forth above.

AMGEN INC.

By:	/s/ Rachna Khosla
Name:	Rachna Khosla
Title:	VP, Business Development

CYTOMX THERAPEUTICS, INC.

By:	/s/ Lloyd Rowland
Name:	Lloyd Rowland
Title:	Sr. Vice President, General Counsel and Chief Compliance Officer

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sean A. McCarthy, President and Chief Executive Officer of CytomX Therapeutics, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CytomX Therapeutics, 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 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 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 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.

Date: November 5, 2020

By: /s/ Sean A. McCarthy
Name: Sean A. McCarthy
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carlos Campoy, Chief Financial Officer of CytomX Therapeutics, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CytomX Therapeutics, 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 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 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 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.

Date: November 5, 2020

By: /s/ Carlos Campoy
Name: Carlos Campoy
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CytomX Therapeutics, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean A. McCarthy, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "Act"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2020

By: /s/ Sean A. McCarthy
Name: Sean A. McCarthy
Title: President and Chief Executive Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of CytomX Therapeutics, 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 the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CytomX Therapeutics, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carlos Campoy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "Act"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2020

By: /s/ Carlos Campoy
Name: Carlos Campoy
Title: Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of CytomX Therapeutics, 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 the Form 10-Q), irrespective of any general incorporation language contained in such filing.